

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

S. RAMAN, WHOLE TIME MEMBER

ORDER

Under Section 11(1), 11 (4) and 11B of the Securities and Exchange Board of India Act, 1992 in respect of Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L).

1. Securities and Exchange Board of India ("SEBI") received complaints from Hadapsar Parisar Investors Association, Pune ("HPIA") Private Limited *inter alia* alleging the following:

- i. "Mr. Nitin Rajaram Narke had solicited and raised money from public through M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Chip Investment and had promised them a return of 100% in 10 months and 200% in 20 months.
- ii. In this manner, Mr. Nitin Rajaram Narke, through 15 agents, collected an amount of Rs.1,200 crores from public.
- iii. Mr. Nitin Rajaram Narke had represented to the investors that he is a SEBI registered stock broker of NSE and a trading member of Multi Commodity Exchange of India (MCX). He also showed the certificate of registrations in respect of these exchanges and told that trading in shares through BCCPL and Blue Chip Commodities Broking Pvt. Ltd. (BCCBPL) is legal.
- iv. In the advertisement, dated November 27, 2011, published in the newspaper "Dainik Bhaskar" Mr. Nitin Rajaram Narke promised that money will be immediately returned to an investor on demand who would invest through him.
- v. When investors sought refund of their money, BCCPL shifted their office unlawfully and did not refund the money to the investors. The board of directors of BCCPL are absconding since last two years. The refund cheques issued by BCCPL have also bounced. During this time, the office of BCCPL also used to be closed most of the time.
- vi. BCCPL again issued advertisements in newspaper that its office would open from February 2014, but the office was never opened.
- vii. Mr. Nitin Rajaram Narke has, thus, cheated the investors for Rs.1,200 crores. Mr. Nitin Rajaram Narke was arrested by Pune police for one month. However, after his release on a personal bond of ₹1 lakh, Mr. Nitin Rajaram Narke has been threatening the investors who had lodged complaint against him."

2. Blue Chip Corporation Private Limited ("**BCCPL**") is registered with SEBI as a stock broker in cash and equity derivative segments of National Stock Exchange of India Limited ("**NSE**") (Registration No. INB/INF231446536) with effect from August 24, 2011. Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade are directors of BCCPL.
3. Upon preliminary inquiry by SEBI with Exchanges and Banks and Police Department, Pune, it was observed that the Directors of BCCPL viz., Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade by misusing their certificate of registration granted to act as a stock broker collected funds/deposits from investors. Further, Mr. Nitin Rajaram Narke along with Ms. Bhavana Chadha floated various firms viz. M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Milestone Investment, M/s Nitin Narke Investment solicited and induced their clients and investors to deal in securities. They had also collected funds and deposits from their clients and investors through misrepresentation and allurements of high returns.
4. As the aforesaid activities of the Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade and Ms. Bhavana Chadha and their aforementioned firms were *prima facie* in violation of provisions of SEBI Act, 1992 ("**SEBI Act**"), Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"), the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 ("**Brokers Regulations**"), the SEBI (Portfolio Managers) Regulations, 1993 ("**PMS Regulations**") and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("**PFUTP Regulations**"), SEBI passed an *ad interim ex-parte* order dated November 09, 2015 with the following directions:
 - a) *The Financial assets of Blue Chip Corporation Pvt. Ltd (PAN :AAECB5060A), Nitin Rajaram Narke (PAN :AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN:AFNPC9292G), M/s. Milestone Investment (PAN: AASF5213B), M/s. Nitin Narke Investment (PAN: ATUPD8449F), M/s. Blue Cheap Investment (PAN:AECPN7019L) and M/s. Blue Chip Investment (PAN :AECPN7019L) are hereby impounded till further directions. They are further directed not to dispose off or alienate any of their assets, whether movable or immovable, or any interest or investment or charge in any of such assets except for the purpose provided herein.*
 - b) *The banks and depositories are directed that no debits shall be made in their bank accounts/demat accounts, held jointly or severally, except after confirmation from the concerned stock exchange in this regard.*

- c) *The concerned stock exchanges, depositories and the banks are directed to ensure that all the above directions are strictly enforced.*
- d) *The aforesaid entities are directed to provide the complete details of amounts collected from investors and amount due to each of them.*
- e) *The aforesaid entities are directed to provide a full inventory of all their assets whether movable or immovable, or any interest or investment or charge in any of such assets, including details of their all their bank and demat accounts immediately but not later than 7 working days from the date of receipt of these directions.*
- f) *The aforesaid entities are restrained from accessing the securities market and are further prohibited from buying, selling or otherwise dealing in securities, either directly or indirectly, or being associated with the securities market in any manner whatsoever, with immediate effect, till further directions.*
- g) *The aforesaid entities shall cease and desist from undertaking any activity in the securities market, directly or indirectly, in any manner whatsoever till further directions.*
- h) *Blue Chip Corporation Pvt. Ltd., Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment are prohibited from mobilizing funds in any manner or pooling funds from public and from offering any unregistered service, in whatever form.*
- i) *Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha, Blue Chip Corporation Pvt. Ltd., M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Blue Chip Investment are directed to immediately withdraw and remove all advertisements, representations, literatures, brochures, materials, publications, documents, websites, etc. and any unregistered activity in the securities market.*
- j) *Blue Chip Corporation Pvt. Ltd., Mr. Nitin Rajaram Narke, Mr. Pravin B. Darawade, Ms. Bhavana Chadha, M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment and M/s Bluechip Investment are prohibited from transferring the funds/deposits from their bank account, which were mobilised from the clients or other investors or from disposing of or alienating any asset that has been created from the funds/deposits received from their clients or other investors for purposes other than refund as directed hereinabove.”*

5. The said ex-parte order cum show cause notice provided that the Noticees may file their objections, if any, within twenty one (21) days from the date of receipt of the said interim order. The order further provided that they may avail an opportunity of personal hearing before SEBI on a date and time to be fixed on a specific request in writing.

6. Vide separate letters dated November 10, 2015, the ex-parte order cum show cause notice ("SCN") was sent to the Noticees viz., Mr. Nitin Rajaram Narke, Mr. Pavin B. Darawade, Ms. Bhavana Chadha, M/s. Milestone Investment. However, the same were returned undelivered by the postal authorities with remarks 'left address'. SEBI also issued a Press Release dated November 10, 2015 with respect to the interim order dated November 09, 2015. As per the information furnished by the Pune District Police (Rural), Mr. Nitin Narke was arrested and put in judicial custody at Yerawada Jail, Pune. In view of the same, a copy of the order cum SCN was sent to Mr. Nitin Rajaram Narke through Superintendent of Jail, Yerawada, Pune.
7. In response to the SCN, Shri Nitin Rajaram Narke vide letter dated November 19, 2015 *inter alia* submitted the following:
- a) *"BCCPL and BCCBPL are not connected with Milestone Investments, Nitin Narke Investment and other sister concern proprietorship accounts.*
 - b) *These companies were closed down temporarily due to his arrest in July 2014, because of which he was unable to file his audit reports networth certificate, unable to send SEBI a letter informing that his office was temporarily closed and also unable to submit all the relevant documents.*
 - c) *I have not given any advertisement in the newspaper 'Dainik Bhaskar' as quoted in the Order dated November 09, 2015.*
 - d) *I have never quoted to any person or investor that he will pay monthly interest of 8 to 10 percent. It is a false allegation made against him.*
 - e) *I had never violated any rules or regulations of SEBI or MCX or NCDEX. Also he has never taken Rs.1200 Crores from any client/person.*
 - f) *It is apparent from the Demat Account status of BCCPL that only very few people had done trading on their own knowledge.*
 - g) *I am facing trials in various courts in Pune based on the false allegation made by HPLA against him. As per the FIR filed in various police stations an amount of Rs.15,30,32,400/- claim was registered.*
 - h) *I have never employed 17 agents as stated in the order dated November 09, 2015, to collect money from people.*
 - i) *I was arrested in the year 2012 and released on bail, he had met with the Compliance Officer of National Stock Exchange (NSE) and resumed his business as a Stock Broker. My terminal was closed in December 2013, owing to some personal problems.*

j) I was in Yerwada Central Prison from July 2014 till November 2015. Upon my release from jail, I request for a personal hearing where I would submit all the relevant documents to clarify that I am innocent.”

8. Thereafter, several opportunities of personal hearings were granted to the Noticees details of which are tabulated as under:

Sl.No	Date of Hearing	Mode of communication	Reason for adjournment
1	September 08, 2016	Letter dated August 16, 2016	Noticees failed to appear.
2	October 24, 2016	Published in the newspapers (Times of India, Pune Edition and Sakal Times, All Marathi Editions)	Authorized Representative sought adjournment
3	December 08, 2016	E-mail dated October 26, 2016	Adjournment sought by Ms. Bhavana Chadda
4	March 29, 2017	Letter dated March 02, 2017 and published in the newspapers (Times of India and Maharashtra Times)	Adjournment sought by Ms. Bhavana Chadda. Nitin Narke appeared in person and also on behalf of all his firms and sought adjournment.
5	April 27, 2017	E-mail dated March 31, 2017	Shri Nitin Narke appeared in person along with the authorized representative and sought adjournment and inspection of documents. Inspection of documents was conducted on June 06, 2017 and documents were provided.
6	July 06, 2017	e-mail dated June 15, 2017	Authorized representative sought adjournment for a week
7	July 14, 2017	e-mail dated July 07, 2017	Shri Nitin Narke appeared in person along with the authorized representative and sought adjournment
8	August 04, 2017	e-mail dated July 18, 2017	Shri Nitin Narke appeared in person along with the authorized representative and sought adjournment
9	August 16, 2017	e-mail dated August 08, 2017	Shri Nitin Narke appeared in person and sought adjournment vide his letter dated August 16, 2017.

9. Thereafter, a final opportunity of personal hearing was granted to all the Noticees on August 22, 2017 and same was communicated vide e-mail dated August 18, 2017. Mr. Nitin Rajaram

Narke along with his Authorized Representatives viz., Mr. Hrishikesh Subhedar and Mr. Amol S. Dange, Advocates appeared before me on August 22, 2017 on behalf of all the Noticees and made submissions. Further, M. Nitin Narke had also made the following additional submissions in the matter vide e-mail dated August 31, 2017:

- a) *It has been alleged by Hadapsar Parisar Investors Association (Pune) (HPLA) that Nitin Rajaram Narke has raised money from public through M/s Milestone Investment, M/s Nitin Narke Investments and M/s Blue Chip Investments and had promised to give a return of 100% in 10 months and 200% investment in 20 months. There is no substantial evidence procured in the said Order nor there is any document which will show the genuineness of HPLA. This shows that as per the complaint forwarded by HPLA is itself without any evidence.*
- b) *The BCCPL is nowhere connected with M/s Milestone Investments, M/s Nitin Narke Investments, and M/s Blue Chip Investments.*
- c) *It does not reveal that any funds have been transferred from M/s Milestone Investments, M/s Nitin Narte Investments, and M/s Blue Chip Investments to BCCPL.*
- d) *Even BCCPL, and Nitin Rajaram Narke has never Published an article in Dainik Bhaskar on 27/11/2011. The BCCPL is the only company involved in the trading of stocks registered with SEBI. Thus the allegation made by HPAI does not survive in the eyes of law as there is no evidence/document to show that HPLA has invested certain fund with BCCPL and others. It has been further revealed that Board of Directors were absconding when the HPLA had approached them for the refund of money. There was no question for BCCPL or its BOD to abscond.*
- e) *As per para no. 6(d) it reveals that 3 investor's complaints have been filed against BCCPL & Investors grievous resolution panel of NSE has ruled in the favor of the Complaint.*
- f) *No evidence was produced with the complaint which will show the investors have invested. It is further submitted that there are no documents to show the amount was handed over by investors to BCCPL.*
- g) *That going through the documents produced along with the order it does not reveal that any inquiry/investigation has been carried out. There is no question to terminate the license under the SEBI Act 1992. As per Section 11(C), it has been defined regarding investigation. It reveals that the statements of witnesses are required to be recorded.*
- h) *As per the definition of Section 4 of SEBI Act, it has been stated that the Board shall consist of the Chairman, 2 Members from amongst the officials of Ministry of Central Government, one Member from the official of Reserve Bank and 5 other members to be appointed by the central Government. Going through the order, it reveals that the order has been passed by Mr.Rajiv Kumar Agarwal, WTM only."*

Consideration of Issues and findings:

10. In the instant case, the issue for consideration is whether the Noticees' collection of money and managing the funds of investors with a promise of high returns are in violation of Section 12(1) of the SEBI Act read with Regulation 3 of the PMS Regulations, Rule 8(3)(f) of the SCRR and Clauses A(1), (2) and D(4) of the Code of Conduct for Sub-brokers read with Regulation 15 of the Stock Brokers and Sub-brokers Regulations, Section 12A (a) (b) and (c) of the SEBI Act and Regulation 3 (b), (c) and (d) and Regulation 4(1) and 4(2) (k) of the PFUTP Regulations.
11. Before dealing with the charges levelled against the Noticees, the relevant legal provisions, the contravention of which have been alleged in the instant case are reproduced hereunder:-

SEBI Act, 1992

Section 12(1) –

"No stock-broker, sub- broker, share transfer agent, banker to an issue, trustee of trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediary who may be associated with securities market shall buy, sell or deal in securities except under, and in accordance with, the conditions of a certificate of registration obtained from the Board in accordance with the regulations made under this Act."

Section 12A of the SEBI Act-

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

"12A. No person shall directly or indirectly—

(a) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made there under;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;"

Regulation 3 – SEBI (Portfolio Managers) Regulations, 1993

"No person shall act as portfolio manager unless he holds a certificate granted by the Board under these regulations: ..."

The Securities Contracts (Regulation) Rules, 1957

"8 (3) No person who is a member at the time of application for recognition or subsequently

admitted as a member shall continue as such if—

(f) he engages either as principal or employee in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability..."

PFUTP Regulations, 2003

Definition of ‘fraud’ – Regulation 2(1)(c).

(c) “fraud” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

- (1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;*
- (2) a suggestion as to a fact which is not true by one who does not believe it to be true;*
- (3) an active concealment of a fact by a person having knowledge or belief of the fact;*
- (4) a promise made without any intention of performing it;*
- (5) a representation made in a reckless and careless manner whether it be true or false;*
- (6) any such act or omission as any other law specifically declares to be fraudulent;*
- (7) deceptive behaviour by a person depriving another of informed consent or full participation;*
- (8) a false statement made without reasonable ground for believing it to be true;*
- (9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.*

And “fraudulent” shall be construed accordingly;

Regulation 3 and 4 of the PFUTP Regulations -

3. Prohibition of certain dealings in securities

" No person shall directly or indirectly—

(a)...

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

4. Prohibition of manipulative, fraudulent and unfair trade practices

"(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities."

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—

(k) an advertisement that is misleading or that contains information in a distorted manner and which may influence the decision of the investors;..."

SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992

"Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and"

General Obligations and Responsibilities

To maintain proper books of account, records etc.

17.(2) Every stock broker shall intimate to the Board the place where the books of account, records and documents are maintained.

Schedule-II

Code of Conduct for Stock Brokers:

"A General

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business....

(5) Compliance with Statutory requirements: A Stock broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchanges from time to time as may be applicable to him."

12. I shall now proceed to deal with the charges alleged against Noticees. On an examination of the material available on record such as complaints of investors along with the documents furnished therein, information furnished by the Stock Exchanges, Depositories, various Banks and Pune Police, information downloaded from *MCA 21 portal*, etc., I note the following:

12.1 BCCPL (Blue Chip Corporation Private Limited) was a member of NSE and BCCBPL (Blue Chip Commodities Broking Pvt. Limited) was a member of MCX and National Commodity and Derivatives Exchange Limited ("NCDEX").

12.2 Mr. Nitin Rajaram Narke and Mr. Pravin B. Darawade are Promoter Directors of BCCPL and BCCBPL.

12.3 As per the investor complaints, Mr. Nitin Rajaram Narke had solicited and collected money from public by assuring high returns to them. Investors made the payments to M/s Milestone Investment, M/s Nitin Narke Investment, M/s Blue Cheap Investment, M/s Blue Chip Investment, which were not registered with SEBI as an intermediary. It is also noted that Mr. Nitin Narke did not open any trading/demat accounts for the investors.

- 12.4 As per the information provided by banks, it is noted that Ms. Bhavana Chadha and Mr. Nitin Rajaram Narke are partners in the firm M/s Milestone Investment. M/s Blue Chip Investment is constituted as a sole proprietorship by Mr. Nitin Rajaram Narke.
- 12.5 Mr. Nitin Rajaram Narke and other entities M/s Milestone Investment, M/s Nitin Narke Investment, M/s Bluechip Investment had issued post-dated cheques to the investors which subsequently got dishonoured.
- 12.6 From the post-dated cheques issued by Mr. Nitin Rajaram Narke and others, the following bank accounts were noted:

Sr. No.	Account in the name of	Name of Bank	Bank account No.
1	Blue Chip Investment	Axis Bank Ltd, Pune	910020033025119
2	Blue Cheap Investment	ICICI Bank, Pune	147505500007
3	Milestone Investment	ICICI Bank, Pune	147505500021
4	Nitin Narke Investment	ICICI Bank, Pune	147505500100
5	Nitin Rajaram Narke	ICICI Bank, Pune	147505500096
6	Nitin Rajaram Narke	ICICI Bank, Pune	147501500483
7	Blue Cheap Investment	HDFC Bank Ltd., Pune	08378620000057
8	Milestone Investment	HDFC Bank Ltd., Pune	08372560000909
9	Narke Nitin Rajaram	HDFC Bank Ltd., Pune	15781930000665
10	Narke Nitin Rajaram	HDFC Bank Ltd., Pune	09622020000379
11	Blue Cheap Investment	IDBI Bank, Pune	0651102000005098
12	Blue Cheap Investment	Cosmos Co-operative Bank Ltd., Pune	09310010426
13	Blue Cheap Investment	Saraswat Bank, Pune	370100100000024
14	Blue Cheap Investment	The Royal Bank of Scotland N.V., Pune	1659086
15	Blue Cheap Investment	Indusind Bank, Pune	0002518201050
16	Nitin Rajaram Narke	Saraswat Bank	370218100000001

- 12.7 From the information received from the abovementioned banks (Sr. No. 1 to 10 above), the following instances of transactions are noted:

Table 1: Bank account in the name of M/s Blue Chip Investment

Account Details (sample transactions above ₹5 lacs only)			Name: Blue Chip Investment No. 910020033025119 Name of Bank: Axis Bank, Pune Period : 01/04/2011 to 30/06/2012	
Tran Date	Cheque No.	Particulars	Debit (₹)	Credit (₹)
06/04/2011		By Cash		5,00,000
07/04/2011		By Cash		7,00,000

08/04/2011		By Cash		5,00,000
09/04/2011		By Cash		9,50,000
11/04/2011		By Cash		5,00,000
13/04/2011		By Cash		5,00,000
15/04/2011		By Cash		9,50,000
18/04/2011		By Cash		9,50,000
19/04/2011		By Cash		9,50,000
20/04/2011		By Cash		8,00,000
23/04/2011		By Cash		9,50,000
25/04/2011		By Cash		9,00,000
26/04/2011		By Cash		9,00,000
27/04/2011		By Cash		9,50,000
28/04/2011		By Cash		9,50,000
29/04/2011		By Cash		9,50,000
30/04/2011		By Cash		9,50,000
02/05/2011		By Cash		5,00,000
04/05/2011		By Cash		9,50,000
05/05/2011		By Cash		9,50,000
06/05/2011		By Cash		9,00,000
07/05/2011		By Cash		9,50,000
09/05/2011		By Cash		9,50,000
10/05/2011		By Cash		5,00,000
11/05/2011		By Cash		8,00,000
12/05/2011		By Cash		6,00,000
13/05/2011		By Cash		5,00,000
16/05/2011		By Cash		5,00,000
20/05/2011		By Cash		7,00,000
21/05/2011		By Cash		7,00,000
23/05/2011		By Cash		9,50,000
24/05/2011		By Cash		9,50,000
25/05/2011		By Cash		9,50,000
27/05/2011		By Cash		5,00,000
28/05/2011		By Cash		7,00,000
30/05/2011		By Cash		9,50,000
01/06/2011		By Cash		8,00,000
03/06/2011		By Cash		9,50,000
06/06/2011		By Cash		5,00,000
07/06/2011		By Cash		9,00,000
09/06/2011		By Cash		5,00,000
10/06/2011		By Cash		8,00,000
13/06/2011		By Cash		9,50,000
14/06/2011		By Cash		9,00,000
15/06/2011		By Cash		9,50,000
18/06/2011		By Cash		9,50,000

24/06/2011		By Cash		9,50,000
27/06/2011		By Cash		5,00,000
28/06/2011		By Cash		5,00,000
29/06/2011		By Cash		5,00,000
30/06/2011		By Cash		5,00,000
01/07/2011		By Cash		5,00,000
05/07/2011		By Cash		9,50,000
06/07/2011		By Cash		5,00,000
07/07/2011		By Cash		5,00,000
11/07/2011		By Cash		6,00,000
12/07/2011		By Cash		8,00,000
13/07/2011		By Cash		5,00,000
14/07/2011		By Cash		7,00,000
15/07/2011		By Cash		5,00,000
16/07/2011		By Cash		9,50,000
18/07/2011		By Cash		9,50,000
19/07/2011		By Cash		9,50,000
20/07/2011		By Cash		9,50,000
21/07/2011		By Cash		6,00,000
23/07/2011		By Cash		6,00,000
25/07/2011		By Cash		9,00,000
26/07/2011		By Cash		8,00,000
28/07/2011		By Cash		5,00,000
29/07/2011		By Cash		5,00,000
02/08/2011		By Cash		7,00,000
03/08/2011		By Cash		9,50,000
12/08/2011		By Cash		5,00,000
16/08/2011		By Cash		5,00,000
17/08/2011		By Cash		9,50,000
29/08/2011		By Cash		5,00,000
30/08/2011		By Cash		8,00,000
02/09/2011		By Cash		6,00,000
06/09/2011		By Cash		9,50,000
07/09/2011		By Cash		8,00,000
08/09/2011		By Cash		9,00,000
09/09/2011		By Cash		9,50,000
10/09/2011		By Cash		9,00,000
12/09/2011		By Cash		5,00,000
17/09/2011		By Cash		5,00,000
20/09/2011		By Cash		5,00,000
22/09/2011		By Cash		7,00,000
24/09/2011		By Cash		5,00,000
26/09/2011		By Cash		16,00,000
07/10/2011		By Cash		9,00,000

08/10/2011		By Cash		9,00,000
14/10/2011		By Cash		9,00,000
15/10/2011		By Cash		9,00,000
18/10/2011		By Cash		5,00,000
19/10/2011		By Cash		5,00,000
29/10/2011	579916	To self	20,00,000	
02/11/2011	579920	Blue Chip Investment	20,00,000	
05/11/2011		By Cash		8,00,000
11/11/2011		By Cash		9,00,000
12/11/2011		By Cash		6,00,000
14/11/2011	581527	To self	20,00,000	
15/11/2011	581531	To self	20,00,000	
16/11/2011	579955	Nitin Narke Investment	50,00,000	
23/11/2011	581536	To self	20,00,000	
24/11/2011	579963	To self	30,00,000	
28/11/2011	579346	To Cash/Self	5,50,000	
30/11/2011	581548	To self	9,50,000	
25/11/2011	579344	To self	9,00,000	
10/12/2011	581557	To self	9,00,000	
14/12/2011	579359	To self	5,00,000	
19/12/2011	579364	To self	11,00,000	
21/12/2011	581599	To self	25,00,000	
27/12/2011	581600	To self	5,00,000	
28/12/2011	579387	To Cash/Self	3,00,000	
29/12/2011	578192	To Self	3,00,000	
30/01/2012	80916	To Cash/Self	2,80,000	
01/02/2012	35667	To Cash/Self	2,60,000	
08/02/2012	35670	To Cash/Self	8,00,000	
08/02/2012	35669	To Cash/Self	5,00,000	

Table 2: Bank account in the name of M/s Blue Cheap Investment

Account Details (sample transactions above ₹10 lacs only)		Name: Blue Cheap Investment No. 147505500007 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 23/04/2012		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
03/05/2011	Blue Cheap Investment			10,00,000
09/06/2011	Trfr to: BCCPL	8116	20,00,000	
20/06/2011	Trfr from: Nitin R Narke			10,00,000

20/06/2011	-do-			15,00,000
23/06/2011	Trfr to: Blue Chip Commodities Broking Pvt Ltd	4905	40,00,000	
30/06/2011	Trfr to: Yourself DD	4979	17,40,000	
01/07/2011	Trfr to: Yourself DD	4973	11,60,000	
04/07/2011	Trfr to: Yourself DD	4991	32,00,000	
06/07/2011	Trfr from: Blue Chip Commodities Broking Pvt Ltd			13,00,000
08/07/2011	Trfr to: BCCPL	907443	90,00,000	
11/07/2011	Trfr to: Nitin Narke	7932	20,00,000	
15/07/2011	Trfr to: Blue Chip Commodities Broking Pvt Ltd	7984	15,00,000	
21/07/2015	-do-	6373	10,00,000	
21/07/2015	Trfr to: BCCPL	6374	40,00,000	
27/07/2011	Trfr from: Blue Chip Corporation			55,00,000
01/08/2011	Trfr to: BCCPL	8944	55,00,000	
04/08/2011	Blue Chip Corp	9000	10,00,000	
10/08/2011	Trfr from: Blue Chip Corporation			50,00,000
10/08/2011	Blue Cheap Investment			30,00,000
10/08/2011	Blue Cheap Investment			48,00,000
11/08/2011	Trfr to: BCCPL	9025	15,00,000	
12/08/2011	Blue Chip Investment	9024	30,00,000	
18/08/2011	Trfr to: Nitin Narke	10411	20,00,000	
18/08/2011	Blue Cheap Corporation	10412	50,00,000	
20/08/2011	Cash paid self	7521	75,00,000	
20/08/2011	Trfr from: Blue Chip Corporation			1,00,00,000
20/08/2011	Trfr from: Blue Chip Corporation			50,00,000
22/08/2011	Trfr from: Blue Chip Corporation			40,00,000
22/08/2011	Blue Cheap Investment			40,00,000
25/08/2011	Trfr from: Blue Chip Corporation			10,00,000
02/09/2011	Trfr to: BCCPL	8171	10,00,000	
03/09/2011	Trfr from: Nitin R Narke			20,00,000
03/09/2011	Trfr to: BCCPL	11451	20,00,000	
05/09/2011	Nitin R Narke	11577	10,00,000	
05/09/2011	Trfr to: BCCPL	8880	10,00,000	
06/09/2011	-do-	11617	10,00,000	
07/09/2011	-do-	11405	10,00,000	

07/09/2011	-do-	11618	10,00,000	
08/09/2011	-do-	11620	10,00,000	
09/09/2011	-do-	8883	10,00,000	
12/09/2011	-do-	11507	20,00,000	
16/09/2011	-do-	12052	10,00,000	
19/09/2011	-do-	11630	10,00,000	
19/09/2011	Trfr from: Nitin R Narke			15,00,000
27/09/2011	Trfr from: Blue Chip Corporation			13,00,000
28/09/2011	Trfr to: Blue Cheap Corporation			10,00,000
03/10/2011	-do-			14,00,000
10/10/2011	Trfr to: BCCPL	12851	20,00,000	
12/10/2011	-do-	12260	11,00,000	
13/10/2011	-do-	13002	15,00,000	
17/10/2011	-do-	12096	27,00,000	
19/10/2011	-do-	12864	1,14,00,000	
19/10/2011	Trfr to: Nitin R Narke	12262	10,00,000	
20/10/2011	Trfr to: Nitin Narke Investment	12871	10,00,000	
24/10/2011	Trfr to: Nitin Narke Investment	13005	25,00,000	
24/10/2011	Trfr from: BCCPL			50,00,000
25/10/2011	-do-			50,00,000
25/10/2011	Trfr from: Nitin R Narke			10,00,000
25/10/2011	Trfr to: Nitin Narke Investment	12155	25,00,000	
31/10/2011	Trfr to: Blue Chip Commodities Broking Pvt. Ltd.	11490	20,00,000	
01/11/2011	Trfr to: BCCPL	8907	10,00,000	
03/11/2011	Trfr from: Milestone Inv			20,17,846
03/11/2011	Trfr to: BCCPL	11443	23,26,669	
03/11/2011	Trfr from: Nitin Narke Inv			29,48,137
03/11/2011	Trfr from: Nitin R Narke			16,84,614
04/11/2011	Trfr from: Nitin R Narke			18,09,345
08/11/2011	Trfr from: Nitin Narke			66,36,560
08/11/2011	Trfr from: Nitin Narke Investment			38,19,238
08/11/2011	Trfr from: Nitin Narke			24,33,382
08/11/2011	Trfr to: BCCPL	12199	1,00,00,000	
09/11/2011	Trfr from: Nitin Narke			57,62,392
09/11/2011	Trfr from: Blue Chip Corporation Pvt Ltd			20,00,000
09/11/2011	Trfr to: BCCPL	11446	57,00,000	
14/11/2011	Trfr to: Yourself for DD	13030	12,00,000	
14/11/2011	Trfr from: Nitin R Narke			1,50,00,000
14/11/2011	Trfr to: BCCPL	13094	1,50,00,000	
14/11/2011	Trfr from: Nitin R Narke			1,50,00,000

15/11/2011	Nitin R Narke	8912	18,00,000	
16/11/2011	Trfr from: Nitin R Narke			11,27,992
16/11/2011	Trfr to: BCCPL	12958	1,00,00,000	
16/11/2011	Trfr to: BCCPL	15477	19,00,000	
17/11/2011	Trfr from: Nitin R Narke Investment			50,00,000
17/11/2011	Trfr to: BCCPL	13040	50,00,000	
17/11/2011	Trfr from: BCCPL			25,00,000
18/11/2011	Trfr to: Nitin Narke	15408	10,00,000	
18/11/2011	Trfr from: BCCPL			50,00,000
19/11/2011	Trfr from: BCCPL			10,00,000
21/11/2011	Trfr to: BCCPL	14190	22,00,000	
22/11/2011	Trfr to: Nitin R Narke	11534	30,00,000	
22/11/2011	Trfr from: BCCPL			55,00,000
22/11/2011	-do-			20,00,000
23/11/2011	Trfr to: BCCPL	11648	12,00,000	
23/11/2011	Trfr from: Nitin R Narke Investment			12,00,000
25/11/2011	Trfr to: BCCPL	15426	15,00,000	
28/11/2011	Trfr to: BCCPL	15543	18,00,000	
28/11/2011	Trfr to: BCCPL	15545	11,00,000	
29/11/2011	Trfr from: BCCPL			10,00,000
29/11/2011	Blue Chip Investment	14205	10,00,000	
10/12/2011	Trfr from: BCCPL			60,00,000
12/12/2011	Trfr from: Blue Chip			40,00,000
12/12/2011	Trfr from: Nitin R Narke			11,32,000
13/12/2012	Trfr from: Nitin R Narke			21,00,000
14/12/2011	Trfr from: BCCPL			10,00,000
14/12/2011	-do-			10,00,000
11/01/2012	Trfr to: BCCPL	11536	17,00,000	
18/01/2012	Cash paid self	11546	11,00,000	

Table 3: Bank account in the name of M/s Blue Cheap Investment

Account Details (sample transactions above ₹5 lacs only)		Name: Blue Cheap Investment No. 147505500007 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 13/02/2012		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
21/06/2011	Trfr to: Blue Cheap Inv	8751	9,00,000	
11/07/2011	Trfr to: Nitin Narke	7119	10,00,000	

04/10/2011	Cash paid self	10259	10,00,000	
19/10/2011	Trfr from: Blue Cheap	13485	9,00,000	
31/10/2011	Trfr from: Blue Cheap	14551	9,00,000	
03/11/2011	Trfr to: Blue Cheap Inv	13486	20,17,846	
14/11/2011	Trfr from: Blue Cheap Inv			10,00,000
15/11/2011	Cash paid self	15799	8,00,000	
16/11/2011	Cash paid self	14463	8,00,000	
17/11/2011	Cash paid self	15676	25,00,000	
17/11/2011	Trfr from: Blue Cheap			25,00,000
18/11/2011	Trfr from: Blue Cheap			80,00,000
18/11/2011	Trfr to: Blue Cheap	14599	72,00,000	
18/11/2011	Cash paid self	14598	8,00,000	
19/11/2011	Cash paid self	15826	30,00,000	
10/12/2011	Blue Cheap Investment			30,00,000
10/12/2011	Cash paid self	17045	30,00,000	
10/01/2012	Cash paid self	18676	13,00,000	
18/01/2012	Trfr to: Nitin Rajaram Narke	19745	24,00,000	
20/01/2012	Trfr to: Nitin Rajaram Narke	19761	22,00,000	
21/01/2012	Trfr to: Nitin Rajaram Narke	15673	25,00,000	
06/02/2012	Cash paid self	20826	25,00,000	

Table 4: Bank account in the name of M/s Milestone Investment

Account Details (above ₹5 Lacs)		Name: Milestone Investment No. 147505500021 Name of Bank: ICICI Bank, Fatima Nagar, Pune Period : 01/04/2011 to 13/02/2011		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
21/06/2011	By cash			9,00,000
21/06/2011	Trfr to Blue Cheap Inv.	8751	9,00,000	
29/06/2011	By cash			9,50,000
11/07/2011	BMA Wealth Creato			50,00,000
11/07/2011	Trfr to Nitin Narke	7119	10,00,000	
17/09/2011	By cash			9,50,000
04/10/2011	Cash paid self	10259	10,00,000	
14/10/2011	By cash			9,50,000
18/10/2011	By cash			9,00,000
19/10/2011	Trfr to Blue Cheap	13485	9,00,000	
31/10/2011	By cash			9,00,000
31/10/2011	Trfr to Blue Cheap	14551	9,00,000	
03/11/2011	Trfr to Blue Cheap Inv	13486	20,17,846	
17/11/2011	Trfr from Blue Cheap			25,00,000
17/11/2011	Cash paid self	15676	25,00,000	
18/11/2011	Trfr from Blue Cheap			80,00,000

18/11/2011	Trfr to Blue Cheap	14599	72,00,000	
18/11/2011	Cash paid self	14598	8,00,000	
19/11/2011	Cash paid self	15826	30,00,000	
10/12/2011	Trfr from Blue Cheap Inv.			30,00,000
10/12/2011	Cash paid self	17045	30,00,000	
10/01/2012	Cash paid self	18676	13,00,000	
17/01/2012	Trfr from BMA Wealth Creators Ltd			25,00,000
18/01/2012	Trfr to Nitin Rajaram Narke	19745	24,00,000	
19/01/2012	BMA Wealth Creators			25,00,000
20/01/2012	Trfr to Nitin Rajaram Narke	19761	22,00,000	
20/01/2012	Trfr from BMA Wealth Creators			25,00,000
21/01/2012	Trfr to Nitin Rajaram Narke	15673	25,00,000	
06/02/2012	BMA Wealth Creators			25,00,000
06/02/2012	Cash paid self	20826	25,00,000	

Table 5: Bank account in the name of Mr. Nitin Rajaram Narke

Account Details (sample transactions above Rs 4.0 lacs only)				
Date	Particulars	Cheque No.	Withdrawals (Rs)	Deposits (Rs)
26/05/2011	Trfr from Blue Cheap			5,00,000
26/05/2011	Cash paid self	8284	5,00,000	
21/06/2011	By cash			9,00,000
21/06/2011	Trfr to Blue Cheap Inv.	6626	9,00,000	
23/08/2011	Trfr to Blue Chip Corp	11152	4,75,000	
05/09/2011	By cash			9,00,000
14/10/2011	By cash			9,00,000
03/11/2011	Trfr to Blue Cheap Inv.	14897	16,84,614	
04/11/2011	Trfr to Blue Cheap	14899	18,09,345	
08/11/2011	Trfr to Blue Cheap Inv.	16075	66,36,560	
09/11/2011	Trfr to Blue Cheap	14874	57,62,392	
18/11/2011	Trfr from Blue Cheap			10,00,000
18/11/2011	Cash paid self	16376	10,00,000	
19/11/2011	Cash paid self	16377	30,00,000	
21/11/2011	Trfr to Blue Cheap Inv.	16476	7,00,000	
22/11/2011	Trfr from Blue Cheap			30,00,000
22/11/2011	Cash paid self	16526	30,00,000	
13/12/2011	Trfr to Blue Cheap Inv.	17245	21,00,000	

14/12/2011	Trfr to Blue Cheap	17349	5,00,000	
27/12/2011	Cash paid self	18116	6,00,000	
10/01/2012	Cash paid self	19077	8,00,000	
11/01/2012	Trfr to Nitin Narke	19189	20,00,000	
11/01/2012	Trfr to Blue Cheap Inv.	19188	5,00,000	
11/01/2012	Cash paid self	19185	20,00,000	

Table: 6 Bank account in the name of M/s Nitin Narke Investment

Account Details (sample transactions above Rs.4 lacs only)					
Date	Particulars	Cheque No.	Withdrawals (Rs)	Deposits (Rs)	
21/06/2011	By cash			9,00,000	
21/06/2011	Trfr to Blue Cheap Inv.	8827	9,00,000		
11/07/2011	Trfr to Nitin Narke	9477	10,00,000		
19/07/2011	Globe Capital			20,36,253.66	
06/08/2011	Trfr to Globe Capital	8499	10,00,000		
23/08/2011	Trfr to Blue Chip Corp	11302	4,15,000		
05/09/2011	By cash			9,00,000	
14/10/2011	By cash			9,00,000	
15/10/2011	Globe Capital Market			28,34,901	
17/10/2011	By cash			9,00,000	
20/10/2011	Trfr from Blue Cheap			10,00,000	
21/10/2011	Trfr from Blue Cheap			10,00,000	
24/10/2011	Trfr from Blue Cheap			25,00,000	
24/10/2011	Cash paid self	14966	25,00,000		
25/10/2011	Trfr from Blue Cheap			25,00,000	
25/10/2011	Cash paid self	14968	25,00,000		
31/10/2011	By cash			9,00,000	
31/10/2011	Trfr to Blue Cheap	13975	9,00,000		
03/11/2011	Trfr to Blue Cheap Inv	15023	29,48,137		
04/11/2011	Trfr from Blue Cheap			7,00,000	
04/11/2011	Cash paid self	16133	8,00,000		
08/11/2011	Trfr to Blue Cheap Inv	14950	38,19,238		
16/11/2011	Blue Chip Investment			50,00,000	
17/11/2011	Trfr to Blue Cheap	13925	50,00,000		
10/01/2012	Globe Capital			14,00,000	
10/01/2012	Trfr from Amol Atre			20,66,526	
10/01/2012	Cash paid self	19426	20,00,000		
11/01/2012	Trfr to Blue Cheap	19377	12,00,000		
11/01/2012	Self	19352	5,00,000		

18/01/2012	Trfr from Nitin			10,00,000
18/01/2012	Cash paid self	20277	7,00,000	
25/02/2012	Globe Capital Market			6,00,000

Table:7 Bank account in the name of M/s Blue Cheap Investment

Account Details		Name: Blue Cheap Investment No. 08378620000057 Name of Bank: HDFC Bank, Fatima Nagar, Pune Period : 01/04/2011 to 01/05/2013		
Date	Particulars	Cheque No.	Withdrawals (₹)	Deposits (₹)
09/04/2011	Funds transfer – Wanowrie*			5,00,000
09/04/2011	Funds transfer – Wanowrie			5,00,000
15/04/2011	Chq paid – Wanowrie / Pune	208270	8,00,000	
20/04/2011	Chq paid – Wanowrie / Pune	211901	8,00,000	
15/05/2011	Blue Chip Corporation Pvt Ltd	208685	1,00,000	
01/06/2011	Funds transfer – Wanowrie			4,00,000
13/06/2011	Funds transfer – Wanowrie			5,00,000
16/06/2011	Funds transfer – Wanowrie			9,50,000
17/06/2011	Chq paid – Wanowrie / Pune	217676	5,00,000	
18/06/2011	Chq paid – Wanowrie / Pune	215651	5,00,000	
20/06/2011	Chq paid – Wanowrie / Pune	210804	6,00,000	
12/07/2011	Funds transfer – Wanowrie			10,00,000
12/07/2011	Funds transfer – Wanowrie			10,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Funds transfer – Wanowrie			5,00,000
12/07/2011	Pravin B Darawade	215652	20,00,000	
18/07/2011	Funds transfer – Wanowrie			10,00,000
30/07/2011	Blue Chip Commodities	211778	1,00,000	
10/08/2011	Chq paid – Blue Cheap Invest	218715	48,00,000	
27/08/2011	Chq paid – Wanowrie / Pune	227036	24,00,000	
04/10/2011	Chq paid – Wanowrie / Pune	211793	10,00,000	
13/10/2011	Chq paid – Wanowrie / Pune	222897	30,00,000	
14/10/2011	Chq paid – Wanowrie / Pune	227046	15,00,000	
21/10/2011	Chq paid – Wanowrie / Pune	230652	12,00,000	
31/10/2011	Blue Chip Corporation Pvt Ltd	222899	3,00,000	
18/11/2011	Chq paid – Wanowrie / Pune	234080	25,00,000	
22/11/2011	Chq paid – Wanowrie / Pune	230654	10,00,000	
27/11/2011	Blue Chip Corporation Pvt Ltd	203405	1,00,000	
28/11/2011	Funds transfer – Wanowrie			10,00,000
08/12/2011	BCCPL	230665	1,00,000	

08/12/2011	Blue Chip Commodities	230666	50,000	
10/01/2012	BCCPL	235303	1,00,000	
10/01/2012	Blue Chip Commodities	235304	50,000	
11/01/2012	Blue Chip Commodities	230674	1,00,000	
20/01/2012	BCCPL	235313	1,00,000	
30/01/2012	BCCPL	234099	3,00,000	
31/01/2012	BCCPL	234100	50,000	
14/02/2012	Narke Nitin Rajaram	244784	30,000	
18/02/2012	Narke Nitin Rajaram	249064	2,00,000	
06/03/2012	Narke Nitin Rajaram	244793	15,00,000	

12.8 The following are noted from the abovementioned bank transactions:

- (i) Large number of cash deposits were made in the bank accounts of M/s Blue Chip Investment, M/s Blue Cheap Investment, M/s Milestone Investment, Mr. Nitin Rajaram Narke.
- (ii) It is mentioned in the interim order-cum-SCN that in the bank account of M/s Blue Chip Investment, it is noted that out of total deposit of Rs.18,60,82,019/- cash deposit was to the tune of Rs.8,58,55,000/-.
- (iii) Frequent movement of funds were noticed in the bank accounts held by Mr. Nitin Rajaram Narke, M/s Milestone Investment, BCCPL, M/s Blue Chip Investment, M/s Blue Cheap Investment, BCCBPL, by way of withdrawal as well as deposits.
- (iv) In almost all the bank accounts, money was withdrawn, mostly by way of self-cash withdrawal/cash paid self, fund transfer to the personal bank account of Mr. Nitin Rajaram Narke and again withdrawing cash from that bank account or by way of self-demand draft.
- (v) Funds were transferred from the above bank accounts to BCCPL, BCCBPL, BMA Wealth Creators Ltd. (stock broker) and Globe Capital Markets Ltd. (stock broker) suggesting that money of the investors was utilised in the securities markets including commodities.
- (vi) The bank statements also show that small amounts in cheque/cash was being credited into the accounts suggesting collection of money from investors and there were also debits of small amount by way of cheque/cash/funds transfer, suggesting repayment of the amount so collected.
- (vii) Type of transactions in all the said bank accounts are similar, i.e., deposits by way of cash, cheques, *inter se* fund transfers from one account to another account and

payments also were made to either of the said accounts and mostly amounts withdrawn by Mr. Nitin Rajaram Narke.

In the light of the facts mentioned above, it is clearly established that money was collected by Mr. Nitin Rajaram Narke through various bank accounts opened in the name of M/s Blue Cheap Investment and M/s Blue Chip Investment, M/s Nitin Rajaram Narke Investments, M/s Nitin Narke Investments, etc.

12.9 Further, Mr. Nitin Rajaram Narke also floated several firms, including sole proprietorship firm as well as a partnership firm with Ms. Bhavana Chadha and solicited money from general investors to make investment in the securities market on their behalf by promising them high returns. The fund transfers to the Stock Brokers also denotes that Mr. Nitin Rajaram Narke was also managing the funds of investors in the nature of portfolio manager for the purpose of investments in the securities market. Such activities can only be done by a SEBI registered portfolio manager. The Noticees were not registered with SEBI as a portfolio manager at any point of time. In view of the aforesaid, I note that the Noticees misled the investors to believe that they were authorized to do the activities as described above as a portfolio manager. They did so by misusing the SEBI registration, which it had obtained to act as a stock broker. Hence, I find that the charges against the Noticees that they acted as unregistered portfolio manager in violation of Section 12(1) of SEBI Act read with Regulations 3 of the PMS Regulations, 1993 stands established.

12.10 It is noted that several investors of the Noticees have claimed repayment of their investments. Investors had also lodged several police complaints against Mr. Nitin Rajaram Narke pursuant to which he was arrested. It is noted from the investor complaints and the information received from Pune Police and the fund transfers in various bank accounts that the Noticees had collected funds and deposits from the investors through misrepresentation as a portfolio manager by using the certificate of registration issued to BCCPL as a stock broker by promising high returns. In view of the same, I find that the Noticees have clearly devised a scheme which is 'fraudulent' as defined in regulation 2(1) (c) of the PFUTP Regulations. It is clear that the Noticees made misrepresentations in a fraudulent and deceitful manner and mobilised large amounts from the public. In the light of the same I find that the Noticees have acted in fraudulent and deceitful manner in

violation of Section 12A (a) (b) and (c) of the SEBI Act and Regulation 3 (b), (c) and (d) and Regulation 4(1) and 4(2) (k) of the PFUTP Regulations.

12.11 Considering the fact that BCCPL and its promoters/directors were carrying out fund based activities through various firms and thus indulged in fund based activities involving personal financial liability, which being a stock broker it cannot undertake, in view of the prohibitions contained in Rule 8(3)(f) of SCRR. As per Rule 8 (3) (f) of SCRR, a member of the Stock Exchange is prohibited from engaging in any business other than that of securities or commodity derivatives except as a broker or agent not involving any personal financial liability. In view of the same, I find that BCCPL by undertaking the above activities violated the provisions of Rule 8(3)(f) of SCRR.

12.12 As per the information furnished by the stock exchanges, I note that NSE suspended the membership of BCCPL for its various defaults. Further, MCX and NCDEX also declared BCCBPL as a defaulter. I note that BCCPL as a SEBI registered Broker/Sub-broker at the relevant time was duty bound to follow the conditions of granting of certificate of registration and also to abide by the code of conduct prescribed under the Brokers Regulations. BCCPL and its Promoter Directors by misusing the status as Broker/Sub-broker solicited collected money from the members of public through various fraudulent schemes as detailed above promising them high returns. BCCPL was also closed their office without intimation to the exchanges and clients. Hence, I find that the Noticees failed to maintain high standards of integrity, promptitude and fairness prescribed for an intermediary, therefore violated regulation 9(f) and 17(2) of the Brokers Regulations read with clauses A(1) and A(5) of Schedule II of the Regulations.

12.13 Mr. Rajaram Narke vide his replies dated November 19, 2015 (sent from Jail) and subsequently on August 31, 2017 contended that he was not connected with any of the firms, not collected any money from investors as alleged by HPIA and there was no evidence for the same. In this regard, it is pertinent to mention that SEBI has conducted a preliminary inquiry into the allegation of fund mobilisation against the Noticees. As part of the inquiry, SEBI sought information from various banks, NSE, MCX, NCDEX etc. It is pertinent to mention that the deposits of cash, transfer of funds etc. reflected in the bank accounts have not been disputed by the Noticees. Based on the said information and also the evidence such as collection of money, issuance of cheques to investors, fund transfers

etc. which have not been rebutted by the Noticees. In view of this, I find that the violations committed by the Noticees stands established.

The Noticee has also raised a contention regarding the authority of the Hon'ble Whole Time Member who passed the ex-parte order. As regards, the same it is observed that as per Section 19 of the SEBI Act, the powers and functions under the Act may be delegated by the Board to any member or officer of the Board as may be deemed fit. As per the work allocation, the instant matter was listed before the then Hon'ble Whole Time Member and considering the material available on record the ex-parte order was passed, I find that the ex-parte order does not suffer from any lack of authority as contented by the Noticees.

- 12.14 It is also noted that the Noticees failed to comply with the directions issued by SEBI in the *ex-parte* order dated November 09, 2015 as regards furnishing complete details of amounts collected from investors, full inventory of their assets, etc. As regards the direction for attachment of bank accounts of the Noticee, it is noted from the information provided by banks that the bank accounts of BCCPL, Mr. Nitin Rajaram Narke, Blue Cheap Investment were blocked. Further, bank accounts of Mr. Parvin B. Darawade and Ms. Bhavan Chadda were already closed. As regards, Blue Cheap Investments and Nitin Narke Investment no accounts maintained/no records found with HDFC. Further, Axis bank vide e-mail dated November 18, 2015 confirmed freezing of accounts of Mr. Pravin B. Darawade and Ms. Bhavana Chadda.
13. SEBI has been entrusted with the important mandate of protecting investors and safeguarding the integrity of the securities market. In this regard, necessary powers have been conferred upon it under the securities laws. It is, therefore, necessary that SEBI exercises these powers firmly and effectively to insulate the market and its investors from the fraudulent actions of any of the participants in the securities market, thereby fulfilling its legal mandate. A basic premise that underlines the integrity of securities market is that persons connected with securities market conform to high standards of transparency, good governance and ethical behavior prescribed in securities laws and do not resort to fraudulent activities. In view of the gravity of the violations perpetrated by the Noticees viz., Mr. Nitin Rajaram Narke, Mr. Pravin. B. Darawade and Ms. Bhavana Chadda through their firms/companies as brought in the foregoing paragraphs I am of the opinion that they should not be allowed to have access to the securities market in view of the possible danger to the investors at large.

14. In view of the foregoing, I, in exercise of powers conferred upon me by virtue of Section 19 read with Sections 11(1), 11(4) and 11B of the SEBI Act do hereby pass the following Directions :

- i. Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L) are prohibited from mobilizing or pooling any fresh funds from their clients, other general investors or members of public in whatever form for a period of **ten (10)** years from the date of this Order;
- ii. Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L) shall refund the monies so collected from its clients and other investors through various schemes along with income, profits or returns promised to them under such schemes or interest at the rate of 10% per annum, whichever is higher, from the date of investment till the date of refund within a period of **ninety (90)** days;
- iii. Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L) shall submit a repayment report to SEBI in the following format as certified by two independent Chartered Accountants who are in the panel of any public authority or public institution:.

S. No.	Name of Client / Investor	PAN of Client / Investor	Address of Client/ Investor	Refund Details			
				From		To	Amount
				Cheque No./ Demand Draft/ NEFT details	Name of the Bank	Cheque No./ Demand Draft/ NEFT details	

- iv. Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L) shall provide a full inventory of all assets and properties and details of all its bank accounts, demat accounts and holdings of shares/securities.
- v. Blue Chip Corporation Pvt. Ltd. (PAN: AAECB5060A), Mr. Nitin Rajaram Narke (PAN: AECPN7019L), Mr. Pravin B. Darawade (PAN: ATUPD8449F), Ms. Bhavana Chadha (PAN: AFNPC9292G), M/s Milestone Investment (PAN: AASFM5213B), M/s Nitin Narke Investment (PAN: ATUPD8449F), M/s Blue Cheap Investment (PAN: AECPN7019L) and M/s Blue Chip Investment (PAN: AECPN7019L) directed not to access the securities market directly or indirectly, and are further restrained and prohibited from buying, selling or otherwise dealing in the securities market, directly or indirectly for a period of **ten (10)** years from the date of this Order.

This shall not prohibit the Noticees from effecting the repayments to their investors.

15. This order shall come into force with immediate effect. The stock exchanges and the depositories are directed to ensure that the above directions are strictly enforced.
16. The above directions are without prejudice to the right of SEBI to take any other action that may be initiated against the Noticees in accordance with law including the actions of imposing monetary penalties, suspension/ cancellation of registration etc.

Place : Mumbai
Date : September 04, 2017

S. RAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA