

Ref : MCD/SK/HD/AK/4130/2012
KOLAR SHAREX PVT.LTD.
TRADING MEMBER (Clg. No. 167)
#17-18, SWATI MANOR CHS LTD., 2ND FLOOR, B-WING,
OPP. SHIVAJI MANDIR, N.C. KELKAR ROAD,
NEAR PLAZA CINEMA, DADAR (WEST).
MUMBAI, MAHARASHTRA
Pin code: 400028

22nd October, 2012

Kind Attn : Mr. Rajkumar C. Basantani, Designated Director

Dear Sirs,

We refer to our Show Cause Notice dated 24th August, 2012 and letter dated 30th August, 2012.

Disciplinary Action Committee (DAC) during its meeting held on 31st August, 2012 considered your reply vide email dated 31st August, 2012 which was as follows:

- 1) We have initiated the process of change in Designated Directors already. And we have informed you that we have appointed Mr. Vipul Joshi and Mr. K.K. Modi as Designated Directors, and sent the letter to you for your approval.
- 2) Also we have accepted resignation of Mr. Ashok Bhagtani as desired by him.
- 3) About wrongful submission of papers, since it was a clerical error, and it was unintentional, so we rectified the same and sent two you the proper papers immediately on the next day.
- 4) The explanation provided by us is the actual fact. We had no intention to harm anyone, or take undue advantage of any situation and no one has been harmed except the administrative lapse, which has been corrected at our end and the same has been communicated to you.
- 5) We have already sent you cheque for Rs.10000/00 as penalty for the administrative lapse, as advised by DAC.
- 6) Also we have kept professional team now so that the same situation does not arise again.

DAC also noted that the Designated Director of the Trading Member Mr. Rajkumar Basantani vide its email dated 30th August, 2012 has, inter-alia, requested to grant leave of absence for the DAC meeting of 31st August, 2012 since he is out of Mumbai or else Member's representative Mr. Sadanand Mishra be allowed to appear before the Committee.



DAC decided to accede to the request of Trading Member and allowed Mr. Sadanand Mishra, authorised representative of the Trading Member to appear before the DAC.

The Committee observed that at the time of re-start of business, the Trading Member vide its letter dated 31st January, 2011 has informed the Exchange that Mr. Rajkumar Basantani and Mr. Vinod Hingorani are the designated directors of the Trading Member. When the Exchange queried the member that as per the Exchange's record Mr. Rajkumar Basantani and Mr. Ashok Bhagtani are the designated director and not Mr. Vinod Hingorani as submitted by them, the Trading Member vide its letter dated 21st February, 2011 confirmed that Mr. Rajkumar Basantani and Mr. Ashok Bhagtani are the Designated Directors of the Member and Mr. Vinod Hingorani is only a Director of the Trading Member. The Trading Member had submitted documents such as Balance Sheets and Profit & Loss Account for 2007-08, 2008-09, 2009-10 and other documents including a letter dated 21st February, 2011 under the signature of Mr. Ashok Bhagtani. Based on the aforesaid information and on completion of the other formalities the Exchange re-started the Trading Member w.e.f. 20th January, 2012. However on the same day the Exchange received an email from Mr. Ashok Bhagtani, inter-alia, stating that he is not connected with the Trading Member since he has resigned as Director of the above company in the year 2004. When this email was forwarded to the Trading Member for comments, the Trading Member replied vide its email dated 20th January, 2012 that Mr. Ashok Bhagtani had resigned.

The DAC, based on the aforesaid observations asked representative of the Trading Member to explain as to why the member has given such false and misleading information/documents and also to explain signature of Mr. Ashok Bhagtani appearing on the Balance Sheets & Profit & Loss Account for the years 2007-08, 2008-09, 2009-10 and other documents submitted by the Trading Member at the time of re-start of business when Mr. Ashok Bhagtani has resigned in the year 2004. The DAC also asked the Representative Mr. Sadanand Mishra to explain that the signature of Mr. Ashok Bhagtani appearing in the records of the Exchange is not matching with the signature of Mr. Ashok Bhagtani appearing on the above mentioned documents submitted by the Trading Member at the time of re-start of its business.

The representative of the Trading Member informed the committee, that it was a clerical error on the Trading Member's part and a mistake on their part and in future they will be more careful and vigilant. However no explanation was provided by the representative on the difference of signature of Mr. Ashok Bhagtani appearing in the records of the Exchange and the signature appearing on the aforesaid documents submitted by the Trading Member at the time of re-start of business.

The representative of the Trading Member also informed that he has initiated the process of change in Designated Director and for which he has submitted documents to the Exchange.

The DAC further asked the authorised representative whether he has to say anything on the aforesaid, to which the representative of the member informed that he has no further submissions to make on above except what he has said before the DAC and replied through email dated 31st August, 2012.

The DAC noted the observations of the department that the documents submitted by the Trading Member on 28th August, 2012 for change in Designated Directors were incomplete and hence the Exchange has informed the member to submit the proper documents vide its email dated 28th August, 2012.



The committee thereafter deliberated on the matter and observed that : 1) The Trading Member has provided false, incorrect and misleading information/documents about the resignation of Mr. Ashok Bhagtani. 2) The replies submitted by the Trading Member are incomplete, evasive and unsatisfactory; 3) The Trading Member has submitted fraudulent and forged documents as mentioned above under the signature of Mr. Ashok Bhagtani even though Mr. Ashok Bhagtani had resigned in the year 2004. 4) The conduct of the Trading Member is unbusinesslike, unprofessional, improper, prejudicial and unwarrantable under the Rules, Bye-laws & Regulations of the Exchange.

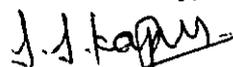
In light of the above, the DAC after considering the case decided as follows:

A. To suspend the trading rights of the Trading Member Kolar Sharex Pvt. Ltd. (Clg. no. 167) for a period of one year.

B. The Trading Member Kolar Sharex Pvt. Ltd. (Clg. no. 167) to submit proper documents to regularize the aforesaid lapses and misconduct. DAC may review the matter once Trading Member submits all the documents to regularize the matter and may decide on revocation of its suspension of Trading Rights.

In view of the aforesaid, your Trading Rights are suspended w.e.f. 23rd October, 2012.

Yours faithfully,


Sanjiv Kapur

GM

Membership Compliance



Hemant Dharap

AGM

Membership Compliance