BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER

IN THE MATTER OF SOFTRACK TECHNOLOGY EXPORT LTD
In respect of
M/s Shree Parshwa Finance (Prop. Piyush Jhavery)
Sub Broker of P Suryakant Share and Stock Brokers Pvt Ltd
SEBI Registration No.INS 01124510-BSE
Sub Broker of Jyotish Bhogilal Stock Brokers Pvt Ltd
SEBI Registration No.INS 020909615
Sub Broker of Rajesh Jhavery Stock Brokers Pvt Ltd (as Shree Parshwa Profin Pvt Ltd)
SEBI Registration No.INS 0208491333

ORDER

Under Regulation 28(2) read with Regulation 38 (2) of Securities and Exchange Board of India (Intermediaries) Regulations, 2008

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation in the trading in the scrip of M/s Softrack Technology Exports Limited (hereinafter referred to as 'STEL' / 'Company') during the period from January 01, 2002 to July 31, 2002. The shares of STEL are listed on the Bombay Stock Exchange (hereinafter referred to as 'BSE') and the Ahmedabad Stock Exchange (hereinafter referred to as 'ASE'). Investigations, inter alia, revealed that STEL, which had a paid up capital of Rs.3,60,00,000 comprising 36 lakh shares, issued additional shares to the tune of 3 crores on a preferential basis to certain entities . These shares were issued by STEL to the shareholders of two companies, namely M/s. Cybersoft Infocomm Ltd. (hereinafter referred to as 'Cybersoft') and M/s. Pushpam Infotech Ltd (hereinafter referred to as 'Pushpam') on swap basis. The shares of STEL so allotted were fraudulently dematerialized using an in-principle listing approval from ASE. Further, it was seen that immediately prior to allotment, several fictitious demat accounts were opened using forged and fictitious documents. The shares allotted on preferential basis were found to have been transferred, in some instances, to such fictitious accounts. Following this, the said shares were routed through various entities and finally offloaded onto unsuspecting investors at BSE, even though BSE had refused listing permission for these additional shares.

2. Pursuant to the said investigation, it was alleged that Shree Parshwa Finance (hereinafter referred to as 'the noticee'), received unlisted shares of STEL from a certain entity, namely, Rajesh N. Jhaveri and thereafter sold these shares to unsuspecting persons on the floor of the BSE.

3. Based on the findings of investigation, SEBI initiated enquiry proceedings as against the noticee in terms of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'Enquiry Regulations'), by appointing an Enquiry Officer under Regulation 5(1) of Enquiry Regulations vide order dated April 7, 2008. The Enquiry Officer enquired into the alleged violation by the noticee of the provisions of Regulations 3, 4(b),(c), and 6 (a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations, 1995') read with Regulations 3(a),(c),(d), 4(1)\ and 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations, 2003') and Clauses A(1), (2) and D (1), (4) and (5) of Code of Conduct as stipulated in Schedule II under Regulation 15 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as 'Brokers Regulations'). As the Enquiry Regulations were repealed with the notification of SEBI (Intermediaries) Regulations, 2008, the Enquiry Officer/ Designated Authority (hereinafter referred to as the 'Enquiry Officer') submitted his Report dated May 31, 2010, in terms of Regulation 27 of the SEBI (Intermediaries) Regulations, 2008, recommending thereby that the certificate of registration of the noticee be suspended for a period of **three months.**

4. Subsequently, a notice dated June 09, 2010 (hereinafter referred as to as the 'SCN') under Regulation 28 of the SEBI (Intermediaries) Regulations, 2008, was issued to the noticee, asking it to show cause as to why action as recommended by the Enquiry Officer or a higher penalty should not be imposed on the noticee. The noticee was advised to reply to the SCN, within twenty one days from the date of receipt thereof. It was also informed that in case of failure, it would be presumed that it had no explanation to offer and that SEBI shall be free to take such action in the manner as it deemed fit. A copy of the Enquiry Report was also forwarded to the noticee along with the SCN.

5. The noticee failed to reply to the SCN. An opportunity of personal hearing was granted to the noticee before me on December 16, 2010. On the scheduled date, the noticee attended the hearing and made oral submissions. The entity was granted 10 days to file written submissions in the matter. However, I note, that the noticee has not filed any written submissions till date.

6. The submissions of the noticee during the personal hearing were as follows:

   i. The noticee was not a part of the manipulation

   ii. The noticee traded only for brokerage.

7. I have carefully considered the Enquiry Report, the SCN issued to the noticee, submissions of the noticee and other material available on record. The issues that arise for my consideration are:

   i. Whether the noticee had violated Regulations 3, 4(b),(c), and 6 (a) of PFUTP Regulations, 1995 read with Regulations 3(a),(c),(d) and 4(1),(2)(a) of PFUTP Regulations, 2003?

   ii. Whether the noticee had violated Clauses A(1), (2) and D (1), (4) and (5) of the Code of Conduct as stipulated in Schedule II under Regulation 15 of the Brokers Regulations?

8. I note that the paid up capital of the company as on January 1, 2002 was Rs.33,60,00,000/- (3,36,00,000 shares of Rs.10/-). The above capital of the company consisted of 3,00,00,000 shares allotted on a preferential basis (swap for consideration other than cash). These shares were not listed on BSE. Thus, the listed capital of the company during the investigation period was just 36,00,000 shares.

9. I note that ASE gave in-principle approval for listing of these shares. Thereafter, the company dematerialized the unlisted shares. However, BSE did not grant listing permission for these shares.

10. I note that the major brokers/sub brokers and their clients who had traded during the investigation period are as under:

Member Broker	Sub-Broker	Major Ultimate Client	Gross Purchase		Gross Sales	
			Shares	***%***	***Shares***	***%***
Park light Investments Pvt. Ltd.		Ankit Jhaveri*	285053	0.59	14927712	31.21
		Nrupesh C Shah*			1988023	4.13
		Yogesh Bhavnagari*			3454658	7.18
		Yash Corporation			274313	0.57
	Total trading by broker		296023	0.62%	20691706	43.00%
ASE Capital Markets	Vasudev Gordhandas Dapki	Rajesh N Jhaveri (R006)*			892000	1.85
	Jaswantlal Vadilal Shah	Saumil Bhavnagari (S11)*			2003700	4.16
	Rajesh Jhaveri	Nrupesh C Shah*	31928	0.07	49982	0.10
		Rajesh N Jhaveri (Gautam Jhaveri)	34948		38054	
	Total trading by broker		518930	1.08%	3305629	6.87%
P Suryakant	Shree Parshwa Finance (Prop: Piyush Jhaveri**)	Ashish P Shah	10000	0.02	260500	0.54
		Fenil M Shah	1004011	2.09	1004976	2.09
		Kishore Corporation*		0.00	1050000	2.18
		Trading account of Shree Parshwa Finance	1071504	2.23	1091952	2.27
		Nrupesh C Shah*	146314	0.30	812586	1.69
	Total trading by broker		2529550	5.26%	4452659	9.25%
ICICI Webtrade		Total 273 clients.	10827004	22.50%	6555277	13.62%
Total traded quantity			48116275	100%	48116275	100%

11. It was observed that a few clients who were the major sellers had sold more than the listed capital of the company while their purchases were comparatively less as stated above. The demat accounts of these clients including Ankit Jhaveri, Nrupesh Shah, Yogesh Bhavnagari, Rajesh N Jhaveri, Saumil Bhavnagari and Kishore Corporation were analyzed to find out the source of their acquisition. Analysis of the respective demat statements revealed the following:

i. The preferential allottees had dematerialised the shares they had received in the allotments and had transferred these shares to Rajesh Ranka and Gautam Jhaveri (proprietor of M/s Rajesh N Jhaveri).

ii. Rajesh Ranka was holding 5 lakh shares from the preferential allotment and further received 71,81,980 shares from the preferential allottees of Cybersoft and 1,90,00,000 shares (on a single day) from the allottees of Pushpam.

iii. Rajesh Ranka (alias Rajesh Jain) transferred 2,33,72,565 shares to Gautam Jhaveri. Gautam Jhaveri also received 11,09,556 shares from some of the other preferential allottees in the scrip during the Investigation period.

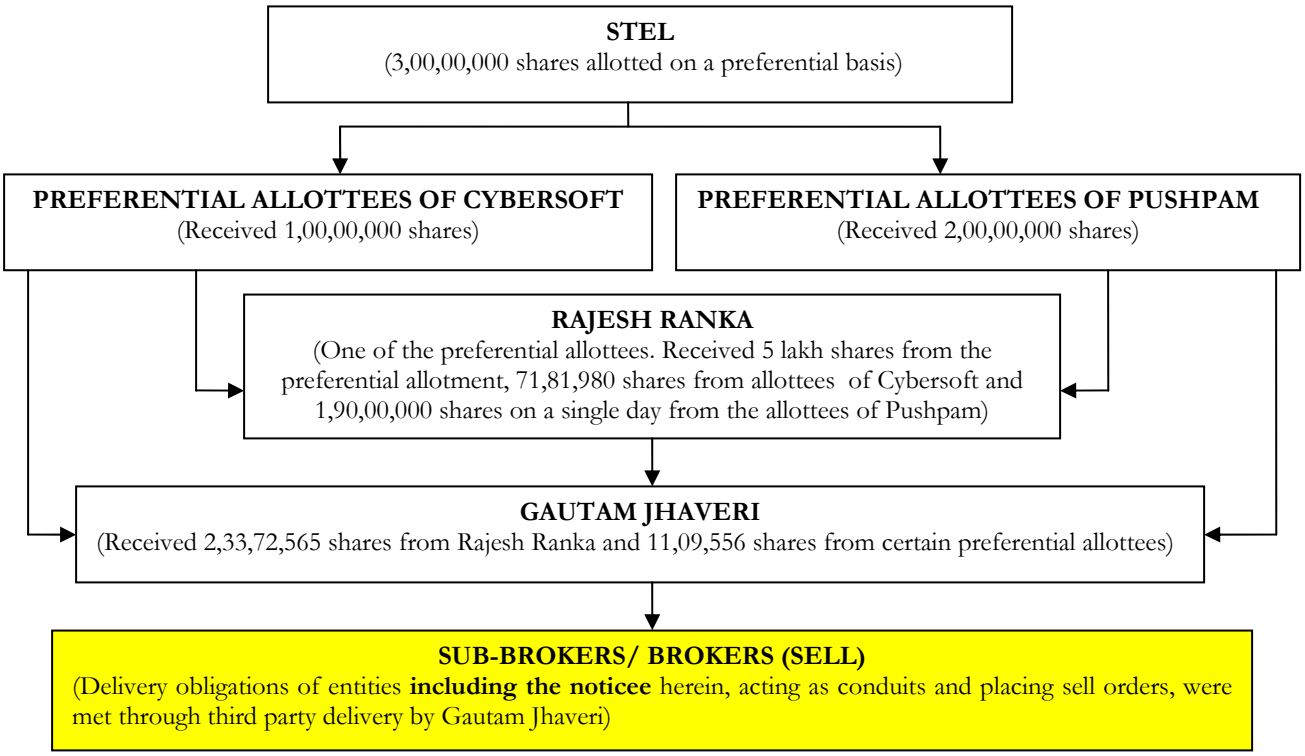
12. Subsequently, Gautam Jhaveri delivered these shares to the brokers/sub brokers, named below, through whom the shares were sold in the market:

Name of the Broker/Sub broker	**No. of shares**
Parklight Investment Pvt. Ltd.	2,05,34,963
ASE Capital Markets Ltd.	20,00,000
Shree Parshwa Fianace (the noticee)	**12,68,286**

The aforesaid shares were unlisted. Thus, it is alleged that the noticee facilitated the allottees in off loading the shares which they received in the preferential allotment.

13. I note that none of the aforementioned entities, including the noticee, who traded in the scrip, had received any shares through off- market transfers, nor had they delivered any shares to the respective brokers. Their delivery obligations were met through third party delivery by Shri Gautam Jhaveri (Rajesh N Jhaveri).

14. The scheme of manipulation in the scrip of STEL can be represented diagrammatically as under:



15. Thus, I note from the above that the noticee was a part of the manipulation in the scrip of STEL as it received shares from the allottees in the preferential allotment through off-market and subsequently transferred to the brokers/sub-brokers for sale through the market.

16. I further note that Shree Parshwa Finance, the noticee is related to Gautam Jhaveri. The telephone No.6308555 registered in the name of Rajesh N. Jhaveri, is allotted to the address 113, Kamdhenu Complex, Opp. Shahjanand College, and Ambawadi. I note that this is the same address as that of Shree Parshwa Finance.

17. I also note that the noticee had traded through the broker P.Suryakant Shares Pvt. Ltd. (hereinafter referred to as "PSPL") and placed majority of the buy orders i.e., over 69% of buy orders during investigation period. The noticee placed large buy orders for the client code R002. These orders were then modified by the noticee, and on several occasions were punched to zero. No client codes were entered by the noticee, where the orders were deleted. Further, the client code R002 could not be traced to any of the clients of the noticee who had traded in the scrip.

18. The noticee was placing large buy orders which were multiples of the listed capital of the company which were subsequently deleted or not executed. The noticee thus created artificial volume in the market and hence manipulated the scrip. These large buy orders gave an impression of huge demand of the scrip which was otherwise illiquid and thus misled the investors. In view of the above, the submissions made by the noticee that it was not a part of the manipulation in the scrip of STEL and traded only for brokerage, are not convincing and the same do not hold good.

19. Thus, the allegation of violation of Regulations 3, 4(b), 4(c), 6(a) of PFUTP Regulations, 1995 read with Regulations 3(a),(c),(d), 4(1) and 4(2)(a) of PFUTP Regulations, 2003 and Clauses A(1), (2) and D (1), (4), (5) of Code of Conduct for Stock Brokers as stipulated in Schedule II under Regulation 15 of the Brokers Regulations stands established against the noticee.

20. **I note that the noticee's registration as Sub Broker of P Suryakant Share and Stock Brokers Pvt Ltd (SEBI Registration No. INS 01124510-BSE) has been surrendered and the registration of Shree Parshwa Profin Pvt Ltd as Sub Broker of Rajesh Jhavery Stock Brokers Pvt Ltd (SEBI Registration No. INS 0208491333) does not exist.**

21. Therefore, taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me in terms of Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 28(2) of Securities and Exchange Board of India (Intermediaries) Regulations, 2008, hereby state that the certificate of registration of the noticee, **M/s Shree Parshwa Finance (Prop. Piyush Jhavery) (Sub Broker of Jyotish Bhogilal Stock Brokers Pvt Ltd- SEBI Registration No. INS 020909615)** be suspended for a period of three (3) months from the date of this order.

22. This order shall come into effect on expiry of 21 days from the date of this order.

DATE : APRIL 26, 2012
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA