

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
MUMBAI**

**CONSENT ORDER
ON THE APPLICATION SUBMITTED BY
Mr. DHIRAJ GHAI
(PAN No. AAVPG4321P)**

**IN THE MATTER OF
M/s. ALKA SECURITIES LIMITED.**

(CONSENT APPLICATION NO.2402/2011)

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') observed a spurt in price and volume in the shares of Alka Securities Ltd. (hereinafter referred to as 'ASL') during November 2008 and March 2009 and also detected several surveillance alerts relating to the large volume of off market transfers in the shares of ASL. Investigation revealed that on many occasions promoters of ASL were involved in the off market transfers and these shares were subsequently traded at BSE. Based on the preliminary findings, SEBI, vide its ad-interim ex-parte order dated 28/07/2009, had restrained 42 first level (hereinafter referred to as "1st level entities") and 317 second level entities (hereinafter referred to as "2nd level entities") from trading in the scrip of ASL, and 9 promoter entities from accessing the securities market and trading in securities in any manner whatsoever, until further orders. Based on the prima-facie material on record and after considering the replies made by some of the entities, the said interim order was confirmed by SEBI vide orders dated 16/10/2009 and 30/10/2009. Pursuant to this, SEBI conducted a detailed investigation into the dealings in the scrip of ASL and into the whole

scheme of manipulations for the period from 01/09/2008 to 31/07/2009 (hereinafter referred to as “investigation period”).

2. Investigation revealed that five of the promoters of ASL jointly and deliberately perpetrated a scheme to spread out or layer the shares of ASL at various levels by transferring shares through off market transactions to the 1st level entities, who in turn transferred the said shares to 2nd level entities and additional entities through off market deals and subsequently the 1st level entities received substantial quantities of shares back from 2nd level entities and additional entities through market and transferred some of them back to the promoters resulting in circular/reversal trading activity in the shares of ASL during the investigation period.
3. The allegation against Mr. Dhiraj Ghai (hereinafter referred to as 'the applicant'), who is one of the 1st level entities was that, out of an aggregate of 1,51,93,307 shares received by the 1st level entities from the promoter entities in off market, the applicant herein had received 1,10,000 shares and sold these shares to the 2nd level entities and additional entities in off market during the investigation period. Subsequently those entities had sold the shares in market. The applicant, therefore, was alleged to have been involved in trading in ASL shares, in connivance with the promoters and other entities of ASL, with a view to circulate the shares of ASL amongst the entities, without any intention of change of beneficial ownership and to finally offload the shares on unsuspecting investors, which was interrupted by the interim order dated 28/07/2009 passed by SEBI.
4. After completion of investigations, a common show cause notice No. IVD/ID-6/BC/SD/ASL/ 24937 /2010 dated 28/10/2010 was issued to the applicant and eight other entities alleging that the applicant had violated Regulations 3(a), 3(b), 3(c), 3(d) and 4(1) & 4(2) (a), (b) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 and to show cause as to why suitable directions under Sections 11, 11(4) and 11B of the SEBI Act, 1992 should not be passed against it for the above said violations, which may include restraining the applicant from accessing the securities

market and prohibiting them from buying, selling or otherwise dealing in securities for an appropriate period of time and/or issue such directions as deemed fit and proper.

5. While the above proceedings were in progress, the applicant vide application dated 12/08/2011 proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated 20/04/2007. The applicant proposed revised consent terms vide letter dated 28/09/2011, whereby he undertook to pay ₹1,00,000/- (Rupees One Lakh only) towards settlement charges and has agreed to undergo voluntary debarment from securities market for a period of one year in his own/proprietary account (in individual capacity). The consent terms proposed by the applicant were placed before the High Powered Advisory Committee (hereinafter referred to as 'HPAC') constituted by SEBI, which after deliberations, recommended that the aforesaid pending proceedings against the applicant may be settled on the terms proposed by the applicant. SEBI accepted the said recommendations and communicated the same to the applicant vide letter dated 22/02/2012.
6. For the sole purpose of settling the matter on hand and without admission or denial of guilt on the part of the applicant, the applicant has remitted a sum of ₹1,00,000/- (Rupees One Lakh only) vide Demand Draft No. "061371" dated 05/03/2012 drawn on HDFC Bank and has undertaken to undergo voluntary debarment from dealing in securities market for a period of one year in his own/proprietary account (in individual capacity) from the date of this order.
7. In view of the above, it is hereby ordered that this consent order disposes of the proceedings initiated against the applicant vide show cause notice No. IVD/ID-6/BC/SD/ASL/ 24937 /2010 dated 28/10/2010. In addition to the settlement charges of ₹1,00,000/- (Rupees One Lakh only), the applicant shall also remain debarred from buying, selling or dealing in securities and accessing the securities market, directly or indirectly, for a period of 1 (one) year from the date of this order.

8. A copy of the order shall be served on the Exchanges and the Depositories for information and implementation of the terms of voluntary debarment by the applicant as mentioned in Para 7.
9. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against the applicant, if:
 - a) any representation made by the applicant in this consent proceeding is subsequently discovered to be untrue; or
 - b) the applicant breaches any of the consent terms or undertakings filed in this consent proceeding.
10. This consent order is passed on this day, the 3rd of September, 2012 and shall come into force with immediate effect.

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER