

WTM/PS/ 21 /IVD/ID-06/MAY /2012

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

IN THE MATTER OF DENIM ENTERPRISES LTD (NOW KNOWN AS DIVINE
ENTERTAINMENT LTD)

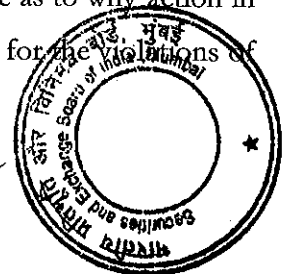
In respect of Ujjwal Trade Wing

ORDER

Under Section 11B of 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, 1995

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigations into the dealing in the scrip of M/s Denim Enterprise Limited (hereinafter referred to as 'Denim'/ 'the company') for the period of November 1, 1999 to March 30, 2000 (hereinafter referred to as 'the investigation period'/ 'period of investigation'). Shri Aushim Khetrapal was the Chairman and Managing Director of Denim, currently known as M/s Divine Entertainment Limited, and Shri Bankim J. Shah, Shri Suresh Bafna and Shri Ajay Chopra were the Directors of Denim during the period of investigation. Mr. Aushim Khetrapal was appointed as the additional director of the company on December 1, 1999 and as the Managing Director of the company on December 8, 1999. The price of the scrip increased from Rs. 7/- on November 1, 1999 to Rs. 267.25/- on March 31, 2000. The scrip reached a high of Rs. 348.20/- on March 8, 2000 and touched a low of Rs. 6.25/- on November 25, 1999.
2. Investigations revealed that the company and its directors published false or misleading information about the company during the investigation period. Further, it was revealed that certain entities, including Ujjwal Trade Wing, (hereinafter referred to as 'Ujjwal'/ 'the noticee') that traded in the scrip during the same period, were related to the promoters/ directors of Denim.
3. On completion of the investigation, SEBI issued a notice (hereinafter referred to as the 'SCN') dated April 23, 2009 under Sections 11 and 11B of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') to Ujjwal asking it to show cause as to why action in terms of Sections 11(4) and 11B of SEBI Act should not be taken against it for the violations of

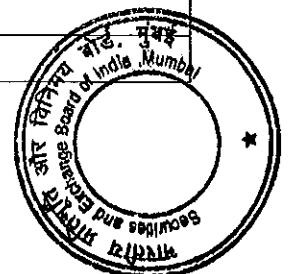
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the provisions of Regulations 4(a) and (b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'PFUTP, 1995').

4. I note that the SCN was duly delivered and acknowledged by the noticee. However, no reply was received. In order to proceed, an opportunity for personal hearing was granted to the noticee on August 20, 2010. The hearing notice dated July 30, 2010, however, was returned undelivered. The hearing was postponed to August 26, 2010, and a letter dated August 17, 2010, regarding the personal hearing as scheduled, was duly delivered to the noticee. The noticee did not appear for the hearing. In view of the same, I am compelled to proceed with the matter ex-parte, on the basis of material available on record, in compliance with the principles of natural justice.
5. I have carefully considered the SCN and other material available on record. As regards Denim, the price of the scrip increased from Rs. 7/- on November 1, 1999 to Rs. 267.25/- on March 31, 2000, as noted earlier. The scrip reached a high of Rs. 348.20/- on March 8, 2000 and touched a low of Rs. 6.25/- on November 25, 1999. The settlement wise price movement and the quantity traded during the relevant period are shown below:

Sl. No.	Sett. Nos. / Dates	Sett. High (Rs.)	Sett. Low (Rs.)	Volumes (No. of Shares traded per day)
1.	33/01.11.99 to 05.11.99	7.00	7.00	200
2.	34/07.11.99 to 12.11.99	No trading		
3.	35/15.11.99 to 19.11.99	No trading		
4.	36/22.11.99 to 26.11.99	12.80	6.25	10500
5.	37/29.11.99 to 03.12.99	18.60	13.80	8500
6.	38/06.12.99 to 10.12.99	24.20	20.05	91800
7.	39/13.12.99 to 17.12.99	29.25	25.15	8200
8.	40/20.12.99 to 24.12.99	35.50	30.40	900
9.	41/27.12.99 to 30.12.99	41.40	36.90	27900
10.	42/03.01.2000 to 07.01.2000	50.15	43.00	175000
11.	43/10.01.2000 to 14.01.2000	58.65	52.10	152300
12.	44/17.01.2000 to 21.01.2000	68.40	56.00	148800
13.	45/24.01.2000 to 28.01.2000	78.30	72.50	169800
14.	46/31.01.2000 to 04.02.2000	110.60	81.30	108900



15.	47/07.02.2000 to 11.02.2000	162.30	119.40	433100
16.	48/14.02.2000 to 18.02.2000	238.25	174.50	330500
17.	49/21.02.2000 to 25.02.2000	300.00	228.10	534900
18.	50/28.02.2000 to 03.03.2000	311.60	259.00	419200
19.	51/06.03.2000 to 10.03.2000	348.20	275.20	348100
20.	52/13.03.2000 to 16.03.2000	308.00	233.60	222100
21.	53/21.03.2000 to 24.03.2000	230.65	182.00	154900
22.	01/27.03.2000 to 30.03.2000	290.45	245.00	313500

The above table shows the price rise in the scrip from settlement numbers 39 to 51. Further, special margins were imposed/revised by BSE on the scrip during the investigation period. The circuit filter was reduced in the scrip during the relevant period from 25% to 8% on November 29, 1999 and from 8% to 4% on December 8, 1999 and the scrip attracted additional volatility margins (AVM) during the investigation period.

6. After having examined the documents/material, following issues arise for my consideration:

- a. Whether the noticee is associated with the company?
- b. Whether the noticee has violated the provisions of Regulation 4(a) and 4(b) of the PFUTP, 1995 read with Regulation 13(2) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003?

7. Let me deal with the first issue as to **whether the noticee is associated with the company?**

- i. I observe that the noticee's bank account was introduced by one Ashok D. Bafna whose uncle, Suresh Bafna, was a director in Denim and Monarch Projects and Financial Markets Pvt. Ltd. (an NSE Broker who dealt in the scrip during the investigation period as a sub-broker on the BSE). Thus, **it is apparent that the noticee was connected to Denim through its director, Suresh Bafna.**

8. Coming to the second issue, **whether the noticee has violated the provisions of Regulation 4(a) and 4(b) of the PFUTP, 1995 read with Regulation 13(2) of SEBI (Prohibition of**

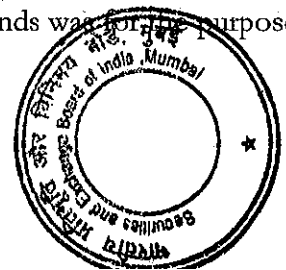
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Fraudulent and Unfair Trade Practices) Regulations, 2003, I deal with the same in the paragraphs stated below:-

- i. Investigations revealed that the noticee had traded through the broker M/s M. P. Vora. As per the details available at BSE, it had bought 131900 shares and sold 117500 shares during the investigation period. I note from the order log at Annexure I to the SCN that the noticee placed large buy orders during the early trading hours at or around the circuit limit rate and sell orders of lesser quantity at the end of the trading day on numerous occasions from November 29, 1999 to December 9, 1999. This seems to have affected the closing price of the scrip on that day.
- ii. Summons to furnish information and to appear in person before the Investigating Authority was issued on February 03, 2005, which was served on the noticee on February 05, 2005. However, neither was any communication received nor was the requisite details furnished by the noticee.
- iii. I note from the noticee's bank account number CA: 104911 maintained with Punjab & Sind Bank, Fort Branch, Mumbai, that between October 8, 1999 and March 30, 2000, there were cash deposits amounting to Rs. 45,92,686 and transfer of funds of Rs. 11,50,000 by a certain Mehta Investments. I also note that on January 29, 2000 Denim had transferred Rs. 4,25,000 to Mehta Investments. I note that Mehta Investments was connected to Denim and its related entities. In view of the fund transfers to Denim and also as the bank account of Mehta Investments was introduced by Mr. Ashok Bafna and the correspondence address of Mehta Investments is the same as that of Classic Finance, of which Ashok Bafna is the proprietor.
- iv. I observe that the noticee transferred a total of Rs. 19,80,000 (9,00,000+10,80,000) on February 29, 2000 and June 10, 2000 respectively into the said account of Denim, from the bank statement of Denim maintained with the Federal Bank Ltd. (account no. CA 4142). In the absence of any submission/ reply from the noticee, and in the light of the connection between the noticee, Denim and its directors, I have no alternative but to rely on the findings of the investigation that the transfer of funds was for the purpose of

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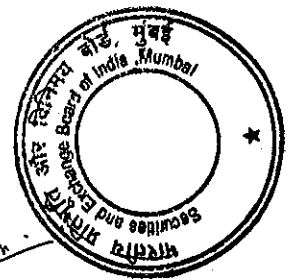
trading in the scrip in a fraudulent manner, as stated in the SCN. Moreover, the fact that the noticee was placing huge buy orders in early trading hours at upper circuit limit prices and sell orders for small quantities which affected the closing price of the scrips, further confirms the allegations against the noticee.

- v. Thus, in view of the foregoing, **I find that the noticee placed huge buy orders in the early trading hours at higher rates/ upper circuit limits, thereby generated buying interest in the scrip. I also note that the transactions of the noticee were backed by flow of funds from and to Denim.** Furthermore, the connection between Ujjwal and Denim and its directors above establishes the manipulative and fraudulent nature of the noticee's trades. In light of the same, I find that **Ujjwal violated Regulations 4(a) and (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995 read with Regulation 13(2) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003.**

7. Therefore, in exercise of the powers conferred upon me under Section 19 read with 11B of the Securities and Exchange Board of India Act, 1992 I hereby restrain Ujjwal Trade Wing (Address: Office no. 22, 1st floor, 337, Bedanwadi, Kalbadevi Road, Mumbai- 400002) from accessing the securities market and prohibit it from buying, selling or otherwise dealing in securities, directly or indirectly, for a period of 2 (two) years.

8. This order shall come into effect immediately.

Date : 7th May, 2012
Place: Mumbai



Prashant Saran
PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA