

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER
ORDER

UNDER SECTION 11 AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003 IN THE MATTER OF M/s. MANGAL BHAWAN HOLDINGS PVT. LTD., MR. DINESH RUNGTA, MR. J.K.MIMANI AND MR. PRAKASH GAGGAR IN THE SCRIP OF M/s. YASHODHAM COMMERCIAL ENTERPRISES LTD.

1. M/s. Yashodham Commercial Enterprises Ltd. (hereinafter referred to as "YCEL or "the company") is a public Ltd. company listed on the Bombay Stock Exchange Ltd. (BSE) and Calcutta Stock Exchange Ltd. (CSE). The main promoters of the company in the early 90's were Mr. J.P. Kedia holding majority stake through himself, his family members and firms controlled by them. The control of the company was transferred from Kedias to Gaggars in August - October 1995. Mr. R.B. Khandelwal (RBK), a broker of the BSE held the chairmanship of the company during October 16, 1995 to March 1996. During the investigation period, RBK was one of the major broker who dealt in the scrip.

2. YCEL had come out with a rights issue of 9,90,000 equity shares of Rs.10 each at a premium of Rs.5 in the ratio 4:1. The issue opened on January 25, 1996 and closed on February 24, 1996. The rights issue was claimed to be fully subscribed.

3. Securities and Exchange Board of India (“hereinafter referred to as “SEBI”) conducted investigation into dealings in the scrip of YCEL to find out whether the said company, its promoter directors and other intermediaries / persons have contravened the provisions of SEBI Act, 1992 and or Rules and Regulations made thereunder.

4. The investigation conducted by SEBI *inter alia* revealed as under:

4.1 The scrip was not traded for a period of three and half years from April 1992 to August 1995, prior to rights issue of the company. During a part of the above period beginning from February 21, 1994 to September 10, 1995, the scrip was under suspension. It was revoked only on September 11, 1995.

4.2 When the scrip was under suspension, M/s. Mangal Bhawan Holdings Pvt. Ltd. (hereinafter referred to as “MBH”) had transacted in the scrip during July/August 1995 (i.e. in settlement prior to 14). In this regard, SEBI had issued a warning letter to BSE.

4.3 Following the revocation of suspension, the scrip was accompanied by sharp increase in the price and by October 10, 1995, the scrip had touched a high of Rs.160 from a low of Rs. 55.

4.4 This price was apparently neither warranted by past financial performance of the company nor its projected financial performance.

4.5 BSE shifted the scrip to spot delivery basis with effect from November 1, 1995, as a surveillance measure. The price of the scrip thereafter started to go down and by January 30, 1996, the market price came down to Rs.20.

4.6 MBH was dealing in securities in the name of a proprietary concern by name M/s. Anand Securities which was one of the major clients which traded in the scrip.

5. Earlier, a show cause notice dated June 28, 2002 was issued to Anand Securities to show cause as to why directions under section 11B of the SEBI Act, 1992 read with Regulations, 11 and 12 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as PFUTP Regulations) should not be issued. Based on the findings of the investigation, a show cause notice dated March 25, 2003 was issued to MBH and its directors, Mr. Dinesh Rungta, Mr. J. K. Mimani and Mr. Prakash Gaggar (collectively referred to as the “noticees”) in supersession of the show cause notice dated June 28, 2002 asking them as to why appropriate directions should not be issued under section 11B of the SEBI Act, 1992 read with Regulations, 11 and 12 of PFUTP Regulations.

6. Mr. Rungta vide letter dated November 7, 2003 made the following written submissions:

(i) The alleged sharp increase in price occurred in the month of October 1995 and PFUTP Regulations came into force after the price rise in the scrip of YCEL. Since the price rise occurred prior to the coming into force of PFUTP Regulations, Mr. Rungta cannot be held responsible for alleged violations. Further, PFUTP Regulations did not have retrospective effect.

(ii) Mr. Rungta was only an inactive non-executive director of MBH for a short period of time and had no role in any transaction of Anand Securities. He resigned from the directorship of MBH in September, 1995 and this was reported by YCEL to Registrar of Companies (ROC) through Form 32.

(iii) It is clarified that premises of MBH and YCEL were situated on the same floor of the building. This cannot be used to arrive at adverse findings against Mr. Rungta.

(iv) It is denied that that Anand Securities was funded by Mr. J. P. Kedia either fully or partially for the purchase of the securities. The amount allegedly received was in repayment of loans to MBH.

(v) Mr. Rungta was not a shareholder of MBH at any point of time and was in not influenced in the functioning and investment decisions of the company. He was not connected with Anand Securities.

7. Mr. Prakash Gagger in his reply dated July 25, 2003, stated that:

- (i) He was a non-executive director of MBH and did not have any role to play in any transactions done by MBH. He was neither involved in any investment decisions of Anand Securities nor were the activities of Anand Securities governed by him.
- (ii) He clarified that addresses of Anand Securities and YCEL were not same and that the two offices were separate and both the offices were merely situated on the same floor. The offices in the premises of 28, Apollo Street, Bombay Samachar Marg, Fort, Mumbai do not usually mention separate block numbers and the postal address of all the offices situated on one floor of the building is the same.
- (iii) The shares sold by Anand Securities in Settlement Nos. 18 and 23 were on behalf of Mr. Jugal Memani. During the pay-in of these settlements Anand Securities noticed that the transfer deed attached to the share certificate was sated. Consequently, delivery of these shares would have amounted to a

default by the client Anand Securities towards the broker R. B. Khandelwal. Therefore, Anand Securities borrowed certain shares in order to make payment at the auction and made the said payments. This was a normal practice and no benefit has been derived there from. The shares were brought in the market and the loan of shares, returned.

- (iv) He denied Anand Securities had any dealings with Mr. M. R. Shah. Further, neither Anand Securities nor MBH had any dealings with Mr. Shah.
- (v) Anand Securities had been wound up in 1996 and is non – existent.
- (vi) He denied that trading of the scrip was funded by him, and Kedias or Gaggars. He clarified that since money has been credited to the account of Anand Securities from Shashi / Madhu Jhunhunwala has been loan returned by the Jhunhunwalas and the funds therefore belonged to Anand Securities.
- (vii) He had no access to any information at MBH and was not concerned with transactions of MBH in this scrip or any scrip and prayed for charges to be dropped.

8. Show cause notices remained undelivered to MBH and Mr. J. K. Mimani though efforts were made to deliver the same at the addresses of the noticees as available at the exchange, the Registrar of Companies (ROC) and SEBI. These notices were uploaded on the SEBI website. However, MBH and Mr. J. K. Mimani did not reply to the show cause notice.

9. Due to change in competent authority, the matter was put afresh before me. Accordingly, an opportunity of personal hearing was granted to the notices on July 23, 2009. However, the hearing notice could not be delivered to any of the noticees at their last known addresses. As the hearing notices returned undelivered, SEBI issued an advertisement dated August 6, 2009 in a national and

regional daily newspaper, giving notice of issuance of show cause and indicating the date of personal hearing before Whole Time Member on August 20, 2009. The advertisement stated that if the noticees or their authorized representatives of the noticees fail to appear before the Whole Time Member on the said date, the matter would be decided ex-parte. However, neither the noticees responded to the advertisement nor they appeared for hearing on the said date.

10. I note that the show cause notice and the hearing notice in the name of MBH returned undelivered at the last known addresses available with SEBI. The directors who earlier responded to the show cause had claimed that Anand Securities is not working from the year 1996. Further, inspite of issuing advertisement in newspaper, as an alternate service of notice, the noticees have not responded to the same. Having complied with the principles of natural justice, I am proceeding ex parte against MBH and J. K. Mimani. As far as Mr. Rungta and Mr. Gaggar are concerned, I am proceeding ahead based on the material available on record. My findings are as under:

10.1 During the period, beginning from February 21, 1994 to September 10, 1995, the scrip was under suspension by the exchange for failure to publish un-audited financial results by the company and the suspension was revoked on September 11, 1995. On that day itself, the scrip started to trade at an opening price of Rs.85. On September 12, 1995, the company sent an application to BSE seeking permission to come out with rights issue.

10.2 I find that the entities who dealt in the scrip are connected to each other. The connections are summarized below:

	Anand Securities	Mangal Bhavan Holdings Pvt. Ltd.	YCEL	Comments
Promoters/ Proprietors/ Directors	Proprietor : Mangal Bhavan Holdings Pvt. Ltd.	Directors Dinesh Rungta J.K. Mimani Prakash Gaggar	Prakash Gaggar was the Executive Director during investigation period	YCEL was earlier controlled by Kedias which was later taken over by Gaggars

	Anand Securities	Mangal Bhavan Holdings Pvt. Ltd.	YCEL	Comments
			Kedias and Gaggars were the major shareholders and promoters	
Funding	Mangal Bhavan	Gaggar Family, Shashi Jhunjhunwala, Son-in-law and Madhu Jhunjhunwala, daughter of J. P. Kedia	---	---
Brokers	R. B. Khandelwal M. R. Shah M. B. Biyani		R.B. Khandelwal was the Chairman of YCEL	M. R. Shah was asked by the sons of RB Khandelwal to trade on behalf of one Pushpakant Jhaveri whose trades were funded and gains transferred to Anand Securities
Address : Mangal Bhavan Holdings Pvt. Ltd. (MBH) is situated at the same address as that of YCEL				
Employment : Suresh Gaggar (brother of Prakash Gaggar) and Dinesh Rungta were earlier employees of J. P. Kedia				

From the above, I find that Anand Securities was a proprietary firm owned by MBH and it traded in the shares of YCEL in the name of proprietary concern, Anand Securities. During September 1995, the directors of the company were Mr. Dinesh Rungta, Mr. J. K. Mimani and Mr. Prakash Gaggar. From the ROC records submitted by MBH, I observe that Dinesh Rungta and J. K. Mimani were appointed as the directors of MBH on September 2, 1995 and Shri Prakash Gaggar had resigned from the company on the said date. Further, after perusal of Form 32 submitted by Mr. Dinesh Rungta, I find that he had resigned only on June 18, 1999.

10.3 From the bank account statements, it was observed that MBH was largely funded through amounts transferred from Gaggar family and Kedias who were the major shareholders and persons in control of YCEL at the relevant time and were essentially trading on their behalf. This is contrary to the disclosures made in the rights letter of offer dated December, 1995, in which it was stated that "there are no transactions in the securities of the company during preceeding six months

which were financed directly or indirectly by the company, promoters, their relatives, their group companies or associates". Further, MBH was receiving finances from the Gaggars even in January 1996 which they used for funding the activities of Anand Securities. From the Bank Account of MBH it was observed that during the investigation period, it had received money from Mr. Shashi Jhunjunwala and Ms. Madhu Jhunjunwala and this money was used for transactions of Anand Securities. Ms. Madhu Jhunjunwala and is the daughter of Mr. J. P. Kedia and Mr. Shashi Jhunjunwala is his son-in-law. Further, the shares sold by Anand Securities in the settlement no. 18 and 23/95-96 and also shares delivered in various auctions (through the broker M. B. Biyani - now known as Brij Securities) were apparently in the name of Mr. J. P. Kedia. Also, it was seen that MBH was receiving money form Gaggar family during this period. From the above, I conclude that the above entities are related and connected to each other and facilitated the dealing in the scrip by MBH, through its proprietary from Anand Securities.

10.4 The table below shows the settlement details, open/close price and volumes traded for settlement 14 to 17 to 1995-96:

Market trades					Trades by Anand Securities				
Period of Settlement	Settlement No.	Open Price	Close Price	Volume	Settlt. No.	Buy	Sell	Gross	Net
11-9- 95 -- 22-9-95	14	85	62	3600	14	3200	6000	9200	-2800
25-09-95-- 06-10-95	15	63.5	112	34300	15	17200	10100	27300	7100
09-10-95-- 20-10-95	16	115	132.5	7100	16	700	2100	2800	-1400
23-10-95 --13-11-95	17	140	98	900	17	400	300	700	100
Total				45900 (one side of the trade)		21500	18500	400000	

10.5 From the above, it is clear that Anand Securities had transactions in YCEL and formed a major part of the market volume and as they had received both

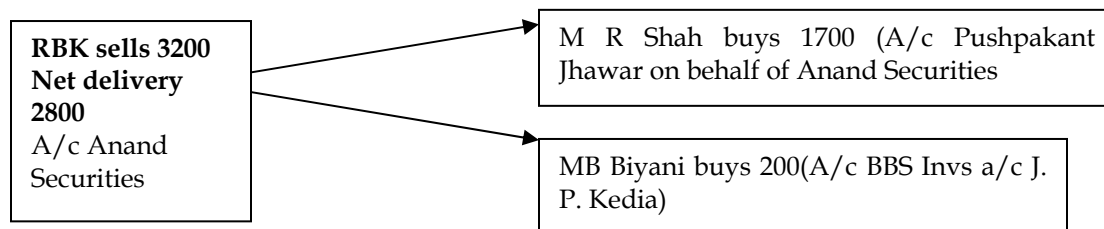
shares and money from Kedia and Garg, it clearly points out manipulation and creating interest in the illiquid scrip of YCEL before the rights issue.

Approximately, 50% of the total trading volumes was concentrated in the four settlements Nos. 14-17. Analysis of trading details revealed that the scrip was mainly dealt by a broker, R. B. Khandelwal (belonging to Mr. R. B. Khandelwal who became the Chairman of YCEL) presently known as RBK Share Broking Ltd. (hereinafter referred to as "RBK") on behalf of its client Anand Securities. Anand Securities had also traded through other brokers as well and had a gross concentration of about 44% of the total market trading in the scrip during the settlement 14 to 17 (of 1995) in the scrip. Strong Steels, an entity which belonged to Kedia was having about 22% of the concentration in the scrip during the same period. The other major brokers were Mahendra R. Shah and Sons (now Rajchandra Capital Services Ltd.) who dealt for Mr. Pushpakant Jhaver and Mr. Anuj A. Seth (now Anvil Share & Stock Broking Pvt. Ltd.) who dealt for Mr. J. P. Kedia through the sub broker, M/s. D. A. Investments. Further, a gain of Rs.69961.50 made by Mr. Pushpakant Jhaver in his dealing through Mr. M. R. Shah was remitted to Anand Securities. The above transactions were done by the broker as per the request made by Mr. Naresh Khandelwal and Mr. Purushotam Khandelwal, sons of Mr. R. B. Khandelwal and the transactions were funded by Kedia through Anand Securities.

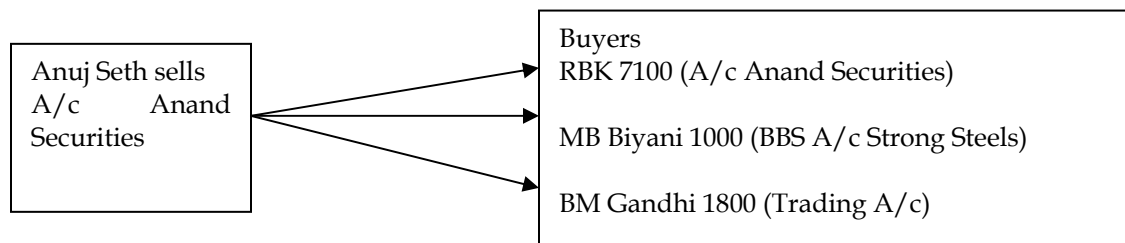
10.6 I find that there were several transactions (settlement 14-16) resorting to manipulative practices between Anand Securities on one side and Kedia on the other, when the scrip was under suspension during July - August 1995. In settlement no. 14, RBK sold 3200 shares on behalf of MBH, out of which 1700 shares were bought by Mr. M. R. Shah whose ultimate client was MBH and 200 shares were bought by Mr. M. B. Biyani whose ultimate client was Mr. J. P. Kedia. RBK had a net delivery position of 2800 shares in settlement no. 14. In settlement no. 15, Mr. Anuj A. Seth had sales position of 12,300 and sold the same on behalf of

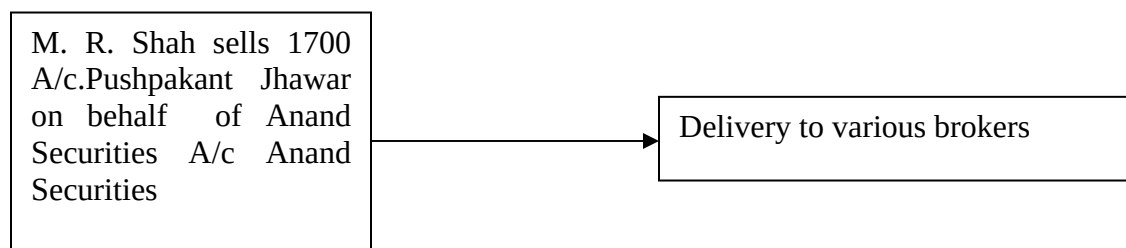
Mr. J. P. Kedia, out of which 7100 were bought by RBK whose client was MBH, 1000 were bought by Mr. M. B. Biyani whose client was Strong Steels Ltd. and 1800 by B. M. Gandhi (trading account). Further, Mr. M. R. Shah sold 1700 shares on behalf of MBH which were delivered to various brokers. In settlement no. 16, RBK sold 2700 shares on behalf of MBH and 200 shares in settlement no. 14. In settlement no. 15, Anuj A. Seth had sales position of 12,300 and sold the same on behalf of Mr. J. P. Kedia, out of which 7100 were bought by Mr. M. B. Biyani whose client was Strong Steels Ltd. and 1800 by B. M. Gandhi (trading account). Further, Mr. M. R. Shah sold 1700 share on behalf of MBH which were delivered to various brokers. In settlement no 16 RBK sold 2700 shares on behalf of MBH and Mr. M. B. Biyani sold 900 shares on behalf of Strong Steels Ltd., both of which were bought by Mr. Anuj Seth on behalf of Mr. J. P. Kedia. RBK had net sale position of 1400 shares in settlement no. 16. A combined auction offer settlement nos. 10 to 16 took place. The total position auctioned was 2600 share where Mr. M. B. Biyani offered 2200 shares on behalf of MBH, out of which 1700 were delivered to Mr. M. R. Shah which were due for delivery in settlement 14. The above has been diagrammatically depicted below :

Settlement no.14

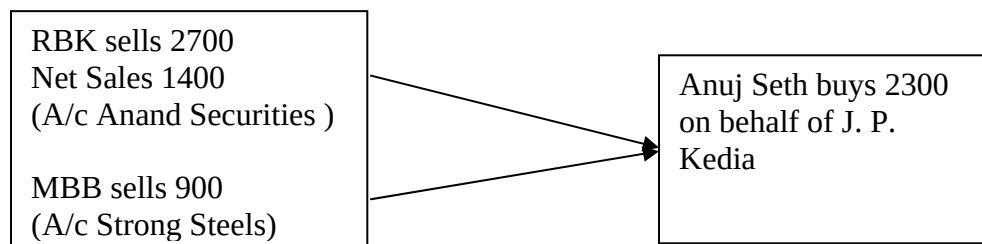


Settlement no.15





Settlement no.16



Combined Auction for Settlement no. 10 to 16

Total position auctioned	: 2600
M. B. Biyani Officers	: 2200 (on A/c. of Anand Securities)
Delivery to M R Shah	: 1700 (delivery due in settlement 14)

10.7 I find that the profit from the transactions in settlement 14-15 done by Mr. M. R. Shah on account of Mr. Pushpakant Jhawar was paid to MBH. It is also noted that delivery of 1700 shares due from MBH to Mr. M. R. Shah in Settlement 14 was received by him from Mr. M. B. Biyani after auction in which Anand Securities had offered 2200 shares through Mr. M. B. Biyani. Further, the shares sold in settlement 19 and 23/95-96 and also shares delivered in various auctions by Anand through member broker Mr. M. B. Biyani were in name of Mr. J. P. Kedia.

10.8 Mr. Prakash Gaggar claimed that he resigned as a director in August 1995 from MBH. However, it is observed that MBH filed his resignation with the ROC only in January 1996. Mr. Gaggar has not furnished any details of the documents

of his resignation to the company. Further, as per the bank statements of MBH, money was coming from Gaggar family as late as January 1996 indicating that the relationship was still on. Therefore, this could be mere creation of records on afterthought that his direct linking to the company needs to be severed.

10.9 Mr. Prakash Gaggar clarified that the two offices i.e. of YCEL and MBH are merely situated on the same floor of the building and the postal address of all offices situated on one floor of the building is the same. It is not possible that the two offices have the same address, as there will be difference in room nos. on the floor on which the offices are situated. I find that having same postal address might not be a conclusive proof of connection between two entities, in conjunctions with so many other threads connecting the two entities, it is corroborative that there was a connection.

10.10 Mr. Prakash Gaggar has said that shares sold by Anand Securities in settlement No. 18 & 23 were of Mr. Jugal Mimani. I find that he has not provided any documentary evidence in support of his claim.

10.11 Mr. Gaggar has contended that money that was credited from Mr. Shashi and Ms. Madhu Jhunjunwalas were the repayment of a loan given by Anand Securities. He has furnished a copy of a ledger account in the books of Mr. Madhu Jhunjunwala for the period from April 1995 to March 1996 of MBH. I find that the ledger account is dated July 6, 2002 and signed by Mr. Madhu Jhunjunwala. It only mentions the cheque numbers without any narration of debit and credit transaction. There is no documentary evidence to show the audit trail that is details of cheques or movement of money. Nor there are copies of any other documents such as Promissory note or the reason of availability of loan. These transactions may also be a part of a whole series of transactions involving financing by Ms. Madhu and Mr. Shashi Jhunjunwala.

10.12 Mr. Gaggar has contended that Anand Securities has wound up in 1996 and is non-existent. However, I find that the proprietor of Anand Securities is Mangal Bhawan Holdings Pvt. Ltd., a corporate entity and its name is still appearing on the MCA website. Further, the date of last AGM for MBH was September 29, 2007 and the date of balance sheet is shown as March 31, 2007. The status of the company MBH is indicated as active. Therefore, I do not agree with the contention of Mr. Gaggar.

10.13 I note that the trading Mr. Rungta has admitted that the trading in the scrip during suspension was a mistake from the part of BSE and the clients cannot be blamed for that. I find that this in itself is an admission of trading in the scrip during suspension. However, enforcing the suspension on the scrip is the duty of the exchange. Further, I find that the exchange was cautioned by SEBI in this regard. Therefore, I am inclined to accept the contention of Mr. Rungta.

10.14 It was also claimed that the net position of Anand Securities was a mere 2000 shares and forms a small part of the total volume. I find that the scrip in question was an illiquid one where there was no trading in the scrip for the previous three and a half years. And the alleged intention of the party as per the show cause notice was to create an artificial interest in the scrip prior to the proposed rights issue. By net position we mean the difference of buy and sell. For e.g. if the entity buys and sells one lakh shares within the settlement the net quantity will be zero. But this does not mean that there is no trading by the entity. In such cases what is relevant is the concentration of the entity (or the group) towards the gross market volume in the scrip, which in the instant case is quite significant. Hence, the contention of the noticee can not be accepted.

10.15 From the disclosures in the rights offer document dated December 30, 1995, it is observed that Mr. Prakash Gaggar, one of the promoter and Executive Director YCEL, is also a director of MBH. Thus, I find that MBH belong to the promoters of YCEL.

10.16 Mr. Prakash and his brother Mr. Suresh Gaggar, (brother of Prakash Gaggar) and Mr. M. B. Biyani know Mr. J. P. Kedia either through their business dealings or by virtue of belonging to the same community or by virtue of being in employment with Kedias earlier. Mr. Suresh Gaggar and Mr. Rungta were earlier employed with Kedias. Thus, it can be concluded that Mr. J. P. Kedia, in the eve of the rights issue, used his connections to create artificial market for the scrip, so that he could renounce his rights entitlement and also off load part of his stake. Since he never presented himself, the inference is drawn on the basis of information available.

10.17 I find that out of total volume traded of 91,800 shares in 4 settlements, MBH volume of 40,000 shares constituted 44% of total volume. Trades by J P Kedia and Strong Steels (of which Mr. J. P Kedia and Mr. Vineet Kedia are directors) were 19,900 shares which amounted to 22% (approx.) of the total volume. The trades entered by them were also partly funded by persons related to Kedias.

10.18 One of the contention of Mr. Rungta was that the investigation into the alleged price manipulation covered the period before October, 1995 and well before the date on which PFUTP Regulations came into force (25th October, 1995). I find that show cause notice itself in para 3 talks about settlement 14 to 17 of 1995-96 which talks of the period ending as on November 13, 1995. Thus this manipulation took place even after the PFUTP regulations came into force Hence, the contention that the said Regulations came into force after there share increase in the price of the scrip of YCEL, does not hold good. To this effect, I note that no

question of inapplicability or retrospective effect of PFUTP Regulations arise in this case. Further, I find that price manipulation is much comprehensive term and does not only include the rise in price of the scrip. I find that what needs to be shown is that there has been a role of party/person with the intention to artificially raising or depressing the prices of the securities.

10.19 Regarding the contention that Mr. Rungta was an inactive non executive director of MBH for a short period of time. I find from the ROC records, (extract of form 32 dated January 3, 1996 and Form 32 dated June 22, 1999) that Mr. Rungta was appointed as additional Director as on September 2, 1995 and he retired on June 18, 1999. Thus, I do not find merit in the contentions that Mr. Rungta resigned from directorship of MBH in September 1995. Further, I do not find merit in the contention that he has been inactive non executive director of MBH. Mr. Rungta has given no evidence as to why he should not be held responsible along with the other directors of MBH.

10.20 As to the allegation that investigation officer has erred in calculating the price volume details and comparing it to the volume of trading by Anand Securities in the scrip. I find that the investigation officer has compared the gross position of dealings in the scrip by an individual with the gross market volume. I do not find merit in the contention of Mr. Rungta that the comparison is erroneous.

10.21 Further, in the footnote to the stock market data in the letter of offer, it was stated that “there are no transactions in the securities of the company during preceeding six months which were financed directly or indirectly by the company, promoters, or relatives or group companies. This is proved to be a misstatement as Kedias and Gaggars who were having control over the company had traded mainly in the scrip either directly or through their associates.

10.22 From the above, I find that MBH is funded by Kedia and Gaggars and Kedia were the major buyers and sellers in the market. The unjustified price at which the transactions were put through, the manner in which deliveries were given /taken (i.e. after the position was carried for auction) etc. show there was indulgence in manipulative transactions with a view to create interest in the scrip at the time of the rights issue of the company. I find that Mr. Rungta acted in concert with Mr. Gaggar and Mr. J. P. Kedia and entered into transactions with a view to creating volume, manipulating the price and creating interest in the scrip at the time of rights issue. Mr. Dinesh Rungta has indulged in manipulative trading by creating artificial volumes and price in the scrip of Yashodham Commercial Enterprises Ltd. and interfered with the smooth functioning of the market. They have acted in a manner which erodes the confidence of the investors and adversely affects the integrity and healthy growth of the securities market.

11. To summarize, YCEL was a financially weak company and was suspended from trading in its shares. After the suspension was revoked, the shares of the company started trading at a very high price (Rs. 120) and traded at price as high as Rs. 160 mainly between parties which were in one way or other connected with YCEL and its promoters/directors. The rights issue opened after trading continued for some months at high prices. However, before the rights issue closed, the prices had fallen to Rs. 20 due to the surveillance measures taken by the stock exchanges. Also majority of the transactions were carried out through the broker, R. B. Khandelwal who was also the Chairman of YCEL. In absence of any other explanation and on preponderance of probabilities, it can be concluded that the promoters of YCEL and other entities connected with them manipulated the prices and induced interest on the scrip before the rights issue. I find that M/s. Mangal Bhawan Holdings Pvt. Ltd. through Anand Securities has traded in the shares before the rights issue with a view to rig the price and create interest in the scrip at the time of rights issue to enable Kedia to renounce their rights entitlements. Mr.

Dinesh Rungta, Mr. Prakash Gaggar and Mr. J.K. Mimani being directors of MBH acted in concert with a view to create volume in the scrip by manipulating the price and indulged interest in the scrip at the time of rights issue. By doing the above acts, the above entities have violated the provisions of Regulation 4 (a), (b) (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

12. 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. Therefore, the present order is being passed under 2003 Regulations.

13. Now therefore, I in exercise of the powers conferred upon me under Sections 19, read with Sections 11, 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the Securities and Exchange Board of India (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I do hereby prohibit M/s. Mangal Bhawan Holdings Pvt. Ltd. and its directors, viz., Mr. Prakash Gaggar (PAN ACMPG8862C), Mr. J. K. Mimani (PAN AGHPM2626B), Mr. Dinesh Rungta (PAN ABYPR8501L) from buying, selling or dealing in securities in any manner, or accessing the securities market directly or indirectly in any manner whatsoever for a period of six months from the date of the order.

14. This order shall come into force with immediate effect.

DATE : 30.09.2009
PLACE MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA