

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CONSENT ORDER

ON THE APPLICATION SUBMITTED BY

**KINETIC CAPITAL SERVICES LIMITED
(PAN No.AAACK7246F)
& ITS DIRECTORS,
SHRI DEEPAK KUMAR GUPTA (PAN No.AFKPG1489E)
&
SHRI SANJIV KHURANA (PAN No.AJHPK7493D)**

**IN THE MATTER OF
KINETIC CAPITAL SERVICES LIMITED**

(CONSENT APPLICATION NO.1097/2008)

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation irregular transactions in the shares of Kinetic Capital Services Limited (hereinafter referred to as 'Kinetic'), having its corporate office at 527 – R, II Floor, City Tower, Model Town, Ludhiana. The investigation, *prima-facie*, found that the price of Kinetic increased from ₹ 20.60/- to ₹ 65/- between December, 1998 and May, 1999 at Delhi Stock Exchange (hereinafter referred to as 'DSE') in about 25 trading days. Investigation further revealed that there was only one trade of 100 shares between November 1998 and June 1999 at the Ludhiana Stock Exchange (hereinafter referred to as 'LSE') and the scrip did not trade at all in the Ahmedabad Stock Exchange (hereinafter referred to as 'ASE') during this period. It was found that certain entities connected to the management of Kinetic had indulged in circular trading. It was, therefore, alleged in the show cause notices dated February 2, 2001 and February 20, 2001 that Kinetic had indulged in manipulating the market with the intention of artificially raising its share prices and thereby inducing sale or purchase of shares by the general investing public in violation of Regulation 4(a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 1995 (hereinafter referred to as 'PFUTP Regulations'). Kinetic and its directors, Deepak Kumar Gupta and Sanjiv Khurana (hereinafter referred to as 'the applicants') were called upon to show cause as to why direction, under Section 11B of SEBI Act,

1992 read with Regulation 11 of PFUTP Regulations should not be issued against them. Reply dated April 3, 2001 was submitted by the applicant. Thereafter, personal hearing before the WTM was fixed for October 8, 2008 which the applicant did not attend.

2. While further proceedings in progress, the applicants, vide their application dated November 15, 2008, proposed settlement of the said proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicants proposed revised consent terms vide letter dated March 4, 2010, whereby the applicants offered to pay ₹ 1,00,000/- (Rupees One Lakh only) each towards settlement charges along with voluntary debarment from dealing in the securities market for a period of six months. The consent terms proposed by the applicants were placed before the High Powered Advisory Committee which, after deliberations, recommended that the case may be settled on the terms proposed by the applicants. SEBI accepted the said recommendations and communicated the same to the applicants vide letter dated June 25, 2010.
3. Accordingly, the applicant without admitting or denying the charges have remitted a sum of ₹ 1,00,000/- (Rupees One Lakh only) each vide Demand Draft No.017475 dated July 6, 2010, Demand Drafts No.001930 and 001931 dated July 8, 2010 drawn on HDFC Bank Ltd., Mumbai.
4. In view of the above, it is hereby ordered that this consent order disposes of the said proceedings initiated against Kinetic and its directors, Deepak Kumar Gupta and Sanjiv Khurana. It is also ordered that the applicants shall not buy, sell or deal in the securities market, in any manner whatsoever, for a period of six months from October 28, 2010.
5. This order is without prejudice to the right of SEBI to initiate enforcement actions, including commencing or reopening of the proceedings pending against the applicants, if:
 - a. any representation made by the applicants in this consent proceeding is subsequently discovered to be untrue; or

b. the applicants breach any of the consent terms or undertakings filed in this consent proceeding.

6. A copy of this order shall be sent to all recognized Stock Exchanges and the Depositories to ensure that the applicants namely, Kinetic Capital Services Limited (PAN No.AAACK7246F) and its directors, Deepak Kumar Gupta (PAN No.AFKPG1489E) and Sanjiv Khurana (PAN No.AJHPK7493D) do not buy, sell or deal in securities, in any manner whatsoever, for a period of six months from October 28, 2010

7. This consent order is passed on this day, the 22nd of October, 2010.

K. M. ABRAHAM
WHOLE TIME MEMBER

PRASHANT SARAN
WHOLE TIME MEMBER