

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11(1), 11(4), 11B AND 11D OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AGAINST BLUE CHIP CORPORATION PVT. LTD., ITS DIRECTORS MR. NITIN RAJARAM NARKE AND MR. PRAVIN B. DARAWADE AND OTHERS.

1. Blue Chip Corporation Pvt. Ltd. (hereinafter referred to as "BCCPL") is registered with Securities and Exchange Board of India (SEBI) as a stock broker in cash and equity derivative segments of National Stock Exchange of India Limited (NSE) (Registration No. INB/INF231446536) with effect from August 24, 2011. Mr. Nitin Rajaram Narke has 90% of the shareholding in BCCPL while Mr. Pravin B. Darawade has the remaining 10%. Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade are also directors of BCCPL.
2. SEBI received complaints from Hadapsar Parisar Investors Association, Pune (HPIA) stating *inter alia* that:
 - (a) Mr. Nitin Rajaram Narke had solicited and raised money from public through M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Chip Investment and had promised them a return of 100% in 10 months and 200% in 20 months.
 - (b) In this manner, Mr. Nitin Rajaram Narke, through 15 agents, collected an amount of ₹1,200 crores from public.
 - (c) Mr. Nitin Rajaram Narke had represented to the investors that he is a SEBI registered stock broker of NSE and a trading member of Multi Commodity Exchange of India (MCX). He also showed the certificate of registrations in respect of these exchanges and told that trading in shares through BCCPL and Blue Chip Commodities Broking Pvt. Ltd. (BCCBPL) is legal.
 - (d) In the advertisement, dated November 27, 2011, published in the newspaper "*Dainik Bhaskar*" Mr. Nitin Rajaram Narke promised that money will be immediately returned to an investor on demand who would invest through him.
 - (e) When investors sought refund of their money, BCCPL shifted their office unlawfully and did not refund the money to the investors. The board of directors of BCCPL are absconding since last two years. The refund cheques issued by BCCPL have also bounced. During this time, the office of BCCPL also used to be closed most of the time.
 - (f) BCCPL again issued advertisements in newspaper that its office would open from

February 2014, but the office was never opened.

- (g) Mr. Nitin Rajaram Narke has, thus, cheated the investors for ₹1,200 crores. Mr. Nitin Rajaram Narke was arrested by Pune police for one month. However, after his release on a personal bond of ₹1 lakh, Mr. Nitin Rajaram Narke has been threatening the investors who had lodged complaint against him.
3. Vide its letter dated November 24, 2014, HPIA also forwarded certain documents viz. copies of complaints lodged with NSE against BCCPL, copy of letter issued by NSE, copy of letter issued by BCCPL, copies of bank pass books of the investors, copies of post dated cheques issued by M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment, pertaining to various investors in support of their complaints.
4. In view of the above complaints, vide letter dated July 08, 2015, SEBI advised BCCPL to provide its comments. However, SEBI letter sent to BCCPL at its registered address through Registered Post (Acknowledgement due) returned undelivered with the comments “*addressee left*”. Emails sent to BCCPL at its email address also returned undelivered. BCCPL could not be contacted even at the telephone numbers which were provided by it at the time of registration. Thus, BCCPL was not traceable and comments could not be obtained from it. It is the duty of a stock broker to intimate the place where the books of account, records and documents are maintained, even in case, when there is a change in address.
5. SEBI also sought information/data from NSE, MCX, National Commodity & Derivatives Exchange Limited (NCDEX), Axis Bank, ICICI Bank, HDFC Bank, IDBI Bank, Cosmos Cooperative Bank Ltd., Saraswat Bank, the Royal Bank of Scotland N.V and IndusInd Bank and Police Department, Pune.
6. NSE has, *inter alia*, informed the following in respect of BCCPL:
- (a) NSE had levied a monetary penalty of ₹1,20,000/- for non-compliance of various statutory requirements, such as non-implementation of adequate systems to monitor transactions and generate alerts based on set parameters as per the guidelines issued under the Prevention of Money Laundering Act, 2002 incorrect reporting of CTCL terminals to the exchange, non-settlement of funds and securities of clients as per their preference and non-intimation or Principal Officer appointment to Financial Intelligence Unit.
 - (b) NSE and National Securities Clearing Corporation Ltd. (NSCCL) have disabled the terminal of BCCPL in cash segment with effect from March 18, 2014 for shortfall in the Interest Free Security Deposit.
 - (c) NSE had disabled the terminal of BCCPL in F&O segment with effect from

December 11, 2013 due to initial margin violation and shortfall in the Interest Free Security Deposit.

- (d) Three investor complaints had been filed against BCCPL and Investor Grievances Resolution Panel of NSE had ruled in favour of the complainants.
 - (e) The stock broker's office was closed and the stock broker could not be contacted telephonically as well.
 - (f) BCCPL has not submitted net worth certificate, annual report, internal audit report during 2013-14 to till date and quarterly compliance certificate was submitted in 2013 with a delay of 37 days and 20 days for quarters June 2013 and September 2013 respectively.
 - (g) Penalty of ₹9,000 was levied on BCCPL for non-submission of internal audit report for the half year September 2013.
 - (h) The Disciplinary Action Committee of NSE in its meeting held on January 16, 2015 decided that the membership of BCCPL be suspended from all segments of the stock exchange.
 - (i) Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade are clients of BMA Wealth Creators Ltd. (a SEBI registered stock broker).
 - (j) As regards the investor complaints against BCCPL which were forwarded by HPIA, NSE intimated to the complainants that the payments were neither made to BCCPL nor its sub broker and therefore the matter was closed in the records of the stock exchange.
7. MCX has informed SEBI that, with effect from February 18, 2015, BCCBPL had been declared as defaulter in terms of directives of Forward Markets Commission (FMC) and the provisions of Rules, Bye Laws and Business Rules of MCX for its failure to honour arbitral awards. NCDEX has also informed SEBI that, with effect from March 25, 2015, BCCBPL has been declared as a defaulter in terms of directives of FMC and the provisions of Rules, Bye Laws and Regulations of NCDEX, as the said member was declared a defaulter by MCX.
8. As per the information provided by banks, Ms. Bhavana Chadha and Mr. Nitin Rajaram Narke are partners of M/s Milestone Investment, in the manner 51% and 49% respectively and M/s Blue Chip Investment is constituted as a sole proprietorship by Mr. Nitin Rajaram Narke. However, no information was available in respect of M/s Nitin Rajaram Narke Investment, M/s Blue Cheap Investment and its directors/partners. Axis Bank, ICICI Bank and HDFC Bank have provided also account statements pertaining to M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Nitin Narke Investment, Mr. Nitin Rajaram Narke, Mr. Narke Nitin Rajaram and M/s Milestone Investment.
9. Vide letter dated September 23, 2015, the office of Superintendent of Police, Pune (Rural)

inter alia informed the following:

- (a) Mr. Nitin Rajaram Narke and 17 other accused formed M/s Nitin Narke Investment, M/s Milestone Investment, M/s Blue Chip Investment, BCCPL and collected funds from public by assuring 8 to 10 percent returns per month and did not return. Total amount involved in such fraudulent schemes was amounting to ₹15,30,32,400/-.
 - (b) In the name of BCCPL, accused Mr. Nitin Rajaram Narke had taken membership of NSE vide registration No. INB231446536 and deposited ₹1,19,20,810/- towards membership.
 - (c) Further, in the name of BCCPL, taken membership of MCX vide Member ID 46185 and deposited ₹10,50,000/- in his membership account.
 - (d) Mr. Nitin Rajaram Narke made a fix deposit of ₹25,00,000/- with ICICI Bank, Fatima Nagar, Pune and kept the same, with NSE towards his membership.
 - (e) In the Pune District Police (Rural) there are 7 cases relating to cheating of investors have been filed against the accused Mr. Nitin Rajaram Narke out of which he had obtained anticipatory bail in 3 cases. Mr. Nitin Rajaram Narke is in judicial custody at Yawwada Jail for the remaining 4 cases.
10. From perusal of the documents forwarded by HPIA and the information received from the stock exchanges, commodities derivatives exchanges, banks and police it is, *inter alia*, observed that:
- (a) BCCPL is a member of NSE and BCCBPL is a member of MCX and NCDEX.
 - (b) BCCPL and BCCBPL are having same promoters/directors, i.e., Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade.
 - (c) Mr. Nitin Rajaram Narke had solicited and collected money from public by assuring high returns to them. Payments were made by the investors in the name of M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment, M/s Blue Chip Investment which are not registered with SEBI.
 - (d) Ms. Bhavana Chadha and Mr. Nitin Rajaram Narke are partners in the firm M/s Milestone Investment, in the manner 51% and 49% respectively and M/s Blue Chip Investment is constituted as a sole proprietorship by Mr. Nitin Rajaram Narke.
 - (e) Even trading/demat accounts which are required for investment in the stock market were not opened for the investors.
 - (f) Mr. Nitin Rajaram Narke and other entities M/s Milestone Investment, M/s Nitin Narke Investment, M/s Bluechip Investment had issued post dated cheques to the investors which were subsequently dishonored by them.
 - (g) Amongst others, the claim ₹4,17,34,647/- remains unpaid in respect of 95 investors who had deposited around ₹2,65,68,000/- and on whose behalf complaints have been

filed by HPIA.

- (h) Investors had lodged police complaint against Mr. Nitin Rajaram Narke pursuant to which Mr. Nitin Rajaram Narke was in police custody for seven days.
- (i) Large investments had been made by Mr. Nitin Rajaram Narke in his own name from the money received from the investors;
- (j) During the course of investigation and police custody of Mr. Nitin Rajaram Narke it was revealed that he had purchased various properties at Rupawali in Kokan as well as at Nandur, Pune, row houses at Vimannagar as well as other properties and various luxurious cars such as Audi, BMW, Land Cruiser.
- (k) Details of bank accounts as available on the said post dated cheques are given below:

Sr. No.	Account in the name of	Name of Bank	Bank account No.
1	Blue Chip Investment	Axis Bank Ltd, Pune	910020033025119
2	Blue Cheap Investment	ICICI Bank, Pune	147505500007
3	Milestone Investment	ICICI Bank, Pune	147505500021
4	Nitin Narke Investment	ICICI Bank, Pune	147505500100
5	Nitin Rajaram Narke	ICICI Bank, Pune	147505500096
6	Nitin Rajaram Narke	ICICI Bank, Pune	147501500483
7	Blue Cheap Investment	HDFC Bank Ltd., Pune	08378620000057
8	Milestone Investment	HDFC Bank Ltd., Pune	08372560000909
9	Narke Nitin Rajaram	HDFC Bank Ltd., Pune	15781930000665
10	Narke Nitin Rajaram	HDFC Bank Ltd., Pune	09622020000379
11	Blue Cheap Investment	IDBI Bank, Pune	0651102000005098
12	Blue Cheap Investment	Cosmos Co-operative Bank Ltd., Pune	09310010426
13	Blue Cheap Investment	Saraswat Bank, Pune	370100100000024
14	Blue Cheap Investment	The Royal Bank of Scotland N.V., Pune	1659086
15	Blue Cheap Investment	Indusind Bank, Pune	0002518201050
16	Nitin Rajaram Narke	Saraswat Bank	370218100000001

- (l) The information in respect of above bank accounts was called for from the concerned banks. Till now information has been received from the concerned banks in respect of only 10 bank accounts (Sr. No. 1 to 10 above). The transactions, on a sample basis, as noticed in some of the above bank accounts are given below in a tabular format:

Table 1: Bank account in the name of M/s Blue Chip Investment

Account Details (sample transactions above ₹5 lacs only)			Name: Blue Chip Investment No. 910020033025119 Name of Bank: Axis Bank, Pune Period : 01/04/2011 to 30/06/2012	
Tran Date	Cheque No.	Particulars	Debit (₹)	Credit (₹)
06/04/2011		By Cash		5,00,000
07/04/2011		By Cash		7,00,000

08/04/2011		By Cash		5,00,000
09/04/2011		By Cash		9,50,000
11/04/2011		By Cash		5,00,000
13/04/2011		By Cash		5,00,000
15/04/2011		By Cash		9,50,000
18/04/2011		By Cash		9,50,000
19/04/2011		By Cash		9,50,000
20/04/2011		By Cash		8,00,000
23/04/2011		By Cash		9,50,000
25/04/2011		By Cash		9,00,000
26/04/2011		By Cash		9,00,000
27/04/2011		By Cash		9,50,000
28/04/2011		By Cash		9,50,000
29/04/2011		By Cash		9,50,000
30/04/2011		By Cash		9,50,000
02/05/2011		By Cash		5,00,000
04/05/2011		By Cash		9,50,000
05/05/2011		By Cash		9,50,000
06/05/2011		By Cash		9,00,000
07/05/2011		By Cash		9,50,000
09/05/2011		By Cash		9,50,000
10/05/2011		By Cash		5,00,000
11/05/2011		By Cash		8,00,000
12/05/2011		By Cash		6,00,000
13/05/2011		By Cash		5,00,000
16/05/2011		By Cash		5,00,000
20/05/2011		By Cash		7,00,000
21/05/2011		By Cash		7,00,000
23/05/2011		By Cash		9,50,000
24/05/2011		By Cash		9,50,000
25/05/2011		By Cash		9,50,000
27/05/2011		By Cash		5,00,000
28/05/2011		By Cash		7,00,000
30/05/2011		By Cash		9,50,000
01/06/2011		By Cash		8,00,000
03/06/2011		By Cash		9,50,000
06/06/2011		By Cash		5,00,000
07/06/2011		By Cash		9,00,000
09/06/2011		By Cash		5,00,000
10/06/2011		By Cash		8,00,000
13/06/2011		By Cash		9,50,000
14/06/2011		By Cash		9,00,000
15/06/2011		By Cash		9,50,000
18/06/2011		By Cash		9,50,000
24/06/2011		By Cash		9,50,000

27/06/2011		By Cash		5,00,000
28/06/2011		By Cash		5,00,000
29/06/2011		By Cash		5,00,000
30/06/2011		By Cash		5,00,000
01/07/2011		By Cash		5,00,000
05/07/2011		By Cash		9,50,000
06/07/2011		By Cash		5,00,000
07/07/2011		By Cash		5,00,000
11/07/2011		By Cash		6,00,000
12/07/2011		By Cash		8,00,000
13/07/2011		By Cash		5,00,000
14/07/2011		By Cash		7,00,000
15/07/2011		By Cash		5,00,000
16/07/2011		By Cash		9,50,000
18/07/2011		By Cash		9,50,000
19/07/2011		By Cash		9,50,000
20/07/2011		By Cash		9,50,000
21/07/2011		By Cash		6,00,000
23/07/2011		By Cash		6,00,000
25/07/2011		By Cash		9,00,000
26/07/2011		By Cash		8,00,000
28/07/2011		By Cash		5,00,000
29/07/2011		By Cash		5,00,000
02/08/2011		By Cash		7,00,000
03/08/2011		By Cash		9,50,000
12/08/2011		By Cash		5,00,000
16/08/2011		By Cash		5,00,000
17/08/2011		By Cash		9,50,000
29/08/2011		By Cash		5,00,000
30/08/2011		By Cash		8,00,000
02/09/2011		By Cash		6,00,000
06/09/2011		By Cash		9,50,000
07/09/2011		By Cash		8,00,000
08/09/2011		By Cash		9,00,000
09/09/2011		By Cash		9,50,000
10/09/2011		By Cash		9,00,000
12/09/2011		By Cash		5,00,000
17/09/2011		By Cash		5,00,000
20/09/2011		By Cash		5,00,000
22/09/2011		By Cash		7,00,000
24/09/2011		By Cash		5,00,000
26/09/2011		By Cash		16,00,000
07/10/2011		By Cash		9,00,000
08/10/2011		By Cash		9,00,000
14/10/2011		By Cash		9,00,000

15/10/2011		By Cash		9,00,000
18/10/2011		By Cash		5,00,000
19/10/2011		By Cash		5,00,000
29/10/2011	579916	To self	20,00,000	
02/11/2011	579920	Blue Chip Investment	20,00,000	
05/11/2011		By Cash		8,00,000
11/11/2011		By Cash		9,00,000
12/11/2011		By Cash		6,00,000
14/11/2011	581527	To self	20,00,000	
15/11/2011	581531	To self	20,00,000	
16/11/2011	579955	Nitin Narke Investment	50,00,000	
23/11/2011	581536	To self	20,00,000	
24/11/2011	579963	To self	30,00,000	
28/11/2011	579346	To Cash/Self	5,50,000	
30/11/2011	581548	To self	9,50,000	
25/11/2011	579344	To self	9,00,000	
10/12/2011	581557	To self	9,00,000	
14/12/2011	579359	To self	5,00,000	
19/12/2011	579364	To self	11,00,000	
21/12/2011	581599	To self	25,00,000	
27/12/2011	581600	To self	5,00,000	
28/12/2011	579387	To Cash/Self	3,00,000	
29/12/2011	578192	To Self	3,00,000	
30/01/2012	80916	To Cash/Self	2,80,000	
01/02/2012	35667	To Cash/Self	2,60,000	
08/02/2012	35670	To Cash/Self	8,00,000	
08/02/2012	35669	To Cash/Self	5,00,000	

Table 2: Bank account in the name of M/s Blue Cheap Investment

Account Details (sample transactions above ₹10 lacs only)		Name: Blue Cheap Investment No. 147505500007 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 23/04/2012		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
03/05/2011	Blue Cheap Investment			10,00,000
09/06/2011	Trfr to: BCCPL	8116	20,00,000	
20/06/2011	Trfr from: Nitin R Narke			10,00,000
20/06/2011	-do-			15,00,000
23/06/2011	Trfr to: Blue Chip Commodities Broking Pvt Ltd	4905	40,00,000	
30/06/2011	Trfr to: Yourself DD	4979	17,40,000	
01/07/2011	Trfr to: Yourself DD	4973	11,60,000	
04/07/2011	Trfr to: Yourself DD	4991	32,00,000	

06/07/2011	Trfr from: Blue Chip Commodities Broking Pvt Ltd			13,00,000
08/07/2011	Trfr to: BCCPL	907443	90,00,000	
11/07/2011	Trfr to: Nitin Narke	7932	20,00,000	
15/07/2011	Trfr to: Blue Chip Commodities Broking Pvt Ltd	7984	15,00,000	
21/07/2015	-do-	6373	10,00,000	
21/07/2015	Trfr to: BCCPL	6374	40,00,000	
27/07/2011	Trfr from: Blue Chip Corporation			55,00,000
01/08/2011	Trfr to: BCCPL	8944	55,00,000	
04/08/2011	Blue Chip Corp	9000	10,00,000	
10/08/2011	Trfr from: Blue Chip Corporation			50,00,000
10/08/2011	Blue Cheap Investment			30,00,000
10/08/2011	Blue Cheap Investment			48,00,000
11/08/2011	Trfr to: BCCPL	9025	15,00,000	
12/08/2011	Blue Chip Investment	9024	30,00,000	
18/08/2011	Trfr to: Nitin Narke	10411	20,00,000	
18/08/2011	Blue Cheap Corporation	10412	50,00,000	
20/08/2011	Cash paid self	7521	75,00,000	
20/08/2011	Trfr from: Blue Chip Corporation			1,00,00,000
20/08/2011	Trfr from: Blue Chip Corporation			50,00,000
22/08/2011	Trfr from: Blue Chip Corporation			40,00,000
22/08/2011	Blue Cheap Investment			40,00,000
25/08/2011	Trfr from: Blue Chip Corporation			10,00,000
02/09/2011	Trfr to: BCCPL	8171	10,00,000	
03/09/2011	Trfr from: Nitin R Narke			20,00,000
03/09/2011	Trfr to: BCCPL	11451	20,00,000	
05/09/2011	Nitin R Narke	11577	10,00,000	
05/09/2011	Trfr to: BCCPL	8880	10,00,000	
06/09/2011	-do-	11617	10,00,000	
07/09/2011	-do-	11405	10,00,000	
07/09/2011	-do-	11618	10,00,000	
08/09/2011	-do-	11620	10,00,000	
09/09/2011	-do-	8883	10,00,000	
12/09/2011	-do-	11507	20,00,000	
16/09/2011	-do-	12052	10,00,000	
19/09/2011	-do-	11630	10,00,000	
19/09/2011	Trfr from: Nitin R Narke			15,00,000

27/09/2011	Trfr from: Blue Chip Corporation			13,00,000
28/09/2011	Trfr to: Blue Cheap Corporation			10,00,000
03/10/2011	-do-			14,00,000
10/10/2011	Trfr to: BCCPL	12851	20,00,000	
12/10/2011	-do-	12260	11,00,000	
13/10/2011	-do-	13002	15,00,000	
17/10/2011	-do-	12096	27,00,000	
19/10/2011	-do-	12864	1,14,00,000	
19/10/2011	Trfr to: Nitin R Narke	12262	10,00,000	
20/10/2011	Trfr to: Nitin Narke Investment	12871	10,00,000	
24/10/2011	Trfr to: Nitin Narke Investment	13005	25,00,000	
24/10/2011	Trfr from: BCCPL			50,00,000
25/10/2011	-do-			50,00,000
25/10/2011	Trfr from: Nitin R Narke			10,00,000
25/10/2011	Trfr to: Nitin Narke Investment	12155	25,00,000	
31/10/2011	Trfr to: Blue Chip Commodities Broking Pvt. Ltd.	11490	20,00,000	
01/11/2011	Trfr to: BCCPL	8907	10,00,000	
03/11/2011	Trfr from: Milestone Inv			20,17,846
03/11/2011	Trfr to: BCCPL	11443	23,26,669	
03/11/2011	Trfr from: Nitin Narke Inv			29,48,137
03/11/2011	Trfr from: Nitin R Narke			16,84,614
04/11/2011	Trfr from: Nitin R Narke			18,09,345
08/11/2011	Trfr from: Nitin Narke			66,36,560
08/11/2011	Trfr from: Nitin Narke Investment			38,19,238
08/11/2011	Trfr from: Nitin Narke			24,33,382
08/11/2011	Trfr to: BCCPL	12199	1,00,00,000	
09/11/2011	Trfr from: Nitin Narke			57,62,392
09/11/2011	Trfr from: Blue Chip Corporation Pvt Ltd			20,00,000
09/11/2011	Trfr to: BCCPL	11446	57,00,000	
14/11/2011	Trfr to: Yourself for DD	13030	12,00,000	
14/11/2011	Trfr from: Nitin R Narke			1,50,00,000
14/11/2011	Trfr to: BCCPL	13094	1,50,00,000	
14/11/2011	Trfr from: Nitin R Narke			1,50,00,000
15/11/2011	Nitin R Narke	8912	18,00,000	
16/11/2011	Trfr from: Nitin R Narke			11,27,992
16/11/2011	Trfr to: BCCPL	12958	1,00,00,000	
16/11/2011	Trfr to: BCCPL	15477	19,00,000	
17/11/2011	Trfr from: Nitin R Narke Investment			50,00,000
17/11/2011	Trfr to: BCCPL	13040	50,00,000	
17/11/2011	Trfr from: BCCPL			25,00,000

18/11/2011	Trfr to: Nitin Narke	15408	10,00,000	
18/11/2011	Trfr from: BCCPL			50,00,000
19/11/2011	Trfr from: BCCPL			10,00,000
21/11/2011	Trfr to: BCCPL	14190	22,00,000	
22/11/2011	Trfr to: Nitin R Narke	11534	30,00,000	
22/11/2011	Trfr from: BCCPL			55,00,000
22/11/2011	-do-			20,00,000
23/11/2011	Trfr to: BCCPL	11648	12,00,000	
23/11/2011	Trfr from: Nitin R Narke Investment			12,00,000
25/11/2011	Trfr to: BCCPL	15426	15,00,000	
28/11/2011	Trfr to: BCCPL	15543	18,00,000	
28/11/2011	Trfr to: BCCPL	15545	11,00,000	
29/11/2011	Trfr from: BCCPL			10,00,000
29/11/2011	Blue Chip Investment	14205	10,00,000	
10/12/2011	Trfr from: BCCPL			60,00,000
12/12/2011	Trfr from: Blue Chip			40,00,000
12/12/2011	Trfr from: Nitin R Narke			11,32,000
13/12/2012	Trfr from: Nitin R Narke			21,00,000
14/12/2011	Trfr from: BCCPL			10,00,000
14/12/2011	-do-			10,00,000
11/01/2012	Trfr to: BCCPL	11536	17,00,000	
18/01/2012	Cash paid self	11546	11,00,000	

Table 3: Bank account in the name of M/s Blue Cheap Investment

Account Details (sample transactions above ₹5 lacs only)		Name: Blue Cheap Investment No. 147505500007 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 13/02/2012		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
21/06/2011	Trfr to: Blue Cheap Inv	8751	9,00,000	
11/07/2011	Trfr to: Nitin Narke	7119	10,00,000	
04/10/2011	Cash paid self	10259	10,00,000	
19/10/2011	Trfr from: Blue Cheap	13485	9,00,000	
31/10/2011	Trfr from: Blue Cheap	14551	9,00,000	
03/11/2011	Trfr to: Blue Cheap Inv	13486	20,17,846	
14/11/2011	Trfr from: Blue Cheap Inv			10,00,000
15/11/2011	Cash paid self	15799	8,00,000	
16/11/2011	Cash paid self	14463	8,00,000	
17/11/2011	Cash paid self	15676	25,00,000	
17/11/2011	Trfr from: Blue Cheap			25,00,000
18/11/2011	Trfr from: Blue Cheap			80,00,000
18/11/2011	Trfr to: Blue Cheap	14599	72,00,000	

18/11/2011	Cash paid self	14598	8,00,000	
19/11/2011	Cash paid self	15826	30,00,000	
10/12/2011	Blue Cheap Investment			30,00,000
10/12/2011	Cash paid self	17045	30,00,000	
10/01/2012	Cash paid self	18676	13,00,000	
18/01/2012	Trfr to: Nitin Rajaram Narke	19745	24,00,000	
20/01/2012	Trfr to: Nitin Rajaram Narke	19761	22,00,000	
21/01/2012	Trfr to: Nitin Rajaram Narke	15673	25,00,000	
06/02/2012	Cash paid self	20826	25,00,000	

Table 4: Bank account in the name of M/s Milestone Investment

Account Details (above ₹5 Lacs)		Name: Milestone Investment No. 147505500021 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 13/02/2011		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
21/06/2011	By cash			9,00,000
21/06/2011	Trfr to Blue Cheap Inv.	8751	9,00,000	
29/06/2011	By cash			9,50,000
11/07/2011	BMA Wealth Creato			50,00,000
11/07/2011	Trfr to Nitin Narke	7119	10,00,000	
17/09/2011	By cash			9,50,000
04/10/2011	Cash paid self	10259	10,00,000	
14/10/2011	By cash			9,50,000
18/10/2011	By cash			9,00,000
19/10/2011	Trfr to Blue Cheap	13485	9,00,000	
31/10/2011	By cash			9,00,000
31/10/2011	Trfr to Blue Cheap	14551	9,00,000	
03/11/2011	Trfr to Blue Cheap Inv	13486	20,17,846	
17/11/2011	Trfr from Blue Cheap			25,00,000
17/11/2011	Cash paid self	15676	25,00,000	
18/11/2011	Trfr from Blue Cheap			80,00,000
18/11/2011	Trfr to Blue Cheap	14599	72,00,000	
18/11/2011	Cash paid self	14598	8,00,000	
19/11/2011	Cash paid self	15826	30,00,000	
10/12/2011	Trfr from Blue Cheap Inv.			30,00,000
10/12/2011	Cash paid self	17045	30,00,000	
10/01/2012	Cash paid self	18676	13,00,000	
17/01/2012	Trfr from BMA Wealth Creators Ltd			25,00,000
18/01/2012	Trfr to Nitin Rajaram Narke	19745	24,00,000	
19/01/2012	BMA Wealth Creators			25,00,000
20/01/2012	Trfr to Nitin Rajaram Narke	19761	22,00,000	

20/01/2012	Trfr from BMA Wealth Creators			25,00,000
21/01/2012	Trfr to Nitin Rajaram Narke	15673	25,00,000	
06/02/2012	BMA Wealth Creators			25,00,000
06/02/2012	Cash paid self	20826	25,00,000	

Table 5: Bank account in the name of Mr. Nitin Rajaram Narke

Account Details (sample transactions above Rs 4.0 lacs only)		Name: Nitin Rajaram Narke No. 147505500096 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 13/02/2011		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
26/05/2011	Trfr from Blue Cheap			5,00,000
26/05/2011	Cash paid self	8284	5,00,000	
21/06/2011	By cash			9,00,000
21/06/2011	Trfr to Blue Cheap Inv.	6626	9,00,000	
23/08/2011	Trfr to Blue Chip Corp	11152	4,75,000	
05/09/2011	By cash			9,00,000
14/10/2011	By cash			9,00,000
03/11/2011	Trfr to Blue Cheap Inv.	14897	16,84,614	
04/11/2011	Trfr to Blue Cheap	14899	18,09,345	
08/11/2011	Trfr to Blue Cheap Inv.	16075	66,36,560	
09/11/2011	Trfr to Blue Cheap	14874	57,62,392	
18/11/2011	Trfr from Blue Cheap			10,00,000
18/11/2011	Cash paid self	16376	10,00,000	
19/11/2011	Cash paid self	16377	30,00,000	
21/11/2011	Trfr to Blue Cheap Inv.	16476	7,00,000	
22/11/2011	Trfr from Blue Cheap			30,00,000
22/11/2011	Cash paid self	16526	30,00,000	
13/12/2011	Trfr to Blue Cheap Inv.	17245	21,00,000	
14/12/2011	Trfr to Blue Cheap	17349	5,00,000	
27/12/2011	Cash paid self	18116	6,00,000	
10/01/2012	Cash paid self	19077	8,00,000	
11/01/2012	Trfr to Nitin Narke	19189	20,00,000	
11/01/2012	Trfr to Blue Cheap Inv.	19188	5,00,000	
11/01/2012	Cash paid self	19185	20,00,000	

Table: 6 Bank account in the name of M/s Nitin Narke Investment

Account Details (sample transactions above ₹4 lacs only)		Name: Nitin Narke Investment No. 147505500100 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 27/02/2012		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)

21/06/2011	By cash			9,00,000
21/06/2011	Trfr to Blue Cheap Inv.	8827	9,00,000	
11/07/2011	Trfr to Nitin Narke	9477	10,00,000	
19/07/2011	Globe Capital			20,36,253.66
06/08/2011	Trfr to Globe Capital	8499	10,00,000	
23/08/2011	Trfr to Blue Chip Corp	11302	4,15,000	
05/09/2011	By cash			9,00,000
14/10/2011	By cash			9,00,000
15/10/2011	Globe Capital Market			28,34,901
17/10/2011	By cash			9,00,000
20/10/2011	Trfr from Blue Cheap Inv			10,00,000
21/10/2011	Trfr from Blue Cheap Inv			10,00,000
24/10/2011	Trfr from Blue Cheap Inv			25,00,000
24/10/2011	Cash paid self	14966	25,00,000	
25/10/2011	Trfr from Blue Cheap Inv			25,00,000
25/10/2011	Cash paid self	14968	25,00,000	
31/10/2011	By cash			9,00,000
31/10/2011	Trfr to Blue Cheap	13975	9,00,000	
03/11/2011	Trfr to Blue Cheap Inv	15023	29,48,137	
04/11/2011	Trfr from Blue Cheap			7,00,000
04/11/2011	Cash paid self	16133	8,00,000	
08/11/2011	Trfr to Blue Cheap Inv	14950	38,19,238	
16/11/2011	Blue Chip Investment			50,00,000
17/11/2011	Trfr to Blue Cheap	13925	50,00,000	
10/01/2012	Globe Capital			14,00,000
10/01/2012	Trfr from Amol Atre			20,66,526
10/01/2012	Cash paid self	19426	20,00,000	
11/01/2012	Trfr to Blue Cheap	19377	12,00,000	
11/01/2012	Self	19352	5,00,000	
18/01/2012	Trfr from Nitin Rajaram Narke			10,00,000
18/01/2012	Cash paid self	20277	7,00,000	
25/02/2012	Globe Capital Market			6,00,000

Table:7 Bank account in the name of M/s Blue Cheap Investment

Account Details		Name: Blue Cheap Investment No. 08378620000057 Name of Bank: HDFC Bank, Fatima Nagar, Pune Period : 01/04/2011 to 01/05/2013		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
09/04/2011	Funds transfer – Wanowrie*			5,00,000
09/04/2011	Funds transfer – Wanowrie			5,00,000
15/04/2011	Chq paid – Wanowrie / Pune	208270	8,00,000	
20/04/2011	Chq paid – Wanowrie / Pune	211901	8,00,000	
15/05/2011	Blue Chip Corporation Pvt Ltd	208685	1,00,000	

01/06/2011	Funds transfer – Wanowrie			4,00,000
13/06/2011	Funds transfer – Wanowrie			5,00,000
16/06/2011	Funds transfer – Wanowrie			9,50,000
17/06/2011	Chq paid – Wanowrie / Pune	217676	5,00,000	
18/06/2011	Chq paid – Wanowrie / Pune	215651	5,00,000	
20/06/2011	Chq paid – Wanowrie / Pune	210804	6,00,000	
12/07/2011	Funds transfer – Wanowrie			10,00,000
12/07/2011	Funds transfer – Wanowrie			10,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Pravin B Darawade	215652	20,00,000	
18/07/2011	Funds transfer – Wanowrie			10,00,000
30/07/2011	Blue Chip Commodities	211778	1,00,000	
10/08/2011	Chq paid – Blue Cheap Invest	218715	48,00,000	
27/08/2011	Chq paid – Wanowrie / Pune	227036	24,00,000	
04/10/2011	Chq paid – Wanowrie / Pune	211793	10,00,000	
13/10/2011	Chq paid – Wanowrie / Pune	222897	30,00,000	
14/10/2011	Chq paid – Wanowrie / Pune	227046	15,00,000	
21/10/2011	Chq paid – Wanowrie / Pune	230652	12,00,000	
31/10/2011	Blue Chip Corporation Pvt Ltd	222899	3,00,000	
18/11/2011	Chq paid – Wanowrie / Pune	234080	25,00,000	
22/11/2011	Chq paid – Wanowrie / Pune	230654	10,00,000	
27/11/2011	Blue Chip Corporation Pvt Ltd	203405	1,00,000	
28/11/2011	Funds transfer – Wanowrie			10,00,000
08/12/2011	BCCPL	230665	1,00,000	
08/12/2011	Blue Chip Commodities	230666	50,000	
10/01/2012	BCCPL	235303	1,00,000	
10/01/2012	Blue Chip Commodities	235304	50,000	
11/01/2012	Blue Chip Commodities	230674	1,00,000	
20/01/2012	BCCPL	235313	1,00,000	
30/01/2012	BCCPL	234099	3,00,000	
31/01/2012	BCCPL	234100	50,000	
14/02/2012	Narke Nitin Rajaram	244784	30,000	
18/02/2012	Narke Nitin Rajaram	249064	2,00,000	
06/03/2012	Narke Nitin Rajaram	244793	15,00,000	

**Wanowrie may be a branch of HDFC, where Nitin Rajaram Narke may have accounts in the name of Blue Cheap Investment, Milestone Investment etc.*

(m) From the above tables, the following is observed:

- (i) Large number of cash deposits were made in the bank accounts of M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Milestone Investment, Mr. Nitin Rajaram Narke. In the bank account of M/s Blue Chip Investment, out of total deposit of ₹18,60,82,019/- cash deposit was to the tune of ₹8,58,55,000/-.

- (ii) Frequent movement of funds were noticed in the bank accounts held by Mr. Nitin Rajaram Narke, M/s Milestone Investment, BCCPL, M/s Blue Chip Investment, M/s Blue Cheap Investment, BCCBPL, by way of withdrawal as well as deposits.
 - (iii) In almost all the bank accounts, money was withdrawn, mostly by way of self cash withdrawal/cash paid self, fund transfer to the personal bank account of Mr. Nitin Rajaram Narke and again withdrawing cash from that bank account or by way of yourself demand draft.
 - (iv) Apart from the above, it was also observed that money was transferred from the above bank accounts to BCCPL, BCCBPL, BMA Wealth Creators Ltd. (stock broker) and Globe Capital Markets Ltd. (stock broker) suggesting that money of the investors was utilised in the securities markets including commodities.
 - (v) The bank statements also show that small amounts in cheque/cash was being credited into the accounts suggesting collection of money from investors and there were also debits of small amount by way of cheque/cash/funds transfer, suggesting repayment of the amount so collected.
 - (vi) Type of transactions in all the said bank accounts are similar, i.e., deposits by way of cash, cheques, *inter se* fund transfers from one account to another account and payments also were made to either of the said accounts and mostly amounts withdrawn by Mr. Nitin Rajaram Narke.
11. While being a registered stock broker in the name of BCCPL (Registration No. INB/INF231446536), Mr. Nitin Rajaram Narke and Mr. Praveen B. Darawade deceived the clients by portraying to them that their investments are legitimate and the monies collected from them are for the purpose of investing in the stock market. For the same bank accounts in the name of M/s Blue Cheap Investment and M/s Blue Chip Investment were opened. The names "Blue Cheap" and "Blue Chip" are misleading to suggest that cheques are being given towards the stock broker BCCPL. Further, accounts were also opened in the name of firms, having name of the director, i.e., M/s Nitin Rajaram Narke Investments, M/s Nitin Narke Investments, etc. and money was collected from investors depicting to them that it was a legitimate transaction since it was being given in the name of a director of a registered stock broker.
12. I find that the scheme by Mr. Nitin Rajaram Narke and Mr. Praveen B. Darawade had sufficient material so as to give an impression to the investors that the money collected from them were getting invested in the securities market through BCCPL and that they were managing their investments properly. A company being a legal person having separate and independent existence than its shareholders acts through its board of directors who individually and collectively hold the position of trust and have fiduciary duties towards the company, the shareholders and other stakeholders. It is settled position that while alleging vicarious liabilities on the directors, the company should also be

proceeded with for its defaults In the instant case, BCCPL has only two promoters/directors who amongst themselves own BCCPL fully. Further, Mr. Nitin Rajaram Narke (90% shareholding in BCCPL) floated several firms, including sole proprietorship firm and partnership firm with Ms. Bhavana Chadha and solicited money from general investors to make investment in the securities market on their behalf and promising them high returns.

13. The facts brought out above *prima facie* indicate that:

- (a) Mr. Nitin Rajaram Narke, Mr. Praveen B. Darawade and Ms. Bhavana Chadha solicited and collected funds/deposits from investors to make investments on their behalf and to that effect these schemes were in the nature of portfolio management schemes without obtaining registration as a portfolio management services as required in terms of section 12(1) of the SEBI Act, 1992 read with regulation 3 of the SEBI (Portfolio Managers) Regulations, 1993 (the Portfolio Managers Regulations);
- (b) BCCPL and its promoters/directors were carrying out fund based activities through multitude of firms and thus indulged in fund based activities involving personal financial liability, which BCCPL, being a member of a recognised stock exchange and SEBI registered stock broker, cannot undertake and as such BCCPL has contravened rule 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 (the SCRR).
- (c) Office of BCCPL is closed or shifted and all other modes of communication viz., email and telephone non-functional and as such BCCPL has failed to intimate to SEBI its new communication details and as the place where the books of account, records and documents are maintained.

14. In view of the aforementioned facts, I, *prima facie*, find that BCCPL has contravened conditions of registration, general obligations and responsibilities as specified under regulation 9(f) and 17(2) of the SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred as “Stock Brokers Regulations”) respectively, read with clauses A(1) and A(5) of Schedule II of the Regulations. The relevant provisions of the SEBI Act, 1992, the Stock Brokers Regulations, the Portfolio Managers Regulation and the SCRR are reproduced as following:

Section 12(1) of the SEBI Act, 1992

Registration of stock brokers, sub-brokers, share transfer agents, etc

12. (1) No stock broker, sub-broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act:

SEBI (Portfolio Managers) Regulations, 1993

Regulation 3–

"No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations:"

The SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992

"Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

*(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and
....."*

General Obligations and Responsibilities

To maintain proper books of account, records etc.

17.(2) Every stock broker shall intimate to the Board the place where the books of account, records and documents are maintained.

SCHEDULE II

Code of Conduct for Stock Brokers

"A. GENERAL

(1) Integrity: A stock/broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(5) Compliance with statutory requirements: A stock broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.

The Securities Contracts (Regulation) Rules, 1957

"Qualifications for membership of a recognised stock exchange.

8. The rules relating to admission of members of a stock exchange seeking recognition shall inter alia provide that:

(3) No person who is a member at the time of application for recognition or subsequently admitted as a member shall continue as such if –

(f) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability,"

15. By their acts and omissions, BCCPL, its promoters/directors Mr. Nitin Rajaram Narke and Mr. Praveen B. Darawade, the various firms floated by Mr. Nitin Rajaram Narke in partnership with Ms. Bhavana Chadha, viz. M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Milestone Investment, M/s Nitin Narke Investment solicited, enticed and induced their clients and other investors to deal in securities and have also collected funds and deposits from their clients and other general investors through misrepresentation and allurements of high returns through various schemes to such clients and investors. They also solicited investments from investors claiming to give high returns even when the firms through which fund was directly solicited, viz. M/s Blue Chip

Investment, M/s Blue Cheap Investment, M/s Milestone Investment, M/s Nitin Narke Investment were not a SEBI registered intermediary. This *prima facie* appears to be a representation made in a reckless and careless manner. In my view the *modus operandi* of BCCPL, Mr. Nitin Rajaram Narke, Mr. Praveen B. Darawade and Ms. Bhavana Chadha indicate a scheme, plan, device or artifice or contrivance that is, besides being in contraventions of the SEBI Act, 1992, the SCRR and the Regulations as discussed above, is 'fraudulent' as defined in regulation 2(1)(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "the PFUTP Regulations") which reads as under:-

Definition of “fraud” – Regulation 2(1)(c).

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent;

(7) deceptive behaviour by a person depriving another of informed consent or full participation;

(8) a false statement made without reasonable ground for believing it to be true;

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And “fraudulent” shall be construed accordingly;

.....”

16. In the light of the aforesaid observations, I, *prima facie*, find that BCCPL, M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Milestone Investment, M/s Nitin Narke, Investment, Mr. Nitin Rajaram Narke, Mr. Praveen B. Darawade and Ms. Bhavana Chadha not only contravened the provisions of the SEBI Act, the Stock Brokers Regulations and the Portfolio Managers Regulations but have also acted in fraudulent and deceitful manner which attracts prohibitions enshrined in section 12A (a) (b) and (c) of the SEBI Act and regulation 3 (b), (c) and (d) and regulation 4(1) and 4(2) (k) of the PFUTP Regulations which read as following:-

Section 12A of the SEBI Act-

"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly -

- (a) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

Regulation 3 of the PFUTP Regulations -

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

- (a).....
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

"4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

-
- (k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;
-"

17. A person acting as a securities market intermediary is expected to protect the interest of

investors in the securities market in which he operates and it ill-behoves him to become a party to any market misconduct. Such a person is required to maintain high standards of integrity, promptitude and fairness in the conduct of his business dealings, and not be motivated purely by prospects of financial gain. As a regulator of the securities market, SEBI has the duty to safeguard the interest of investors and protect the integrity of the securities market. Since the conduct of BCCPL and its directors is not in the interest of investors in the securities market, necessary action, including impounding and retaining the assets of BCCPL by way of an *interim* measure has to be taken against them immediately, else it may lead to further harm to the investors and loss of investors' trust in the securities market.

18. In view of the foregoing, in order to protect the interest of investors and the integrity of securities market, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11(1), 11(4), 11B and 11D of the SEBI Act, 1992, by way of this order, hereby issue the following directions:

- (a) The financial assets of Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment are hereby impounded till further directions. They are further directed not to dispose off or alienate any of their assets, whether movable or immovable, or any interest or investment or charge in any of such assets except for the purpose provided herein.
- (b) The banks and depositories are directed that no debits shall be made in their bank accounts/demat accounts, held jointly or severally, except after confirmation from the concerned stock exchange in this regard.
- (c) The concerned stock exchanges, depositories and the banks are directed to ensure that all the above directions are strictly enforced.
- (d) The aforesaid entities are directed to provide the complete details of amounts collected from investors and amount due to each of them.
- (e) The aforesaid entities are directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including details of their all their bank and demat accounts immediately but not later than 7 working days from the date of receipt of these directions.
- (f) The aforesaid entities are restrained from accessing the securities market and are

further prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever, with immediate effect, till further directions.

- (g) The aforesaid entities shall cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever till further directions.
 - (h) Blue Chip Corporation Pvt. Ltd., Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment are prohibited from mobilizing funds in any manner or pooling funds from public and from offering any unregistered service, in whatever form.
 - (i) Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha, Blue Chip Corporation Pvt. Ltd., M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment are directed to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. and any unregistered activity in the securities market.
 - (j) Blue Chip Corporation Pvt. Ltd., Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha, M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Bluechip Investment are prohibited from transferring the funds/deposits from their bank account, which were mobilised from the clients or other investors or from disposing of or alienating any asset that has been created from the funds/deposits received from their clients or other investors for purposes other than refund as directed hereinabove.
19. The above directions are without prejudice to the right of SEBI to take any other action that may be initiated against Blue Chip Corporation Pvt. Ltd., Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha, M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment, M/s Blue Chip Investment and in accordance with law including the action in accordance with section 12 of the SEBI Act, 1992 and the provisions of the Securities and Exchange Board of India Act, 1992, the regulations framed thereunder and Securities Contracts (Regulation) Rules, 1957. (.
20. This order shall come into force with immediate effect. The stock exchanges and the depositories are directed to ensure that the above directions are strictly enforced.
21. A copy of the order shall also be forwarded to the Enforcement Department, Financial

Intelligence Unit, Economic Offences Wing and Income Tax Department for taking further necessary action at their end, if any.

22. The entities/persons against whom this Order is being passed may file their objections, if any, within twenty one (21) days from the date of this Order and, if they so desire, may avail themselves or through their authorised representatives an opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot No. C4/A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 on a date and time to be fixed on a specific request in writing, to be received in this behalf from the entities/persons.

Sd/-

DATE: NOVEMBER 9th, 2015

PLACE: MUMBAI

RAJEEV KUMAR AGARWAL

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA