

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 in the matter of Kelvin Fincap Limited (formerly known as Dahyabhai Sons Limited)

1. Securities and Exchange Board of India (“**SEBI**”) conducted an examination into the dealings in the scrip of **Kelvin Fincap Limited (formerly known as Dahyabhai Sons Limited)**; hereinafter referred to as “**KFL**” or *the Company*) on BSE Limited (“**BSE**”) during the period from June 18, 2013 to May 29, 2014 as there was huge rise in the price of the scrip.
2. Upon preliminary inquiry, SEBI *prima facie* observed the following:
 - a. KFL issued 1,30,00,000 shares in physical form to 56 related entities on March 20, 2012. Thereafter, the shares of KFL were transferred among Kelvin Fincap Group entities in physical as well as dematerialized form after April 01, 2012.
 - b. Suddenly after June 18, 2013, Kelvin Fincap Group entities started to trade heavily in KFL with huge trading volume concentration on BSE.
 - c. Kelvin Fincap Group entities dealt amongst themselves in the market i.e. they were observed to be buying and selling shares amongst each other thereby creating artificial trading volume. Such artificial volume constituted almost 95.68% of the total market volume during the Examination Period.
 - d. Kelvin Fincap Group also significantly exerted an upward pressure on the price inconsistent with normal buyer behaviour.
 - e. The acts, omissions and conduct of the Kelvin Fincap Group as observed during preliminary examination *prima facie* fall in the definition of "fraud" under regulation 2(1) (c) of the SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation 2003 (hereinafter referred to as "PFUTP Regulations").

Kelvin Fincap Group entities adopted fraudulent device and artifice to defraud the genuine shareholders of KFL and have thus violated sections 12A (a) (b) and (c) of the SEBI Act, 1992 and regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) and (g) of the PFUTP Regulations.

- f. Though the shares of KFL though allotted to 56 entities, KFL concealed the actual number of allottees and prima facie made false disclosure in that regard to camouflage the issuance to more than 49 persons so as to avoid compliance of issuance of prospectus and detailed disclosures therein. Such act omission and conduct, prima facie, apart from being fraudulent and in violation of the provisions of sections 12A (a) (b) and (c) of the SEBI Act, 1992, regulations 3(b), (c), (d) and 4(1) of the PFUTP Regulations and were also in contravention of the provisions of sections 56, 60 and 73 read with section 67(3) of the Companies Act, 1956 and regulations 4(2), 5(1), 5(7), 6, 7, 25, 36, 37, 46, and 57 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations)
 - g. The disclosure made by KFL to BSE and MCA had different names of the directors leading to the incorrect disclosure. The shareholding pattern filed by **KFL** with BSE for the quarter ended June 30, 2012 was incorrect. Therefore the act and omission of Kelvin is prima facie in violation of clause 35 of the Listing Agreement read with section 21 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as “SCRA”). Further, Keyur M. Shah, Keyur M Shah (HUF) and Kavita K Shah have failed to disclose changes in their shareholding to BSE and have thereby prima facie violated provisions of regulation 13(4A) of the Prohibition of Insider Trading) Regulations, 1992 (PIT Regulations)
 - h. KFL and its directors were under obligation to ensure that the shares allotted under the purported preferential allotment are not transferred within one year from the date of the allotment. However, the same were transferred in connivance with Kelvin and its directors. Therefore, it was observed that such transfer of shares is in violation of regulation 78(2) of ICDR Regulations.
3. Therefore, in order to protect the interest of the investors and the integrity of the securities

market, SEBI, under section 11(1), section 11 (4) (b) and section 11B of the SEBI Act, 1992 and section 12A of the SCRA, pending investigation and passing of final order, vide order dated 14, August, 2014 restrained the following entities from accessing the securities market and further prohibited them from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner whatsoever, till further directions:

Table No.1

Si. No.	Name of the entity	PAN
1	Kelvin Fincap Limited	AAACD1881H
2	Keyur M Shah	AAHPS4084K
3	Keyur M Shah (HUF)	AAAHK5034L
4	Kavita K Shah	AAYP53458E
5	Dahyabhai Shares And Stock Brokers Ltd	AAACD1880G
6	Bhavik Satish Badani	ALRPB9295L
7	Bipin Bhikhabhai Patel	AIDPP3653M
8	Sushma Vimalkumar Raval	BBPPE7839K
9	Mahendrabhai Sakalchand Shah	AJMPS0962J
10	Mansukh Sanghvi	ABJPS8618E
11	Vishal Kumar Shah	AYBPS0534J
12	Surekhaben K Shah	BORPS0804Q
13	Cromakem Limited	AAECC0841Q
14	Do Max Steel Limited	AACCD7020L
15	Stardom Trading Company Pvt Ltd	AAHCS1332H
16	Sapan Chemicals Limited	AAFCS2725Q
17	Fast Track Entertainment Limited	AAACF7961Q
18	Cornhill Trading Company Pvt Ltd	AACCC0591P
19	Sonal International Ltd	AACCS1185R
20	Jalpa Jani	AMVPJ5720H
21	Kirti Mehta	AKSPM3939N
22	Jayshree Shankar Bhosle	AFMPB0449P
23	Nova Gold Petro Resources Limited	AAACO2454R
24	Acil Cotton Industries Limited	AABCA7788F
25	Zimig Trading Company Private Limited	AAACZ6848C
26	Inventure Finance Private Limited	AAACM0623J
27	Naresh Nagindas Shah	ARYPS5993F
28	Mukesh Nanubhai Desai	AATPD0728R
29	RFL International Limited	AAACR9384B
30	Rupesh Balkrishna Bhoir	ALZPB9604R

Sl. No.	Name of the entity	PAN
31	Kavita Sunish Behl	AAJPB7775N
32	Geeta Narendra Shah	AAOPS2033H
33	Hasmukhlal Ramanlal Shah	AADPS8752L
34	Shobhanaben N. Moradia	AIKPM4674N
35	Bharat N. Moradiya	AMTPM0749H
36	Vasantben Dhanjibhai Donda	AEGPD4889J
37	Mukesh N. Moradia	AIVPM3622K
38	Shehul V. Moradia	AIVPM3623J
39	Bhimjibhai D. Chanchapara	ACXPP9049B
40	Dhanjibhai S. Donda	AEIPD5332A
41	Vallabhbhai D. Sachapra	ACXPP9026C
42	Hiren Tulsibhai Moradia	AMTPM8714C
43	Rajesh Moradia	ACRPM4534E
44	Dharmesh Tulsibhai Moradia	ALEPM6311R

4. Thereafter, vide order dated March 31, 2015 the directions issues against 42 entities mentioned in the following table were confirmed.

Table No.2

Sl. No.	PAN	Name of the entity
1	AAACD1881H	Kelvin Fincap Limited
2	AAHPS4084K	Keyur M Shah
3	AAAHK5034L	Keyur M Shah (Huf)
4	AAYPE3458E	Kavita K Shah
5	AAACD1880G	Dahyabhai Shares And Stock Brokers Limitd
6	BBPPE7839K	Sushma Vimalkumar Raval
7	AYBPS0534J	Vishal Kumar Shah
8	ALRPB9295L	Bhavik Satish Badani
9	BORPS0804Q	Surekhaben K Shah
10	AIDPP3653M	Bipin Bhikhabhai Patel
11	AAACM0623J	Inventure Finance Private Limited
12	AATPD0728R	Mukesh Nanubhai Desai
13	AAJPB7775N	Kavita Sunish Behl
14	AADPS8752L	Hasmukhlal Ramanlal Shah
15	AIKPM4674N	Shobhanaben N. Moradia
16	AMTPM0749H	Bharat N. Moradiya

Sl. No.	PAN	Name of the entity
17	AIVPM3622K	Mukesh N. Moradia
18	AIVPM3623J	Shehul V. Moradia
19	AMTPM8714C	Hiren Tulsibhai Moradia
20	ACRPM4534E	Rajesh Moradia
21	ALEPM6311R	Dharmesh Tulsibhai Moradia
22	AEGPD4889J	Vasantben Dhanjibhai Donda
23	AEIPD5332A	Dhanjibhai S. Donda
24	ACXPP9049B	Bhimjibhai D. Chanchapara
25	ACXPP9026C	Vallabhbhai D. Sachapra
26	AAECC0841Q	Cromakem Limited
27	AACCD7020L	Do Max Steel Limited
28	AAFCS2725Q	Sapan Chemicals Limited
29	AAACF7961Q	Fast Track Entertainment Limited
30	AACCS1185R	Sonal International Ltd
31	AMVPJ5720H	Jalpa Jani
32	AAOPS2033H	Geeta Narendra Shah
33	AFMPB0449P	Jayshree Shankar Bhosle
34	AKSPM3939N	Kirti Mehta
35	AAHCS1332H	Stardom Trading Company Pvt Ltd
36	AACCC0591P	Cornhill Trading Company Pvt Ltd
37	AAACO2454R	Nova Gold Petro Resources Limited
38	AABCA7788F	Acil Cotton Industries Limited
39	AAACZ6848C	Zimig Trading Company Private Limited
40	ALZPB9604R	Rupesh Balkrishna Bhoir
41	AAACR9384B	RFL International Limited
42	ARYPS5993F	Naresh Nagindas Shah

5. The directions issued against Mr. Mahendrabhai Sakalchand Shah in the interim order dated August 14, 2014 were revoked vide the order dated March 31, 2015. Since Mr. Mansukh Sanghvi had passed away on July 05, 2014, the proceedings against him abated and directions issued against him vide the interim order dated August 14, 2014 ceased to have effect.
6. Pursuant to the interim order, SEBI conducted a detailed investigation covering a period of November 31, 2011 to May 29, 2014, so as to ascertain the violation of securities laws.

7. In the meanwhile, Hon'ble Securities Appellate Tribunal (SAT) vide its order dated Feb 2, 2016 in appeal No. 218 of 2015 (filed by Inventure Finance Private Ltd), directed SEBI to Complete the investigation as expeditiously as possible. In another appeal filed by Keyur Madhusudan Shah and others, (Appeal No. 112/2017) Hon'ble SAT vide order dated May 16, 2017 directed SEBI to complete the investigation and pass appropriate order within five months from the date of the order and communicate the same to the appellants.
8. Upon completion of investigation by SEBI, it is noted that investigation did not find any adverse evidence/findings against the following 20 entities warranting continuation of action under Sections 11B and 11(4) of the SEBI Act.

Table No.3

Sl. No.	PAN	Name of the entity
1	AAHPS4084K	Keyur M Shah
2	AAAHK5034L	Keyur M Shah (Huf)
3	AAYPS3458E	Kavita K Shah
4	AAACD1880G	Dahyabhai Shares And Stock Brokers Limitd
5	BBPPE7839K	Sushma Vimalkumar Raval
6	AAJPB7775N	Kavita Sunish Behl
7	AADPS8752L	Hasmukhlal Ramanlal Shah
8	AIKPM4674N	Shobhanaben N. Moradia
9	AMTPM0749H	Bharat N. Moradiya
10	AIVPM3622K	Mukesh N. Moradia
11	AIVPM3623J	Shehul V. Moradia
12	AMTPM8714C	Hiren Tulsibhai Moradia
13	ACRPM4534E	Rajesh Moradia
14	ALEPM6311R	Dharmesh Tulsibhai Moradia
15	AEGPD4889J	Vasantben Dhanjibhai Donda
16	AEIPD5332A	Dhanjibhai S. Donda
17	ACXPP9049B	Bhimjibhai D. Chanchapara
18	ACXPP9026C	Vallabhbhai D. Sachapra
19	AAOPS2033H	Geeta Narendra Shah
20	ARYPS5993F	Naresh Nagindas Shah

9. Considering the fact that there are no adverse findings against the aforementioned entities in the scrip of **KFL** warranting continuation of action under Sections 11B and 11(4) of the SEBI Act, I am of the considered view that the directions confirmed vide Order dated *March 31, 2015*, are liable to be revoked. Investigation has found out evidence of violation of PIT Regulations by Keyur M. Shah, Keyur M Shah (HUF) and Kavita K Shah warranting adjudication proceedings against them.
10. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11, 11(4) and 11B of the SEBI Act, section 12A of the Securities Contracts (Regulation) Act, 1956 hereby revoke the Confirmatory Order dated March 31, 2015 *qua* aforesaid 20 entities (paragraph 8 above) with immediate effect.
11. The revocation of the directions issued vide this order is only in respect of the entities mentioned at paragraph 8 of this order in the matter of KFL pertaining to the investigation period from November 31, 2011 to May 29, 2014, in respect of the *prima facie* violations for which the Confirmatory Order dated March 31, 2015 was passed by SEBI. As regards remaining 22 entities in the scrip of KFCL, violations under SEBI Act, SCRA, PFUTP Regulations and other securities laws were observed and SEBI shall continue its proceedings against them. Hence, the directions issued vide Order dated *March 31, 2015* against remaining 22 entities shall continue.
12. This order is without prejudice to any other action that may be initiated as per law.
13. A copy of this Order shall be served on the Stock Exchanges and Depositories, for necessary action.

DATE: OCTOBER 03, 2017
PLACE: MUMBAI

MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA