

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: DR. K.M. ABRAHAM, WHOLE TIME MEMBER

ORDER

UNDER SECTION 11B OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

AGAINST SUN GROW DATASOFT PRIVATE LIMITED (FORMERLY KNOWN AS ELITE COMPUTER TECHNICS LIMITED) AND ITS DIRECTORS NAMELY, MR. V.M. JINDAL, MR. RAJESH GUPTA AND MR. K.K. AGARWAL IN THE MATTER OF BHARTHARI FINANCIAL SERVICES LIMITED.

1. It was brought to the notice of Securities and Exchange Board of India (hereinafter referred to as SEBI) that there were irregularities in the public issue of Bharthari Financial Services Limited (hereinafter referred to as the company) which came out in the year 1995. It was alleged that the promoters of the company and other persons associated with the promoters had *prima facie* indulged in irregularities in respect of the public issue of the company and the subsequent allotment of shares with the assistance of the Registrar to the Issue, namely M/s. Sungrow Datasoft Private Limited (Formerly known as Elite Computer Technics Limited). It was further alleged that there were speculative grey market operations preceding the listing of the equity shares of the company. In view of the above, SEBI initiated an investigation *inter alia* into the dealings in the shares of the company. The investigation conducted by SEBI

found that, the company came out with a public issue of 13,50,000 equity shares of Rs.10/- each for cash at par aggregating to Rs.1.35 crores. The issue opened on September 29, 1995 and closed on October 5, 1995. The equity shares of the company were *inter alia* listed at Delhi Stock Exchange Association Limited (hereinafter referred to as DSE). Pursuant to the investigation, SEBI, vide order dated December 12, 2002, permanently debarred the company and its Chairman cum Whole Time Director namely, Mr. S.K. Gupta from associating with the capital market related activities, and from accessing the capital market, as stated therein. SEBI, vide a separate order (dated December 12, 2002) also prohibited one Ashok Chawla, who was found to be an associate of Mr. S.K. Gupta, from dealing in securities for a period of five years. The Hon'ble Securities Appellate Tribunal (SAT), Mumbai vide order dated June 2, 2006 (in appeal No. 51 of 2003) while affirming the findings recorded by SEBI against the company and its Chairman cum Whole Time Director, modified the period of prohibition to 7 years. In the said order, Hon'ble SAT *inter alia* observed, "*The Board referred to two of its earlier orders debarring Shri S.K. Gupta from accessing the capital market for a period of 5 years each. In one of those cases, Shri S.K. Gupta was found to have indulged in identical manipulative activities where the public issue had been oversubscribed in connivance with the aforesaid Ashok Chawla. The modus operandi was also the same and stock invests had been obtained from Sangli Bank, Karol Bagh Branch, New Delhi. There appears to be a link between S.K. Gupta, Ashok Chawla and the said Bank.*"

2. The investigation conducted by SEBI *inter alia* observed the acceptance of late applications and irregular allotment in the public issue of the company. It was observed that twenty seven applications approximately for 1 lakh to 1.2 lakh shares involving application money to the tune of Rs.10 to 12 lakh was accompanied by stock invests issued by Sangli Bank, Karol Bagh Branch, New

Delhi were received after the date of the closure of the issue. These stock invests were dated November 23, 1995, whereas the public issue of the company was closed on October 5, 1995. It was observed that though the applications accompanying the said stockinvests were withdrawn on December 1, 1995 (before the finalization of the basis of allotment), allotment was made against the said applications and the shares were dispatched to those applicants. M/s. Sungrow Datasoft Private Limited is hereinafter referred to as the noticee for the sake of brevity. It was also alleged that the noticee had submitted fake final collection certificate in the name of Corporation Bank (one of the Bankers to the Issue). Besides, there were other allegations against the noticee, such as submission of false information in respect of seventy eight day report, discrepancy in the amount of realization of stockinvest and fabrication of documents, non submission of information and non-maintenance of records etc. As the noticee was registered with SEBI as a Registrar to the Issue, an Enquiry Officer was appointed to enquire into the alleged violations committed by it. The Enquiry Officer, vide report dated March 13, 2000 *inter alia* observed, *"In this case, for the reasons mentioned above, I find that the RTI is guilty of fraud and his registration is liable to be cancelled. However, the Registration of the Intermediary with SEBI expired on 31-03-1998, their registration with SEBI was valid from 01-04-1995 to 31-03-1998....., therefore the question of suspension or cancellation of the registration of M/s. Sun Grow Datasoft Pvt. Ltd. as an intermediary does not arise."*

3. Thereafter, SEBI issued separate notices dated February 14, 2003 under Section 11B of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the Act) asking the noticee and its directors namely, Mr. V.M. Jindal, Mr. Rajesh Gupta and Mr.K.K. Agarwal to show cause *inter alia* as to why appropriate directions should not be issued debarring them from accessing and associating with the capital market for a suitable period. Mr. V.M

Jindal vide letter dated nil (received by SEBI on July 18, 2003) requested SEBI to grant him two months time to file his reply. Thereafter, Mr.V.M. Jindal vide his letter (received by SEBI on August 25, 2003), *inter alia* stated that he had resigned from the directorship of the noticee in the year 1999 and that he had filed a formal intimation with the Registrar of Companies, Delhi and Haryana on June 2, 2000. According to him, the functions of the noticee were being looked after by Mr.K.K. Agarwal since 1996. Mr.K.K. Agarwal, vide letter dated July 17, 2003 *inter alia* stated that he had joined the noticee as a director only in the year 1996, much after the public issue of the company. Thereafter, vide letter dated July 24, 2004, he forwarded the copy of Form 32 filed with the Registrar of Company Affairs. No reply is received by SEBI from the noticee. Subsequently, an opportunity of hearing was granted by SEBI to the noticee and its directors on December 4, 2003, June 2, 2004 and September 17, 2004. Mr. V.M. Jindal vide his letter dated June 01, 2004 sought excuse from personal appearance and stated that his written submissions be considered by SEBI. Mr. K.K Agarwal and Mr. Rajesh Gupta had availed the opportunity of hearing before the then Whole Time Member. Thereafter, Mr. Rajesh Gupta filed his submissions vide letter dated September 17, 2004. In the said letter, Mr.Rajesh Gupta *inter alia* stated that he had already made his submissions. Submissions of Mr. Rajesh Gupta in brief are as follows:

- a. That he did not attend any board meeting of the noticee since 1996 and that he subsequently resigned from its directorship in the year 1999.
- b. He had not been looking after the affairs of the noticee actively.
- c. That as a director of the noticee, he had acted in accordance with law.

- d. The registration of the noticee had expired in the year 1998 and therefore, no further action needs to be taken against him.

4. Mr. Rajesh Gupta further requested that a lenient view be taken in the matter. Thereafter, SEBI granted another opportunity to the noticee and its directors on October 17, 2008. Neither the noticee nor its directors appeared before me on the said date. I note that the show cause notice was delivered to the noticee and its directors. Sufficient opportunities were provided to them to make their submissions in response to the respective show cause notice. However, no effort was taken by the noticee and its directors (except as stated above) to rebut the allegations stated in the show cause notice. In the facts and circumstances, I, do not consider it necessary to grant another opportunity of hearing to the noticee and its directors and I, proceed with the matter on the basis of the show cause notice issued to them, replies received from Mr.K.K. Agarwal, Mr.V.M. Jindal and Mr. Rajesh Gupta and other materials available on record.

5. Before proceeding with the merits of the case, I would like to deal with the contention of Mr K.K Agarwal (one of the directors of the noticee), that he was appointed as the director of the noticee only in the month of June 1996, whereas the alleged violations had taken place much before that. In order to substantiate the said claim, he also submitted the copy of Form 32 filed with the Registrar of Company Affairs. The copy of the Form 32, produced indicates that Mr. K.K. Agarwal was appointed as the director of the noticee only on June 3, 1996. Needless to say, the public issue of the company remained open from September 29, 1995 to October 5, 1995. The facts and circumstances show that Mr. K.K. Agarwal joined the company as a director much after the closure of the public issue. As Mr.K.K. Agarwal was not even appointed as a director of the noticee during the period of alleged violation committed by the noticee, he

cannot be held responsible for the acts of the noticee. Therefore, I do not consider it appropriate to proceed further against him.

6. As regards the alleged violation committed by the noticee my findings are as under: The investigation conducted by SEBI observed that, 27 applications for 1 lakh to 1.2 lakh shares each involving application money of Rs. 10-12 lakh each were accompanied by stockinvests issued by Sangli Bank, Karol Bagh Branch, New Delhi. Those applications were found to be made by different persons and that they were allotted 4000-4800 shares of the company. The significance lies in the fact that the stock invests accompanied with the said application were issued subsequent to the closure of the public issue of the company.

7. An inquiry with the aforesaid bank and a perusal of the copy of its Stock Invest Issue Register revealed all the stockinvests had been issued to one Ashok Chawla on November 23, 1995 against the security of his fixed deposits, whereas the issue of the company was closed on October 5, 1995. The said bank received a letter from Mr. Ashok Chawla on December 5, 1995 (i.e. before the finalisation of Basis of Allotment on December 8, 1995) wherein he had requested for the cancellation of stockinvests as he had already withdrawn the applications. According to him, the company was also informed about the said withdrawal. The company, vide separate letter dated December 14, 1995 addressed to the applicants, returned the original stockinvests to Mr. Ashok Chawla.

8. I note that, despite the withdrawal, these applications were considered for allotment and shares dispatched to the applicants. I note that the company, vide letter dated December 20, 1995 informed the said applicants that, due to clerical mistake, the shares were allotted and dispatched to them, against the applications which were already withdrawn by them. The company further

requested them to either send the consideration of the shares allotted to them by mistake or to deliver back the shares to the company. It is observed that the stockinvests were submitted in the bank for realisation on various dates such as December 12,1995, December 13,1995, December 16, 1995 and December 19,1995. Thus, it indicates that the stock invests were sent to the bank for realization on various dates and not on December 14, 1995. It further shows that the 27 stockinvests pertaining to Mr. Ashok Chawla were never given to bank for realisation but were directly handed over by the noticee to the company to hand over the same to Mr. Ashok Chawla on December 14, 1995. It reveals that irregular allotments were made arising out of applications accompanied by stockinvests which were issued pursuant to the date of the public issue. Further, the stock invests were found to be actually issued for Rs.27 lakhs. However, they were used in support of application for Rs.270 lakhs.

9. SEBI investigation also observed that stockinvests had been issued for amounts ranging between Rs.1.00 lakh-1.20 lakh each and had been used in multiples of 10 in the application forms. The discrepancies between the dates of issue and the amounts of stockinvests are summarised below:

Sl. no.	stockinvest no.	As per Share Application form		As per Stockinvest Issue Register	
		date of stockinvest	amount of stockinvest (Rs/Lakh)	date of stockinvest	amount of stockinvest (Rs/Lakh)
1.	322672	5.10.95	10.00	23.11.95	1.0
2.	322671	5.10.95	10.00	23.11.95	1.0
3.	322675	5.10.95	10.00	25.11.95	1.0
4.	322679	5.10.95	10.00	25.11.95	1.0
5.	322677	5.10.95	10.00	25.11.95	1.0
6.	322678	5.10.95	10.00	25.11.95	1.0
7.	322676	5.10.95	10.00	25.11.95	1.0
8.	322696	5.10.95	10.00	25.11.95	1.0
9.	322697	5.10.95	10.00	25.11.95	1.0
10.	322695	5.10.95	10.00	25.11.95	1.0
11.	322673	5.10.95	11.00	23.11.95	1.1
12.	322674	5.10.95	11.00	23.11.95	1.1
13.	322680	5.10.95	11.00	25.11.95	1.1

14.	322685	5.10.95	11.00	25.11.95	1.1
15.	322681	5.10.95	11.00	25.11.95	1.1
16.	322682	5.10.95	11.00	25.11.95	1.1
17.	322684	5.10.95	11.00	25.11.95	1.1
18.	322683	5.10.95	11.00	25.11.95	1.1
19.	322693	5.10.95	11.00	25.11.95	1.1
20.	322692	5.10.95	11.00	25.11.95	1.1
21.	322694	5.10.95	11.00	25.11.95	1.1
22.	322687	5.10.95	12.00	25.11.95	1.2
23.	322688	5.10.95	12.00	25.11.95	1.2
24.	322689	5.10.95	12.00	25.11.95	1.2
25.	322686	5.10.95	12.00	25.11.95	1.2
26.	322690	5.10.95	12.00	25.11.95	1.2
27.	322691	5.10.95	12.00	25.11.95	1.2

The above table clearly indicates the irregular subscription to the public issue of the company by way of stockinvests for 27 lakhs shares involving an application money Rs.2.7 crores resulting in an irregular allotment of 1,17,200 shares.

10. These facts are not in dispute before me. None of the directors who have filed their replies denied these happenings. It is a mandatory duty of the noticee to check and verify the stockinvests accompanying each application. This is one of the basic requirements. Had the noticee verified the stockinvests, it would have found that the same were issued after the public issue closure date. Besides, if the noticee had actually sent the stockinvests to the bank for realization, it would have noticed that the same were actually issued only for Rs.27 lakhs. In fact the said stock invests were issued in support of application for Rs.270 lakhs. Thus, I am of the view that the noticee had failed to maintain high standards of integrity in the conduct of its business and had also failed to fulfill its obligations in a prompt and professional manner. The above mentioned irregularities would have avoided, had the noticee exercised due diligence and ensured proper care and exercise. One can easily infer that the noticee had not sent the stockinvests to the bank. Had it done so, it would have *inter alia* found that the stockinvests issued to Mr.Ashok Chawla, were later cancelled.

11. Besides, I note that State Bank of India, Ashram Road Branch, Ahmedabad had also issued high value stockinvests which had been used in the public issue of the company. These stockinvests were issued between the period November 10, 1995–November 25, 1995 by the said bank whereas the date as per the stock invest certificate was October 4, 1995. Primarily, this indicates that the stock invests were issued by the said bank much after the closure of the public issue of the company on October 5, 1995. The discrepancies in the dates of issue of these stockinvests are detailed below:

Name of Applicant	Stock invest no..	Application No.	Amount (Rs.)	Date of Stockinvest	
				As per Stock Issue Register	As per Stockinvest Certificate
Mayur Desai	361251	491318	1000000	26.11.95	04.10.95
Navin ChandraDesai	361252	491327	1000000	25.11.95	04.10.95
Dinesh Desai	361253	441327	1200000	25.11.95	04.10.95
Hansaben Desai	361254	361254	1200000	25.11.95	04.10.95
Jayantilal N Shah	361504	452113	1200000	10.11.95	04.10.95
Hasmukh N Shah	361505	402113	1200000	10.11.95	04.10.95
Laxmiben L Shah	361507	402114	1200000	10.11.95	04.10.95
Shantaben R Shah	361508	840253	1200000	10.11.95	04.10.95
Gulabdevi J Kabra	361513	452572	1200000	23.11.95	04.10.95
Jagannath R Kabra	361514	402097	1000000	20.11.95	04.10.95
Mayadevi K Kabra	361515	402572	1200000	23.11.95	04.10.95
Sarojadevi Kabra	361516	402098	1000000	23.11.95	04.10.95
Maujuben Shah	361517	452301	1200000	10.11.95	04.10.95
Meenaben Shah	361518	452300	1200000	10.11.95	04.10.95
Roshanlal N Shah	361519	402300	1200000	10.11.95	04.10.95
Ladulal Shah	361520	452114	1200000	10.11.95	04.10.95

The irregular subscription to the public issue of the company by way of these stockinvests was for 14.4 lakh shares involving an application money Rs.1.44 crore, resulting in an irregular allotment of 57,600 shares.

12. It is alleged that the copy of the final collection certificate of Corporation Bank (Bankers to the Issue) provided by the noticee was in fact not issued by the said bank and instead was fictitious and fabricated. On inquiry, Corporation Bank stated that the stockinvests issued by Sangli Bank, Karol Bagh Branch, New Delhi

did not appear in the stockinvest application schedule and the final certificate issued by them. The said bank also confirmed that the final certificate provided by the noticee purportedly issued by them (Corporation Bank), actually was not issued by it. The bank also furnished copies of stockinvests application schedule and the final certificate. On a comparison of the final certificate as provided by the bank and the noticee, it is established that the said bank had received 1054 applications with an application money of Rs. 30,97,900/- as against 1499 applications at an application money of Rs. 8,54,79,000/- in the collection certificate provided by the noticee. It shows that -

- 445 applications with an application money of Rs.8,23,81,100/- for 82,38,110 shares accompanied by stockinvests were received directly by the noticee and not through the Banker to the Issue i.e. Corporation Bank, New Delhi.
- copy of the final collection certificate of Corporation Bank provided by the noticee was not issued by the Corporation Bank.

13. These facts would indicate that the noticee had given misleading information in respect of nature shown in the application, bank certificate etc. I also note, as per the 78 day report submitted to SEBI there was no collecting bank which had not submitted the final certificate within 21 days from the closure of the Public Issue of the company. I note that, applications considered for allotment included those accompanied by stockinvests issued by State Bank of India, Ashram Road Branch, Ahmedabad (for the period November 10, 1995 to November 26, 1995) and by Sangli Bank, Karol Bagh Branch, New Delhi (for the period November 12, 1995 to November 25, 1995). However, these applications were not received by the Corporation Bank and therefore did not form part of their bank schedule or final bank collection certificate. Thus, it can be presumed that applications accompanied by these stockinvests could have been submitted only after the dates of issue of stockinvests which was much beyond 21 days from the

closure of the public issue. No justifiable explanation was given by the noticee in respect of the said charge. Even, the noticee, during the course of investigation conceded that a few bank certificates were received after 21 days and it was a clerical mistake, not to report the said fact in the 78 days report. Thus, it is clear that the noticee had failed to exercise due diligence to ensure that all bank certificates were received from the Bankers to the Issue within twenty one days from closure of Issue.

14. Besides, during the course of investigation, the noticee had given the following details / information:

Description	No. of Stockinvests	Amount (Rs.)
Stockinvests received	2259	10,91,26,000
Stockinvests considered for allotment	2016	53,69,000
Stockinvests sent for realisation	2016	53,69,000
Stockinvests realised	1988	41,91,000

15. I note that, the noticee had also furnished copies of its letter dated December 14, 1995 addressed to Bank of Rajasthan, Karol Bagh Branch, New Delhi duly acknowledged by them, forwarding 2016 stockinvests amounting to Rs.53,69,000 for realisation and the certificate dated November 2, 1996 issued by the said bank certifying collection of Rs. 41,81,000 (being the proceeds of stockinvests). In his statement recorded on September 29,1997, Mr. S K Gupta, Chairman cum Whole Time Director of the company stated that 2016 stockinvests amounting to Rs. 53,69,000/- were sent for realisation by the noticee. On inquiries with Bank of Rajasthan, Karol Bagh, Branch, New Delhi it is revealed that they had received 1978 stockinvests amounting to Rs.41,88,000 for realisation against which 7 stockinvests amounting to Rs.7,000 were returned unpaid. SEBI had also forwarded the copy of the letter dated December 14, 1995 (of the noticee) to the said bank on October 7, 1997 and they were asked to explain the discrepancy between receipts of 2016 as claimed by the Chairman cum Managing Director (as stated above) or 1978 stockinvests as confirmed by Bank of Rajasthan. The Bank

vide letter No. 1635 dated October 8, 1997 stated that the company had deposited 1978 stockinvests and not 2016 stockinvests. On further inquiries, the Bank of Rajasthan vide letter dated October 9, 1997, submitted that the signatures/initials (acknowledgement) on the letter of the noticee dated December 14, 1995 did not pertain to any of its staff members. Further, on a perusal of the photo copies of the pay-in-slips for depositing stockinvests, it is observed that the stockinvests were submitted in the said bank for realisation on various dates. Thus, it is established that -

- Stockinvests were not sent directly by the noticee for realization. They were instead handed over to the company for realization, who deposited them with Bank of Rajasthan.
- Letter dated December 14, 1995 purportedly written by the noticee to Bank of Rajasthan, Karol Bagh, New Delhi has proven to be fictitious & fabricated.
- Act of handing over of stockinvests by the noticee to the company enabled them not to send the 27 stockinvests issued by Sangli Bank, Karol Bank, New Delhi for realisation. These stockinvests were handed over by the company through its Chairman cum Whole Time Director, Mr. S. K. Gupta to Mr. Ashok Chawla on December 14, 1995.

16. Though, the noticee contended during the course of investigation that the representatives of the noticee and the company deposited the stockinvests along with the covering letter and stockinvests schedules in the bank and got the proof of deposit of stockinvests and that it was possible that some interested person managed to get these back from the bank. However, I note that Bank of

Rajasthan, Karol Bagh, New Delhi have categorically stated that the purported covering letter (dated December 14, 1995) with which the noticee had deposited the stockinvests with them had not been received or acknowledged by them. The bank further stated that they had received 1978 stockinvests and not 2016 stockinvests for realisation which were deposited with it on various dates by way of pay-in slips. During the investigations, it also transpired that the noticee did not maintain any date-wise record for receipt of Bank Schedules along with the share applications from the collecting banks. The noticee also did not maintain any record for incoming dak during the public issue of the company. This is in violation of Regulation 14(2) of Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents), Regulations, 1993. The foregoing discussions, would clearly prove that the noticee had indulged in acts such as fabrication of records and forgery of documents, resulting in irregular allotments in the public issue of the company to the detriment of the innocent investing public. The noticee also not complied with the procedures, for handling applications accompanied by stock invests, laid down by SEBI, vide circular dated November 2, 1992. The noticee also violated the provisions of Regulation 15 of Securities and Exchange Board of India (Registrar to the Issue and Share Transfer Agents) Regulations, 1993 which requires that the issue related records should be maintained by the Registrar to the Issue for a minimum period of 3 years.

17. The role of the company in respect of the investigation of its public issue was explained in detail by SEBI in the order dated December 12, 2002. The Hon'ble SAT in its order dated June 2, 2006 (in the appeal cited supra) observed, *"It is obvious that Ashok Chawla and S.K. Gupta had both connived with each other to artificially oversubscribe the issue so that value of the scrip of the company increases in the market. S.K. Gupta is admittedly the promoter of the company and is holding substantial shares therein. When a public issue*

of any company gets oversubscribed it is the promoters of that company who are the beneficiaries because they are the ones who hold the shares in substantial number but when this is manipulated it obviously affects the innocent investor in the market who tends to purchase the same and pays more than the worth of the share.” Further, in the said appeal, SAT had also observed, *“The allotments were, thus, irregular and the applications after the closure of the public issue could not have been entertained.”* I note that belated applications were accepted and were allotted shares to the detriment of genuine investors. The noticee had also connived with the company in facilitating the said manipulation. The noticee has a primary duty to handle the applications received in respect of the public issue in accordance with law taking into account the interests of the investors in securities market. He should have sent the stock invests to the bank for collection. However, in the present case, it was the company which had sent the stockinvests to the bank. In the order cited supra, Hon’ble SAT observed, *“It appears that even the Registrar to the issue was mixed up with the appellants but we need not examine this aspect of the matter because the Registrar is not in appeal before us and the Board may be taking action against it separately.”* The noticee as a Registrar to the issue played its role as an active participant in respect of the fraudulent activities committed by the company. Instead of complying with its duties and functions in accordance with the provisions of Rules and Regulations, the noticee facilitated the company in its activities which were detrimental to the securities market in general. Such acts on the part of the noticee (a registered intermediary during the time of the irregularities) erode the confidence of investors in securities market. Considering the involvement of the noticee in the entire episode which were explained in detail in the preceding paragraphs of this order, I am of the considered view that the noticee had not only flouted the relevant rules and regulations as applicable to a Registrar to the Issue (during the time of irregularities) but also played an active role in

facilitating the company to defraud the genuine investing public. The violations committed by the noticee are not negligible to be ignored and is liable to be punished in a severe manner. Such market players should not be allowed to continue in the securities market, in the interests of investors. As far as the role of noticee is concerned, in view of the charges and supporting material as referred to in the show cause notice, I am satisfied that noticee entertained irregular applications accompanied by ante-dated stock-invests and applications accompanied by stockinvests of altered amounts to the public issue directly and not after receiving through Bankers to the Issue and thus had facilitated irregular allotment in the public issue of the company. Further, I find that noticee had indulged in acts, which included fabrication of records and forgery of documents, amounting to fraud resulting in irregular allotments in the public issue of the company to the detriment of the investing public. The noticee also made misleading statements which distorted the 'Basis of Allotment' to induce sale/purchase of the company's shares. However, considering the totality of the facts and circumstances, I am of the view that the noticee and its directors namely Mr. V.M Jindal, Mr. Rajesh Gupta are directed to be cautious and careful as ordered herein under.

18. In view of the foregoing, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 direct Sun Grow Datasoft Private Limited (Formerly known as M/s Elite Computer Technics Limited) and its directors namely, Mr. V.M Jindal, Mr. Rajesh Gupta to be cautious and careful in future while dealing in the securities market. Any further violations, if any, committed by them in the securities market would be viewed seriously by Securities and

Exchange Board of India and appropriate punitive actions would be initiated against them in respect of the said violations, in accordance with law.

19. The show cause notice of Securities and Exchange Board of India dated February 14, 2003 issued to Mr.K.K. Agarwal is disposed of without any directions for the reasons stated above.

K. M. ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

Place: Mumbai

Date: March 5, 2009