

WTM/AB/IVD/ID2/7990/2020-21

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER

Under Sections 11 and 11B of Securities and Exchange Board of India Act, 1992 read with Regulation 11(1) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

In respect of:

Noticee No.	Name of the Noticees	PAN
1.	Shri P.S. Saminathan	ABHPS7396D

In the matter of Pyramid Saimira Theatre Limited

The aforesaid entities are hereinafter referred to individually by their respective names/Noticee numbers and collectively as “the Noticees”.

1. On December 21 and 22, 2008, there were several media reports that the Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had directed P.S. Saminathan (the Noticee), one of the promoters of Pyramid Saimira Theatre Limited (hereinafter referred to as “**PSTL**”/ “**the company**”), to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as “**SAST Regulations**”) for an additional 20% stake at a price not less than Rs. 250/- within 14 days, for allegedly violating creeping acquisition norms. With the reports in the media appearing about the impending offer at Rs. 250/-, the price of the shares of the company increased on December 22, 2008, when the stock markets opened for the day. On December 22, 2008, PSTL first informed the BSE Limited (hereinafter referred to as “**BSE**”) and National Stock Exchange of India Limited (hereinafter referred to as “**NSE**”)

in the morning that the company had not received any communication from SEBI regarding the media reports on Open Offer. BSE disseminated the denial by the company at 10:28:04 a.m. on December 22, 2008 on its website and NSE did so at 10:30:00 a.m. on same day.

2. Subsequently, on the same day i.e. December 22, 2008, at around 10:30 a.m., PSTL received the alleged SEBI order directing PSTL to make an open offer, when the courier company, Blue Dart, delivered the purported SEBI letter to the company. P.S. Saminathan informed BSE and NSE on December 23, 2008 about the receipt of the letter from SEBI. In this regard, on December 23, 2008, SEBI issued a Press Release clarifying that the SEBI had neither issued a letter nor an order to P.S. Saminathan for the said open offer and that the said letter was apparently circulated with ulterior motives. SEBI had lodged an FIR with regard to the forgery of the SEBI letter in Bandra Kurla Police Station, Mumbai and also initiated an investigation into the matter.

3. It was, *prima facie*, revealed that the forgery was done to manipulate the stock price of PSTL and that Nirmal Kotecha, one of the promoters and the then largest shareholder of PSTL, was one of the major beneficiaries of the said manipulation and appeared to have masterminded the forgery. It was further observed that several persons/ entities directly and indirectly related to Nirmal Kotecha had bought PSTL shares on BSE and NSE during December 15-19, 2008 and sold these shares on December 22, 2008 i.e. after the price rise in the shares on December 22, 2008 consequent to the publication of news about the forged SEBI letter. It was also found that some persons/ entities had sold PSTL shares on December 22, 2008 and bought back the shares at lower prices on the same day taking advantage of both the price rise which occurred due to the publication of the forged SEBI letter as well as the price fall which occurred due to a clarification on media reports on Open Offer provided by P.S. Saminathan to the stock exchanges that the company had not received any communication directing P. S. Saminathan to make open offer.

4. Pending investigation, SEBI vide an *ad interim ex parte* order dated April 23, 2009 (hereinafter referred to as “**interim order**”) issued under Sections 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act, 1992**”) *inter alia* directed 257 entities and their proprietors/partners/directors who prima facie appear to have played a role in the forgery of the SEBI letter, dissemination of the information contained in the forged letter to the media, misleading the media to believe in the authenticity of the information that was circulated to them, carrying out suspicious banking transactions, carrying out and disguising his manipulative intent and gaining advantage from the forgery and have channeled funds either directly or indirectly in the stock markets for manipulating the scrip of PSTL, not to buy, sell or deal in the securities market including in Initial Public Offerings, in any manner, either directly or indirectly, till further directions.
5. The Noticee was one of the entities against whom such directions were passed vide the interim order. Subsequently, confirmatory orders to confirm the *ad interim ex parte* order dated April 23, 2009 against the Noticee was passed on June 21, 2010.
6. Upon completion of the Investigation, it was revealed that besides Noticee, there were others who were also involved in the manipulation in the scrip of PSTL and associated with Nirmal Kotecha. Accordingly, show cause notices were issued to 44 entities, including to the Noticee vide Show Cause Notice dated December 07, 2015 (hereinafter referred to as “**SCN**”). Facts *inter alia* stated in the SCN and the allegations made therein are narrated hereunder:
 - a) The investigation had inter alia revealed that the Noticee had made misleading public announcements only to create interest in the scrip of PSTL, for facilitating Shri Nirmal Kotecha in offloading his shares in PSTL at artificially inflated price in the market.

b) The major misleading corporate announcements made by the Noticee are as under:

- (i) Purchase of 13,70,000 equity shares of the company the Noticee from Shri Nirmal Kotecha: Vide its letter dated June 20, 2008, PSTL had informed the Stock Exchanges (NSE and BSE) that the Noticee had purchased 13,70,000 equity shares of the company, representing 4,845% of the paid up capital of the Company, from Shri Nirmal Kotecha, belonging to the Promoter Group. Regarding the said transaction the investigation revealed that the above transaction was done through the stock broker M/s Keynote Capital Ltd., in the form of a cross deal and the trade was executed at a price of Rs. 250 per share, and thus, the total value of the sale was Rs. 34.25 crore. There was no real movement of funds for the said transaction and only there were ledger entries. Keynote has stated that Shri Nirmal Kotecha had requested it to transfer the credit of Rs. 34 crore lying in his account with Keynote on account of sale of shares on June 20, 2008 to the account of the Noticee by debiting his account with Rs. 34 crore, as per his mutual understanding with the Noticee. A ledger entry was passed in the books for transferring an amount of Rs. 33,99,04,292.28 (i.e. credit lying in Shri Nirmal Kotecha's account after adjusting the debit accumulated in his account of Rs. 1,57,837.24) towards balance transferred to the Noticee's account. Shri Kotecha paid Rs. 25,95,707.26 (vide postdated cheque) dated December 02, 2008 to Keynote and also requested that 13.70 lac shares be transferred to the Depository Participant (DP) account of the Noticee. Though the transaction was executed on June 20,

2008 on BSE, the settlement by delivery of shares was done only on July 24, 2008 by Keynote i.e. after more than one month from the date of the transaction and after it received the postdated cheque from Shri Kotecha on behalf of the Noticee. The balance amount was also paid by the Noticee on July 24, 2008. It is observed that there was no receipt of funds by Shri Nirmal Kotecha from the Noticee on the date of the transaction and that on the basis of the letter from Shri Nirmal Kotecha, Keynote had only made book entries. The shares were also not exchanged on the pay-out date. Thus, it is observed that the announcement and the timing by the company, based on information provided by the Noticee and Shri Nirmal Kotecha to the company, were therefore misleading.

- (ii) Proposal to acquire 70,45,610 equity shares aggregating to 24.91% of the shareholding rights of PSTL: The Noticee had informed the stock exchanges (BSE and NSE) on October 10, 2008 that he proposed to acquire 70,45,619 equity shares aggregating to 24.91% of the shareholding rights of PSTL from Shri N.C. Ravichandran and Shri Nirmal Kotecha, by way of inter se transfer. The date of the proposed acquisition communicated was November 28, 2008 and the price per share was Rs. 200/-. The shareholding of the Noticee after the proposed acquisition would have been 1,32,58,575 shares aggregating 46.88% of the shares/voting rights of PSTL. Subsequently, on November 27, 2008, the Noticee again informed the Exchanges (NSE and BSE) that after discussions with the transferees and considering the present market conditions, the price of the proposed acquisition had been revised to Rs. 200/ or market price, whichever is lower,

and that the deal would take place on December 22, 2008 and not on November 28., 2008. Despite announcing on October 10, 2008, the above proposal to acquire shares through inter se transfer at Rs. 200/- per share and even before revising the proposed acquisition price, the noticee acquired 2,80,000 shares from Shri Nirmal Kotecha on November 19, 2008 at an average price of Rs. 50/- per share on BSE. The Noticee had also claimed to the media that PSTL was grossly undervalued and Rs. 200/- was a fair price. However, the actual acquisition price was 25% of the proposed acquisition price announced to the market. Similarly, the noticee subsequently purchased 61,757 shares, 50,000 shares and 48,071 shares of PSTL on November 28, 2008, December 01, 2008 and December 05, 2008 respectively from Shri Nirmal Kotecha. The said acquisition of 1,59,828 shares were at an average price of Rs. 41.99 per share.

- c) The Noticee himself had purchased a total of 8,43,942 shares of PSTL in market transactions at an average of Rs. 45.67 per share during the period from October 24, 2008 to December 05, 2008, out of which 4,39,828 shares were bought from Shri Nirmal Kotecha. The Noticee had also sold a total of 6,000 shares at an average price of Rs. 46.66 per share, during this period.
- d) Accordingly, the SCN inter alia alleged that the intention behind the announcement by the Noticee that he would acquire 70,45,619 equity shares aggregating to 24.91% of the shareholding rights of PSTL from Shri Nirmal Kotecha and Shri N.C. Ravichandran, by way of inter se transfer, was only to mislead the investors and create artificial interest in the scrip of PSTL so that Shri Nirmal Kotecha could off-load his

holding at inflated prices to unsuspecting investors in the market and also to facilitate the conversion of FCCBs into equity market.

7. In view of the above, SCN alleged that the Noticee has violated Section 12A of SEBI Act, 1992 and Regulation 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(e) and 4(2)(r) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations, 2003**”).

Replies, Hearing and Written submissions:

8. It is to be noted that pending investigation an interim order dated April 23, 2009 was issued to around 257 entities and their proprietors/partners/directors in the present matter of PSTL. Further, confirmatory orders were passed on different dates against some of the entities. Upon completion of the investigation, SCN was issued to 44 entities, including the 10 noticees herein. I note that Adjudication proceedings under Chapter VIA of the SEBI Act, 1992 have also been initiated for some of the entities. The details of the entities to the show cause notices issued are given below in para 13. Since all the entities are alleged to be inter related with one another and connected to Nirmal Kotecha, opportunity of personal hearing were jointly given to all the entities in the matter of PSTL, including the Noticees to the present SCN, on July 27, 2015 and April 30, 2016 by the then Whole Time Member, before whom the proceedings were pending. I note that a separate show cause notice dated December 03, 2013 was issued to Nirmal Kotecha, the alleged mastermind behind the fraud in the scrip of PSTL, who had then filed a miscellaneous application before the Hon’ble Securities Appellate Tribunal (hereinafter referred to as “**SAT**”) seeking inspection of documents and cross examination of certain entities. The Hon’ble SAT vide its Order dated May 19, 2016 disposed of the application directing that *“It is made clear that on 31.05.2016 the application to be filed by the appellant within one week from today shall be heard first and thereafter the Whole Time*

Member of SEBI shall proceed to hear the show cause notices subject to granting any short adjournment if any, sought by the appellant". Subsequently, the Nirmal Kotecha vide various letters sought cross examination of 64 persons, including Noticee no. 1. The then Whole Time Member heard the matter on May 31, 2016 and passed an order on May 31, 2016 disposing of all applications dated May 26, 2016 filed by Nirmal Kotecha and directed him to file fresh applications by June 24, 2016 with justification as to why inspection of documents, copy of documents/statements/information, and cross examination of 64 persons are required. Subsequently, Nirmal Kotecha filed a fresh application dated June 28, 2016 and an opportunity of inspection of documents/information was granted to the Noticee on August 22, 2016. Further, cross examination of 7 entities (including Noticee no. 1) from the 24 sought by Nirmal Kotecha were granted to him on January 10, 2017. During the course of cross examination, it is noted that Nirmal Kotecha took considerable amount of time to cross examine each person and hence the cross examination of the 7 entities had to be adjourned to separate days for each entity. Nirmal Kotecha vide email dated January 23, 2017, had sought adjournment of the cross examination of Noticee no. 1 which was scheduled for January 24, 2017. Accordingly, cross examination of Noticee no. 1 was granted to Nirmal Kotecha on March 21, 2017, and the same was concluded on the said date. Cross examination of the remaining entities were granted to Nirmal Kotecha on May 03 and 04, 2017. Since 3 entities sought adjournment, cross examination of the 3 entities were granted on May 22, 2017. One of the entities (Yatin B. Shah) sought adjournment and a final opportunity was granted to the entity to appear for cross examination on June 07, 2017. However, on the scheduled date of June 07, 2017, Yatin B Shah sought for an adjournment. Since several opportunities had already been granted, no further adjournment was granted and the cross examination of the said entity was closed. I note that during this period, Nirmal Kotecha had also filled for settlement of proceedings which was subsequently rejected in August 2017 and the proceedings continued against him. Subsequently, the final Order against Nirmal Kotecha was also passed on

March 22, 2018, which was challenged by Nirmal Kotecha before the Hon'ble SAT. Further, the final order dated March 22, 2018 against Nirmal Kotecha has also been upheld by the Hon'ble SAT vide its order dated March 02, 2020 in Appeal no. 261 of 2018.

9. I note that Rajesh Jayantilal Shah and 8 others (hereinafter referred to as the "**Shah Group**"), who are Noticees to Show cause notice dated January 16, 2014, had filed an appeal before the Hon'ble SAT against the confirmatory order dated December 14, 2009 passed against them. The Hon'ble SAT vide its order dated June 30, 2017 directed SEBI to pass a final order with regard to the Shah Group within a period of 6 months from the date of the Order. During this period the matter of PSTL was assigned to another Whole Time Member, due to the end of tenure and retirement of the earlier Whole Time Member to whom it was assigned. Due to the matter being assigned to a new Whole Time Member, following the principles of natural justice, an opportunity of personal hearing was again granted to the Shah Group on November 27, 2017. Thereafter, written submissions were received from the Shah Group on December 04, 2017. A request for extension of time in passing the final order against the Shah Group was made before the Hon'ble SAT and it was pleased to grant a further period of 3 months vide its order dated December 21, 2017. Final order against the Shah Group was passed on March 22, 2018. I note that final order dated March 22, 2018 against the Shah Group has been upheld by the Hon'ble SAT vide its Order dated March 17, 2020 in Appeal no. 179 of 2018.

10. The matter of PSTL in respect of the remaining 32 entities was subsequently assigned to the undersigned and accordingly, following the principles of natural justice, an opportunity of personal hearing was granted to the Noticee on August 07, 2019. However, the Noticee did not appear for the hearing on August 07, 2019. Another opportunity of personal hearing was granted to the Noticee on September 23, 2019. However, the Noticee failed to appear for the

hearing on September 23, 2019 also.

11. As noted above, proceedings were first initiated against the main entity Nirmal Kotecha by issue of interim order dated April 23, 2009. Subsequently, a final order was passed on March 22, 2018 against Nirmal Kotecha. The SEBI order dated March 22, 2018 against Nirmal Kotecha was upheld by the Hon'ble SAT vide its Order dated March 02, 2020 in Appeal no. 261 of 2018. Further, a final order dated March 22, 2018 was also passed against the Shah Group and has been upheld by the Hon'ble SAT vide its Order dated March 17, 2020 in Appeal no. 179 of 2018. Such orders have a bearing on the proceedings given that Nirmal Kotecha was alleged to have masterminded the entire fraud and all the other entities, including the Noticees, were *inter alia* alleged to have colluded with him in manipulating the scrip of PSTL.
12. Subsequently, there was an outbreak of COVID-19 and consequential lock down was imposed. Accordingly, the SCN issued against the Noticees herein after giving an opportunity of personal hearing and filing of written submissions following the principles of natural justice, is being dealt with in the present order with directions in terms of para 16.
13. As noted above, SEBI conducted an investigation in the manipulation in the scrip of PSTL and initiated several proceedings vide separate show cause notices against the various entities found to be involved in the fraudulent scheme devised by Nirmal Kotecha. The details of the proceedings initiated by SEBI where orders have been passed is as follows:

Sr. No	Name of the entity	Date of SEBI Order	Date of SAT Order
1.	Nirmal Kotecha	Final Order under Section 11 and 11B of SEBI Act dated March 22, 2018	SEBI Order was upheld by the SAT Order dated March 02, 2020

2.	<p>SCN dated 16.01.2014</p> <p>Shah Group</p> <ol style="list-style-type: none"> 1. Mr. Rajesh Jayantilal Shah 2. Mr. Shailesh Jayantilal Shah 3. Mr. Nirmal Rohitbhai Shah 4. Mr. Devang R Shah 5. Ms. Ritaben Rohitkumar Shah 6. Mr. Jayantilal Ratilal Shah 7. Ms. Binaben Shaileshkumar Shah 8. Ms. Namitaben Sachinkumar Shah 9. Mr. Sachin Jayantilal Shah 10. Ms. Manishaben Rajeshkumar Shah 11. Ms. Jinny Nirmal Shah 	Final Order under Section 11 and 11B of SEBI Act dated March 22, 2018	SEBI Order was upheld by the SAT Order dated March 17, 2020
3.	<p>SCN dated 16.01.2014</p> <ol style="list-style-type: none"> 1. Mr. Maheshbhai Himatlal Sheth 2. Mr. Deepak Thakkar 3. Mr. Raju G. Shah 4. Ms. Sharda Pujara 5. M/s. Meet Shares and Services Pvt. Ltd. 6. Ms. Monali Harsh Doshi 7. Mr. Harsh Doshi 8. Mr. Mukesh Jain 9. Mr. Sanjay Gupta 	Final Order dated June 23, 2020 passed by SEBI under Sections 11 and 11B of the SEBI Act, 1992.	
4.	SCN dated 30.04.2015	Final Order dated June 23, 2020	

	<ol style="list-style-type: none"> 1. Mr. Amol Anand Konkane 2. Mr. Falguni Jayesh Shah 3. Mr. Hardik Mithani 4. Ms. Priyanka Darshan Desai 5. Inventure Growth & Securities Limited 6. SPJ Stock Broker Pvt. Ltd. 7. Mr. Ankit Girishkumar Vasani 8. DKG Securities Pvt. Ltd. 9. APL Infrastructure Ltd. 10. Mr. Milanbhai Mithani 	<p>passed by SEBI under Sections 11 and 11B of the SEBI Act, 1992.</p>	
5.	<p>SCN dated 02.12.2015</p> <ol style="list-style-type: none"> 1. Mr. Darshan Desai 2. Mr. Nitin Goradia 3. Mr. Amit N. Joshi 4. Nikhil Securities Ltd. 5. Mr. Yatin B. Shah 6. Mr. Jayesh Shah 7. Mr. Rajesh Jani 8. Dynamic Stock Broking Pvt. Ltd. 9. Mr. Nimesh Chitalia 	<p>Final Order dated June 23, 2020 passed by SEBI under Sections 11 and 11B of the SEBI Act, 1992.</p>	
6.	<p>SCN dated 02.12.2015</p> <ol style="list-style-type: none"> 1) Rakesh Sharma 2) Rajesh Unnikrishnan 3) Dharmesh Shah 	<p>Final Order dated June 23, 2020 passed by SEBI under Sections 11 and 11B of the SEBI Act, 1992.</p>	
7.	<p>SCN dated 07.12.2015</p> <p>Shri P.S. Saminathan</p>	<p>Present Proceedings</p>	

14. I note that the Noticee has not filed his reply to the SCN. However, I note that vide email dated August 07, 2019 it has been informed to SEBI that the Noticee is deceased as on June 28, 2019 and a death certificate in this regard has been submitted.
15. In view of the above, I do not find it fit to go into the merits of the case against the Noticee. Accordingly, the proceedings against the Noticee vide the SCN dated December 07, 2015 stands abated and the directions issued vide the interim order dated April 23, 2009 against the Noticee stands revoked.

DIRECTIONS:

16. In view of the above, I hereby dispose of the show cause notice dated December 07, 2015 issued to the Noticee (P.S. Saminathan) without any further directions.
17. This order shall come into force with immediate effect.
18. A copy of this order shall also be sent to all the Noticees, recognized Stock Exchanges, the relevant banks, Depositories and Registrar and Transfer Agents of Mutual Funds to ensure that the directions given above are strictly complied with.

Place: Mumbai
Date: June 23, 2020

Sd/
ANANTA BARUA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA