BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. SD/AO/83/2009]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

Against

M/s. DPS Shares & Securities Private Limited
SEBI Regn No. - INB010986539

In the matter of

M/s. Zigma Software Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation into the affairs relating to buying, selling or dealing in the shares of the scrip of M/s. Zigma Software Limited (hereinafter referred to as **'ZSL' or 'the said scrip'**) on witnessing sudden price rise along with concentration among few clients during the period August to November, 2003 and a sudden price fall with heavy concentration among few clients during May to June, 2004. Therefore the period of investigation is August 1, 2003 to November 28, 2003 (hereinafter referred to as **'Period-I'**) and May 7, 2004 to June 22, 2004 (hereinafter referred to as '**Period-II'**).

2. The Bombay Stock Exchange (hereinafter referred to as 'BSE') has observed that the price of the scrip has shot up from Rs. 4.09 to Rs. 28.6 during period-I and subsequently it has decreased from Rs. 24.75 to Rs. 3.86 during period-II.

3. It is stated in the Investigation Report (hereinafter referred to as the 'said report' or '**IR'**) that members DPS Shares and Securities Pvt Ltd (hereinafter referred to as **"Noticee" or "DPS"**), Ramaben Samani Finance Pvt.Ltd (hereinafter referred to as **"RSFPL")** and M/s. Harikishan Hiralal (hereinafter referred to as **"HH"**) alongwith respective clients have traded among themselves for 62% of total market volume during period-I by having bought 60.80% and sold upto 63.07% of the total market volume of the shares of the said scrip and during period-II, the Noticee DPS and HH have traded for 63% of total market volume by having bought 60.75% and sold 64.39% of the total market volume. It was observed that most of the trades executed were via synchronized and structured orders which were placed within a minute, which resulted in creation of artificial volumes during both periods of investigation i.e., Period-I and Period-II. Further, out of the above trades, the Noticee and HH have entered into fictitious trades during both periods of investigation by way of synchronized deals for their client Enpee Enterprises Pvt Ltd and the Noticee mainly traded for the connected clients. Therefore the activities of the Noticee DPS and also other brokers RSFPL and HH during the period of investigation will be discussed in this Order.

4. The IR states that BSE recorded a volume of 120,26,739 shares and 34,01,471 shares during period-I and period-II respectively. During Period-I the scrip was traded for 85 days during which the price of the scrip moved steadily upwards from Rs.3.98/- on August 1, 2003 to Rs.4.68/- on September 18, 2003 and then moved up to Rs.9.70/- on October 1, 2003. From October 3, 2003 to October 23, 2003 the scrip moved in the range of Rs.8.36/- to Rs.9.1/- and thereafter rose to Rs.28.57/- on November 28. 2003. The average daily volume during period-I is 1,41,491 shares. During this period the Sensex moved up from 3765.82 on August 5, 2004 to 5044.82 on November 28, 2004 with intermittent bottoms. A similar trend has been observed for S& P CNX Nifty.

5. During period II the scrip was traded for 33 days and there was a sharp fall in the price of the scrip from Rs.24.55 on May 7, 2004 to Rs.4.84 on June 16, 2004 then moved between Rs. 4.23 to Rs.4.65 during June 17, 2004 to June 22, 2004. The average daily volume during the period II is 1,03,075 shares. During this period the Sensex dropped from 5669.58 on May 7, 2004 to 4505.16 on May 17. Thereafter the sensex again moved up to 5123.23 on May 24, 2004 and dropped down to 4759.62 on May 31, 2004. The sensex

had again gone up to 4891.86 on June 8, 2004 and then dropped down to 4735.86 on June 22, 2004. A similar trend has been noticed for S & P CNX Nifty.

6. Subsequent to the investigation period, particularly period I the price went up from 28.57 on November 28, 2003 to Rs. 37.15 on January 8, 2003 and then came down to Rs. 14.85 on April 8, 2004 and then went up to Rs. 25 on May 6, 2004 prior to period II. After the end of period II on June 22, 2004 the price was Rs. 4.65 which went up to Rs.32 on July 12, 2005. The company then went in for stock split in May 2005 and the price was revised from July 13, 2005 and the price was quoted at Rs. 3.5. On December 19, 2005 the closing price was Rs. 2.

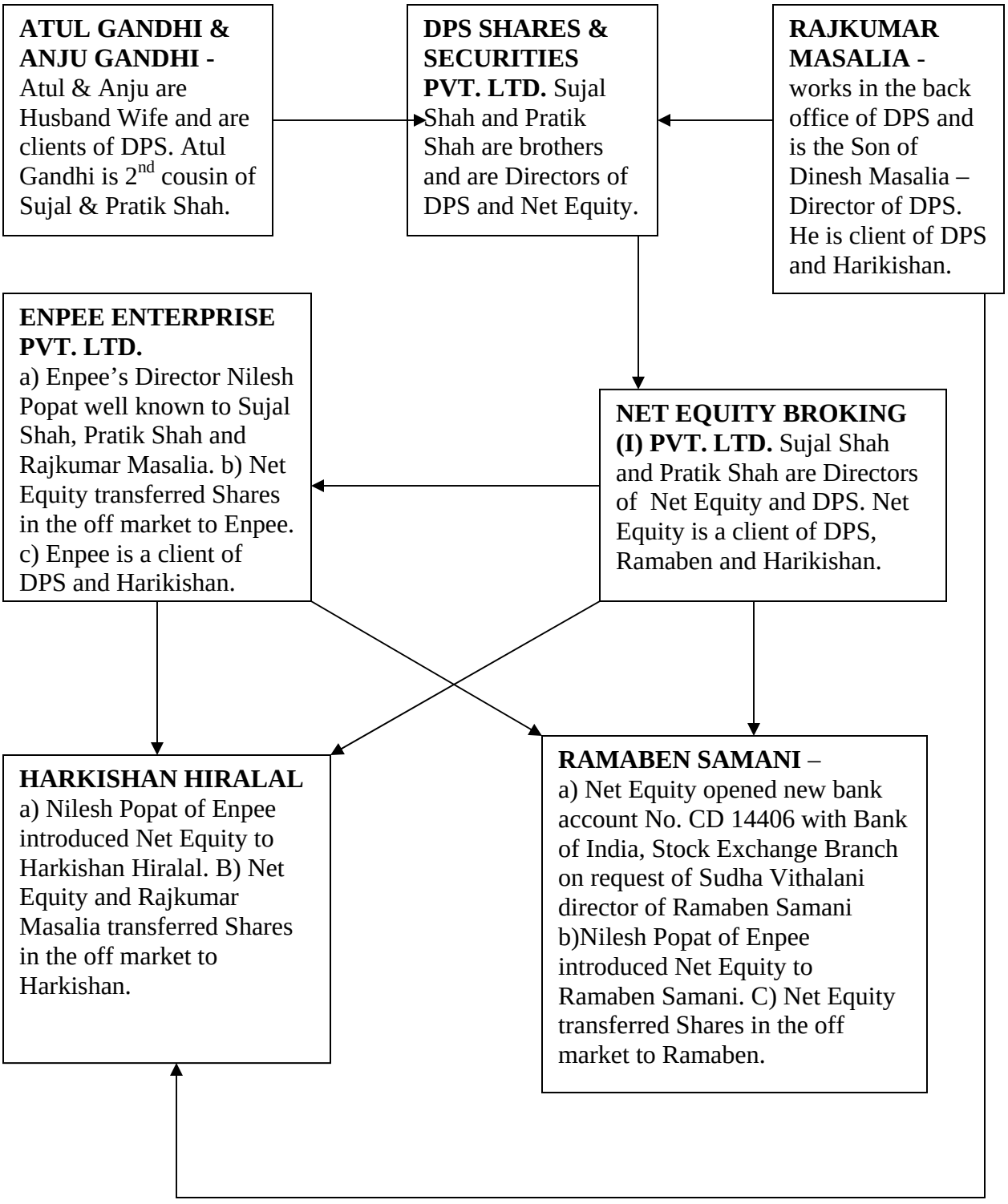
7. The acts and omissions of the Noticee as brought out by the said IR will be discussed in the following paragraphs.

8. During period-I, the major brokers and their clients who have traded in the scrip and were involved in non genuine trading had purchased 60.80% and sold 63.07% shares of the market volume during the period I, the details of which are as follows:

Member Broker	**Name of the Client**	**Gross Purchase (GP)**	**% to Mkt Vol**	**Gross Sales (GS)**	**% to Mkt Vol**
DPS	Traded by DPS in the name Atul J Gandhi	48,25,672	40.12	66,500	0.55
DPS	Traded by DPS in the name Anju Atul Gandhi	9,00,117	7.48	1033	0.01
DPS	Traded by DPS in the name Enpee Enterprise Pvt Ltd	6,29,400	5.23	200	0.00
HH	Enpee Enterprise Pvt Ltd	0	0.00	1,49,000	1.24

DPS	Traded by DPS in the name Narendra V Mistry	5,82,375	4.84	0	0.00
DPS	Net Equity Broking (I) Pvt Ltd	1,81,006	1.51	23,720	0.20
DPS	Traded by DPS in the name Pratik Shah	35,901	0.30	5000	0.04
DPS	Traded by DPS in the name Nitin Rakesh	1,41,350	1.18	0	0.00
Ramaben Samani or RSFPL	Net Equity Broking (I) Pvt Ltd	16,550	0.14	58,99,656	49.05
HH	Net Equity Broking (I) Pvt Ltd	0	0.00	1440500	11.98
TOTAL		73,12,371	60.80	75,80,609	63.07

9. The Noticee DPS has purchased 72,95,821 shares in the names of various clients viz., Atul J Gandhi, Anju Atul Gandhi, Enpee Enterprise Pvt Ltd, Narendra V Mistry, Net Equity Broking (I) Pvt Ltd, Pratik Shah and Nitin Rakesh (hereinafter referred to as the **"said connected entities")**, all of whom have been found to be connected entities during the investigation and the following chart depicts the relation between these various entities.


ATUL GANDHI & ANJU GANDHI - Atul & Anju are Husband Wife and are clients of DPS. Atul Gandhi is 2nd cousin of Sujal & Pratik Shah.
DPS SHARES & SECURITIES PVT. LTD. Sujal Shah and Pratik Shah are brothers and are Directors of DPS and Net Equity.
RAJKUMAR MASALIA - works in the back office of DPS and is the Son of Dinesh Masalia – Director of DPS. He is client of DPS and Harikishan.
ENPEE ENTERPRISE PVT. LTD. a) Enpee's Director Nilesh Popat well known to Sujal Shah, Pratik Shah and Rajkumar Masalia. b) Net Equity transferred Shares in the off market to Enpee. c) Enpee is a client of DPS and Harikishan.
NET EQUITY BROKING (I) PVT. LTD. Sujal Shah and Pratik Shah are Directors of Net Equity and DPS. Net Equity is a client of DPS, Ramaben and Harikishan.
HARKISHAN HIRALAL a) Nilesh Popat of Enpee introduced Net Equity to Harkishan Hiralal. B) Net Equity and Rajkumar Masalia transferred Shares in the off market to Harkishan.
RAMABEN SAMANI – a) Net Equity opened new bank account No. CD 14406 with Bank of India, Stock Exchange Branch on request of Sudha Vithalani director of Ramaben Samani b)Nilesh Popat of Enpee introduced Net Equity to Ramaben Samani. C) Net Equity transferred Shares in the off market to Ramaben.

10. Out of 72, 95, 821 shares of ZSL traded by the Noticee, 72, 35, 828 shares constituting 60.16% of the total quantity traded during this period was found to have been traded in a circular manner. Out of 72,35,828 shares traded during period-I, 66, 36, 886 shares of ZSL were traded in such a way that 1320 synchronized trades amounting to 54, 22, 004 shares of ZSL were entered into with RSFPL, who traded for its client Net Equity. Furthermore, 884 structured trades amounting to a total of 12, 14, 882 shares of ZSL were also entered into with broker HH for its clients Net Equity and Enpee.

11. The IR states that during period-I the above brokers have executed synchronized/structured trades in the market and transferred the shares in the off market to the same brokers to be bought again which resulted in circular trading.

12. During Period-I DPS used to place buy orders in the names of the said connected entities for the same quantity as RSFPL who traded for its client Net Equity and HH for its clients Net Equity and Enpee who used to place sell orders at the same time on BSE BOLT terminal. The shares purchased by the Noticee DPS in the name of its various clients were received in the demat account of Net Equity and on some days in DPS demat account which was in turn transferred to the demat a/c of Net Equity. On receipt of the shares in the demat account, Net Equity used to transfer these shares mostly on the same day in the off market to the pool accounts of RSFPL/HH/Enpee which Enpee used to transfer to HH's demat account through off-market deals. On receipt of these shares in their pool account, RSFPL and HH used to sell these shares on BSE BOLT terminal for Net Equity (Ramaben) and Net Equity and Enpee (HH). At the same time DPS used to place buy orders of the same quantity in the names of various clients to match these sell orders. The net purchases of the Noticee were received in the demat account of Net Equity, which again would transfer the shares in the off market to demat account of the brokers and to Enpee for selling in the market only to be purchased by the Noticee on the other side. This cycle invariably continued for 58 days during Period I of investigation period and in the process 72,35,828 shares were traded in this pattern. The buy and sell orders were identical for almost all these transactions with respect to quantity and rate.

13. The IR further analysed the circular trading, structured/synchronized trades and states that out of the circular traded quantity, for 66,36,886 shares the difference between the respective buy order time and the sell order time was less than one minute and thus structured in nature. For the remaining 5,98,242 shares the difference between the respective buy order time and the sell order time was more than one minute because of the multiple orders placed by the three brokers including DPS or to match their pending orders.

14. The IR further states that out of the 1320 structured deals, 17 deals for 159100 shares were executed for the client Net Equity where the counter party seller was the client itself. And the 1303 deals for 52,62,904 shares were executed for the said connected entities where the counter party seller was the client Net Equity. The Noticee has further entered into 884 structured deals amounting to a total of 12,14,882 shares where the counter party seller was HH. The Noticee executed the transactions in the names of the entities Atul J Gandhi, Anju Atul Gandhi and Enpee. Out of the above structured deals 354 deals for 4,84,350 shares were executed for the client Enpee Enterprises Pvt Ltd where the counter party seller was the client itself for 31000 shares and for the balance 4,53,350 shares the counter party seller was Net Equity and 530 deals were executed for 7,30,532 shares in the names of the clients Atul Gandhi and Anju Atul Gandhi where the counter party seller is Net Equity.

15. The major brokers and their clients who have traded in the scrip and were involved in non genuine trading had bought 60.75% and sold 64.39% shares of the market volume during period II. The following is the table containing details of the same:

Member Broker	**Name of the Client**	**Gross Purchase (GP)**	**% to Mkt Vol**	**Gross Sales (GS)**	**% to Mkt Vol**
DPS	Traded by DPS in the name Enpee Enterprise Pvt Ltd	1951374	57.37	21120	0.62
HH	Enpee	0	0.00	400000	11.76
DPS	Net Equity	114970	3.38	2997	0.09
HH	Net Equity	0	0.00	690500	20.30

HH	Rajkumar Masalia	10	0.00	1075510	31.62
	Total	**20,66,354**	**60.75**	**21,90,127**	**64.39**

16. During Period II 34, 01, 471 shares of ZSL were traded in 33 trading days on the BSE. It was found in the IR that the Noticee purchased 20,66,354 shares of ZSL in the names of various clients viz., Enpee, Rajkumar Masalia and Net Equity, out of which 20,16,045 shares of ZSL constituting 59.27% of the total quantity traded during this period was found to have been traded in a circular fashion. Out of 20,16,045 shares of ZSL traded, 926 synchronized trades amounting to 13,07,152 shares were entered into with broker HH who also traded for its clients Net Equity, Enpee and Rajkumar Masalia. Thus DPS has purchased 20,66,354 shares in the names of Enpee and Net Equity. HH has sold 21,66,010 shares for Rajkumar Masalia, Net Equity and Enpee.

17. DPS used to place buy orders in the names of various clients viz., Enpee, Net Equity and Rajkumar Masalia when the other broker HH used to place sell order for the clients Rajkumar Masalia, Net Equity and Enpee. In the above transactions, the shares bought by the Noticee in the names of the various clients were received in the demat account of Net Equity or Rajkumar Masalia. On receipt of which Net Equity transferred the same to the demat account of the broker HH or Enpee which Enpee transferred to HH later and Rajkumar Masalia transferred to HH, who upon receipt of such shares, acted as the selling broker for Net Equity, Rajkumar and Enpee while the Noticee acted as the buying broker for the same set of clients. The net purchases of the Noticee were received in the demat account of Net Equity or Rajkumar Masalia who again used to transfer the shares in the off market to demat account of HH and to the demat account of Enpee for selling in the market only to be purchased by the Noticee on the other side. This cycle of circular trading continued for 26 days during which 20, 16, 045 shares of ZSL were found to have been traded.

18. The IR states that out of the circular traded quantity, for 13,07,152 shares the difference between the respective buy order time and the sell order time was less than one minute which is structured in nature. For the remaining 7,08,893 shares the difference between the respective buy order time and the sell order

time was more than one minute because of the multiple orders placed by the two member brokers or to match their pending order. The Noticee has entered into 926 structured deals amounting to a total of 13,07,152 shares where the counter party seller was HH. DPS executed the said transactions in the names of Enpee, Net Equity and Rajkumar Masalia. Again out of these structured deals, 885 deals for 12,72,290 shares were executed for the client Enpee where the counter party selling clients were the client itself for 3,72,545 shares, Rajkumar Masalia for 5,11,045 and Net Equity for 3,88,700 shares. And 32 deals for 23,862 shares were executed for the client Net Equity where the counter party selling client was the client itself. Lastly, 9 deals for 11,000 shares were executed for the client Rajkumar Masalia where the counter party selling client was the client itself.

19. The IR states that the action taken by BSE in case of member RSFPL (clearing no.101) is that a warning was issued to desist from entering into such synchronized and structured trades and in case of members DPS (clg no. 151) and HH (clg no.267), a fine of Rs.1,00,000/- each has been imposed by the Exchange.

20. On the analysis of the last traded price, the IR states that on examination of the order log and the trade log, there seemed no consistent effort by any specific member to influence the price of the scrip, however, instances of synchronized trades were observed during investigation as has been brought out in the IR.

21. During Period-I, 72,35,828 shares were traded in a circular pattern on BSE i.e., 60.16% of the total quantity traded, majority of which were in the nature of synchronized/structured deals. During Period-II 20, 16, 045 shares were traded in circular pattern on the BSE i.e., 59.27% of the total quantity traded, majority of which were in the nature of synchronized/structured deals. The day-wise trading of such synchronized/structured trades during period-I ranged from 11.83% to 98.68% of the days' quantity traded on 58 trading days out of 85 trading days. The day wise trading of such structured/synchronized trades during period II ranged from 33.14% to 92.61% of the days' quantity traded on 26 trading days out of 33 trading days. The entities have thus misused the stock exchange mechanism to tide over the financial commitments and distorted market equilibrium in the scrip of ZSL and in the process created artificial volume of trading.

22. The IR has further quoted a decision of *Nirmal Bang Securities Pvt Ltd (Appellant) vs. SEBI Chairman*[1] wherein it was held that synchronized trading on a large scale can create false volumes. Thus the IR has stated that the transactions, apart from creating artificial volume of trading, also influence the price by giving the impression that they are genuine prices which is not the case.

23. Hence it was alleged that one of the brokers, viz., M/s. DPS Shares & Securities Pvt Ltd or DPS the Noticee herein violated the provisions of Regulations 4(1), 4(2)(a), (b), (g) and (n) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**) and Regulation 7 r/w Clauses A (1) to (5) of the Code of Conduct under Schedule II of the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as the "**Brokers Regulations**") and therefore, liable for monetary penalty under section 15HA and section 15HB of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**").

APPOINTMENT OF ADJUDICATING OFFICER

24. Ms. Babita Rayudu was appointed as Adjudicating Officer vide order dated October 6, 2006 under section 15 I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules'**) to inquire into and adjudge the alleged violations of Regulations 4 (1), 4 (2) (a), (b), (g) and (n) of PFUTP Regulations and Regulation 7 r/w Clauses A (1) to (5) of the Code of Conduct under Schedule II of the SEBI Brokers Regulations committed by the Noticee.

25. Consequent upon the transfer of Ms. Babita Rayudu, the undersigned was appointed as the Adjudicating Officer vide order dated November 23, 2007.

SHOW CAUSE NOTICE, HEARING AND REPLY

26. Show Cause Notice No. EAD/GBR/88679/2007 dated March 13, 2007 (hereinafter referred to as the **"SCN"**) was issued to the

[1] Appeal No.54 of 2002

Noticee under rule 4(1) of the Rules to show cause as to why an inquiry should not be held against the Noticee and penalty be not imposed on the Noticee under section 15HA and Section 15HB of the SEBI Act for the alleged violations specified in the said SCN.

27. The Noticee replied to the said SCN vide letter dated May 11, 2007 stating that they will submit their reply at the earliest and also to register the change in their address.

28. In the interest of principles of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Rules, the Noticee was granted an opportunity of personal hearing on August 6, 2007 vide notice of hearing dated July 23, 2007 at the SEBI Head Office situated at Bandra Kurla Complex, Mumbai. The Noticee is in receipt of the said Notice of hearing as the acknowledgment for the same is available on record but he did not appear on the scheduled date nor did he convey the reasons for his inability to appear before the concerned authority.

29. However, another opportunity of hearing was granted to him in the interest of Principles of Natural Justice on October 4, 2007 vide Notice of Hearing dated September 12, 2007, which the Noticee had received but did not appear before the adjudicating authority for the second time nor did he convey any reasons for the same.

30. A third opportunity of hearing was granted to him to enable him to defend himself before the authority on October 13, 2008 vide Notice of Hearing dated October 1, 2008 to which the Noticee had replied vide letter dated October 10, 2008 requesting for 3-4 days extension for submission of their reply.

31. However, the Noticee did not respond thereafter and thus another opportunity was granted to have him heard, vide Notice of Hearing dated October 23, 2008 to appear on November 18, 2008. Though the Noticee was in receipt of the said Notice of hearing as the acknowledgement is available for the same on record, the Noticee did not appear before the authority nor did he convey his reasons for the same.

32. Despite giving sufficient time, the Noticee failed to submit proper reply to the show cause notice and also failed to appear four times for personal hearing, which is not done normally, the matter

is to be viewed very seriously and the inquiry is proceeded with taking into account the facts and material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

33. The issues that arise for consideration in the present case are :

a) Whether the Noticee has violated Regulations 4 (1), 4 (2) (a), (b), (g) and (n) of PFUTP Regulations, 2003?

b) Whether the Noticee has violated Regulation 7 r/w Clauses A (1) to (5) of the Code of Conduct under Schedule II of the SEBI Brokers Regulations?

c) Does the violation, if any, on the part of the Noticee attract monetary penalty under section 15 HA and Section 15HB of the SEBI Act?

d) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

34. Regulation 4 reads thus, ***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.*

35. Regulation 4 (2) reads thus, '*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:-*

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

(g) entering into a transaction in securities without the intention of performing it or without intention of change of ownership of such security.

(n) circular transactions in respect of a security entered into between intermediaries in order to increase commission to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security.

"Stock brokers to abide by Code of Conduct.

7. The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in *Schedule II.*

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.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors' interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(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 exchange from time to time as may be applicable to him.

36. I reiterate from the Investigation Report (IR) the facts about circular trading between the Noticee, RSFPL and HH. During Period I of investigation the cycle of circular trading invariably continued for 58 days and in the process 72,35,828 shares were traded in this pattern. The buy and sell orders were identical for

almost all these transactions with respect to quantity and rate. Demat accounts of Atul Gandhi, Anju Gandhi, Narendra Mistry and Nitin Rakesh were also sought from CDSL and NSDL. CDSL replied that there are no accounts in these names. NSDL replied that there are no accounts in the name of Atul Gandhi, Anju Gandhi and there were no transactions in the demat account of Narendra Mistry and Nitin Rakesh. This is further substantiated by the fact that the time between the buy and sell orders ranged between 0 seconds to 8 min's and the number of trades were large, as can be depicted from the table on page 15 of this Order, which contains only a small portion of the deals of circular trading done by the three brokers viz., the Noticee, RSFPL and HH during Period I.

37. Furthermore, Noticee DPS has entered into 1320 structured deals i.e., a total of 54,22,004 shares where the counter party seller was the RSFPL. DPS executed the transactions in the names of the said connected entities while RSFPL had executed for the client Net Equity, which has been brought out in the table on pages 16-18 of this Order which contains some of the 1320 synchronized trades executed between the Noticee and RSFPL, wherein the difference in quantity, rate and time is zero.

38. As far as trades during Period II of the investigation are concerned, I reiterate from the Investigation Report (IR) the facts about circular trading between the Noticee and HH. During Period II of investigation the cycle of circular trading invariably continued for 26 days and in the process 20,16,045 shares were traded in this pattern. The buy and sell orders were identical for almost all these transactions with respect to quantity and rate. This is further substantiated by the fact that the time between the buy and sell orders ranged between 0 seconds to 8 min's and the number of trades were large, as can be depicted from the table on page 19 of this Order, which contains only a small portion of the deals of circular trading done by the brokers viz., the Noticee, and HH during Period II.

39. Furthermore, Noticee DPS has entered into 926 structured deals i.e., a total of 13,07,152 shares where the counter party seller was HH. These transactions can be seen in the table on page 20 of this Order which contains only some of the synchronized trades executed between the Noticee and HH, wherein the difference in quantity, rate and time is zero.

		PARTICULARS OF MARKET TRANSACTIONS							DEMAT TRANSACTION PARTICULARS	
	Trade Date	SN	Buying Broker	Bought in the Name of	Traded Qty	Sold in the Name of	Selling Broker	Particulars of Market Orders	DEMAT ENTRIES OF THE BUYING BROKER	DEMAT ENTRIES OF THE SELLING BROKER
1	5-Aug-03	91	DPS Shares & sec Pvt. Ltd.	Atul J Gandhi	149600	Net Equity	Ramaben Samani		Net Equity received 128900 shares in its demat A/c 1202700100003465 on July 29, 2003 for SN84 b) Net Equity received InterDep Cr of 20000 shares on July 31, 2003.Net Equity transferred 1,49,500 sahres in the demat A/c of Ramaben	Net Equity transferred 1,49,500 sahres in the demat A/c of Ramaben on Aug 05, 2003.
3	19-Aug-03	100	DPS Shares & sec Pvt. Ltd.	Atul J Gandhi	149000	Net Equity	Ramaben Samani	One Buy order of 149000 and one sell order of 149000. Diff between Buy and sell time 0.0 Sec	Net Equity received 149000 shares in its demat A/c on Aug 18, 2003 for SN97for the net purchases of 149000 for Enpee for SN 97.	Net Equity transferred 149000 shares to Ramaben Samani demat A/c in the off market on Aug 19, 2003.
4	21-Aug-03	102	DPS Shares & sec Pvt. Ltd.	Net Equity (134200) and Atul J Gandhi (14900)	149100	Net Equity	Ramaben Samani	One sell order of 149000 for Net Equity and one buy order of 14900 for Atul Gandhi and 2 buy orders of 100000 and 35000 for Net Equity. The Diff Diff between Buy and sell time is 03 ot 33 Secs	Net Equity received 149000 shares in its demat A/c on Aug 21, 2003 for SN100 for the net purchases of 149000 for Atul Gandhi for SN100.	Net Equity transferred 149000 shares to Ramaben Samani demat A/c in the off market on Aug 21, 2003.

5	25-Aug-03	104	DPS Shares & sec Pvt. Ltd.	Atul J Gandhi	149000	Net Equity	Ramaben Samani	One Sell order of 149000 for Net Equity and one buy order of 149000 for Atul Gandhi. The Diff Diff between Buy and sell time is 0 Secs	Net Equity received 149,100 shares in its demat A/c on Aug 25, 2003 for SN102 for the net purchases of 149100 for Net Equity & Atul Gandhi for SN102.	Net Equity transferred 149600 shares to Ramaben demat A/c. in off market on Aug 25, 2003

DATA OF SYNCHRONIZED TRADES BETWEEN DPS (151) AND RSFPL (101) DURING PERIOD I

Trade Date	Trade No	Trade Time	Trade Qty	Trade Price	buy Member	BuyOrderNo	Buy Client Code	MachineNo	Sell Broker	sellOrderNo	Sell Client Code	Machine No	Buy Ord Time	Sell Ord Time	Diff of Buy & Sell Order time	Buy order Qty	Sell Order Qty	Diff of Buy & Sell Order Qty	Buy order Rate	Sell Order rate	Diff of Buy & Sell Order Qty
8/5/2003	3	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	4	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	5	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	6	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	7	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	8	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	9	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	10	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	11	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/5/2003	12	11:16:33	10000	4.08	D0151	15100500010050507	Q101	5	D0101	10100100010173854	4316	1	11:16:33	11:16:33	0:00:00	100000	100000	0	4.08	4.08	0.00
8/25/2003	33	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	34	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00

8/25/2003	35	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	36	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	37	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	38	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	39	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	40	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	41	13:45:53	15000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
8/25/2003	42	13:45:53	14000	4.25	D0151	15100500010051892	Q101	5	D0101	10100100010174455	4316	1	13:45:52	13:45:52	0:00:00	149000	149000	0	4.25	4.25	0.00
9/23/2003	51	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	52	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	53	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	54	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	55	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	56	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	57	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	58	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	59	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
9/23/2003	60	12:41:55	7000	5.28	D0151	15100500010053842	Q101	5	D0101	10100100010175532	4316	1	12:41:55	12:41:55	0:00:00	70000	70000	0	5.28	5.28	0.00
10/3/2003	102	11:58:46	15000	9.20	D0151	15100200010051478	Q101	2	D0101	10100100010175711	4316	1	11:58:45	11:58:45	0:00:00	15000	15000	0	9.2	9.20	0.00
10/3/2003	175	13:27:36	1000	9.14	D0151	15100200010051492	Q101	2	D0101	10100100010175725	4316	1	13:27:35	13:27:35	0:00:00	1000	1000	0	9.14	9.14	0.00
10/6/2003	31	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	32	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	33	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	34	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	35	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00

10/6/2003	36	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	37	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	38	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	39	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	40	11:08:10	4800	8.69	D0151	15100800000014229	Q101	8	D0101	10100500010003184	4316	5	11:08:09	11:08:09	0:00:00	48000	48000	0	8.69	8.69	0.00
10/6/2003	105	13:14:40	8520	8.64	D0151	15100500010054713	Q101	5	D0101	10100500010003202	4316	5	13:14:39	13:14:39	0:00:00	40000	40000	0	8.64	8.64	0.00
10/6/2003	106	13:14:40	8520	8.64	D0151	15100500010054713	Q101	5	D0101	10100500010003202	4316	5	13:14:39	13:14:39	0:00:00	40000	40000	0	8.64	8.64	0.00
10/6/2003	107	13:14:40	8520	8.64	D0151	15100500010054713	Q101	5	D0101	10100500010003202	4316	5	13:14:39	13:14:39	0:00:00	40000	40000	0	8.64	8.64	0.00
10/6/2003	108	13:14:40	8520	8.64	D0151	15100500010054713	Q101	5	D0101	10100500010003202	4316	5	13:14:39	13:14:39	0:00:00	40000	40000	0	8.64	8.64	0.00
10/6/2003	109	13:14:40	5920	8.64	D0151	15100500010054713	Q101	5	D0101	10100500010003202	4316	5	13:14:39	13:14:39	0:00:00	40000	40000	0	8.64	8.64	0.00
10/6/2003	110	13:14:51	131	8.60	D0151	15100500010054714	Q101	5	D0101	10100500010003203	4316	5	13:14:51	13:14:51	0:00:00	131	131	0	8.6	8.60	0.00
10/7/2003	64	12:59:58	1000	8.65	D0151	15100200010051878	Q101	2	D0101	10100500010003264	4316	5	12:59:58	12:59:58	0:00:00	1000	1000	0	8.65	8.65	0.00
10/9/2003	92	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	93	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	94	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	95	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	96	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	97	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	98	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	99	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	100	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/9/2003	101	14:01:08	5000	8.88	D0151	15100200010052083	Q101	2	D0101	10100500010003360	4316	5	14:01:07	14:01:07	0:00:00	50000	50000	0	8.88	8.88	0.00
10/17/2003	51	13:03:24	6000	9.69	D0151	15100500010055377	Q101	5	D0101	10100500010003624	4316	5	13:03:24	13:03:24	0:00:00	60000	60000	0	9.69	9.69	0.00
10/17/2003	52	13:03:24	6000	9.69	D0151	15100500010055377	Q101	5	D0101	10100500010003624	4316	5	13:03:24	13:03:24	0:00:00	60000	60000	0	9.69	9.69	0.00
10/17/2003	53	13:03:24	6000	9.69	D0151	15100500010055377	Q101	5	D0101	10100500010003624	4316	5	13:03:24	13:03:24	0:00:00	60000	60000	0	9.69	9.69	0.00

		PARTICULARS OF MARKET TRANSACTIONS							DEMAT TRANSACTION PARTICULARS	
	Trade Date	**SN**	**Buying Broker**	**Bought in the Name of**	**Traded Qty**	**Sold in the Name of**	**Selling Broker**	**Particulars of Market Orders**	**DEMAT ENTRIES OF THE BUYING BROKER**	**DEMAT ENTRIES OF THE SELLING BROKER**
1	7-May-04	28	DPS Shares & sec Pvt. Ltd.	Enpee	65000	Net Equity	Harkishan Hiralal	Three Sell orders totalling 65000 shares for Net Equity and three buy orders of 65000 shares for Enpee. The Diff between respective Buy order and sell order time is 01Sec, 01 Sec and 01Sec. The respective buy order qty and sell order qty were same.	Net Equity received off market credit of 6000 shares and 99000 shares in its demat A/c on May 07, 2004 from id account 1301190000007308 (Ramaben's demat) and 1202700100013258 (Rajkumar Masalia)	Net Equity transferred 70000 shares and 29000 to IN602671 RM0405025 and RM0405028 respectively in the off market on May 07, 2004. (It is observed that Harikishan Hiralal has received these 70,000 shares in IN300271-10014765 from Net Equity demat A/c on May 07, 2004 for SN25)
2	11-May-04	30	DPS Shares & sec Pvt. Ltd.	Enpee	95000	Net Equity	Harkishan Hiralal	Eight Sell orders totalling 95000 shares for Net Equity and eight buy orders of 95000 shares for Enpee. The Diff between respective Buy order and sell order time varied between 00Sec to 03Secs. The respective buy order qty and sell order qty were same.	Net Equity received 80000 shares in its demat A/c on May 11, 2004 for SN 27.	a) Net Equity transferred 85000 shares to IN602671 RM0405030 in the off market on May 11, 2004. (It is observed that Harikishan Hiralal has received these 85000 shares in IN300271-10014765 from Net Equity demat A/c on May 11, 2004 for SN 30) b) Net Equity transferred 1000 shares as off market to 1301190000001711 on May 11, 2004.It is observed that Harikishan Hiralal has received these 1000 shares in IN300271-10014765 from Net Equity demat A/c on May 12, 2004 for SN 30)

3	11-May-04	30	DPS Shares & sec Pvt. Ltd.	Enpee	9000	Rajkumar Masalia	Harkishan Hiralal	One Sell order of 9000 shares for Rajkumar Masalia and one buy order of 9000 shares for Enpee. The Diff between respective Buy order and sell order time is 05Secs.		

DATA OF SYNCHRONIZED TRADES BETWEEN DPS (151) AND HH (267) DURING PERIOD II

Trade Date	Trade No	Trade Time	Qty	Price	Buy Member Code	Buy Client Code	Buy Machine No	Sell Member Code	Sell Client Code	Sell Machine No	Buy Ord Time	Sell Ord Time	Diff of Buy & Sell Order time	Buy order Qty	Sell Order Qty	Diff of Buy & Sell Order Qty	Buy order Rate	Sell Order rate	Diff of Buy & Sell Order rate
5/11/2004	72	12:00:11	1515	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	73	12:00:11	850	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	74	12:00:11	665	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	75	12:00:11	1515	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	76	12:00:11	185	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	77	12:00:11	1330	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	78	12:00:11	1035	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	79	12:00:11	480	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	80	12:00:11	1515	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	81	12:00:11	370	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	82	12:00:11	1145	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	83	12:00:11	1220	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	84	12:00:11	295	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	85	12:00:11	1515	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	86	12:00:11	555	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	87	12:00:11	810	22.65	D0151	E001	2	D0267	4684	7	12:00:11	12:00:11	0:00:00	15000	15000	0	22.85	22.65	0.2
5/11/2004	128	13:31:29	1215	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	129	13:31:29	285	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	130	13:31:29	930	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	131	13:31:29	570	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	132	13:31:29	645	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	133	13:31:29	855	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	134	13:31:29	360	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	135	13:31:29	1140	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	136	13:31:29	75	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	137	13:31:29	1215	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	138	13:31:29	210	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	139	13:31:29	1005	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	140	13:31:29	495	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0
5/11/2004	141	13:31:29	720	23.40	D0151	E001	2	D0267	4684	7	13:31:29	13:31:29	0:00:00	10000	10000	0	23.4	23.4	0

40. After perusing the data available on record pertaining to circular trades and synchronized trades, which have been done on a large scale by the Noticee and RSFPL along with HH the other brokers with no difference or negligible difference in some instances, in time, rate, quantity, it appears to me that the Noticee has been involved in the manipulation of the scrip of ZSL heavily along with other brokers by creating false volumes and giving an impression that they are genuine prices. The number of such fictitious, circular and synchronized trades is a huge number so as to not allow me to ignore them totally even though the price of the scrip did not get influenced very much. Moreover, the Exchange (BSE) has also taken action against these members along with the Noticee DPS wherein BSE had imposed a fine of Rs.1,00,000/-, which shows that they had misused the exchange mechanism and were involved in such manipulative trades.

41. In this regard, I have placed reliance on the judgment of SAT in the matter of ***Ketan Parekh v. SEBI***[2], wherein SAT has stated that mere synchronization of trade is not per se illegal, a presence of additional factor is necessary to come to a conclusion that the synchronized trade is illegal. In the present case, I believe the additional factors are adequately proved and as discussed above, the trading pattern of the Noticee certainly depicts manipulative trading as the number of trades done at the Noticee's end are large.

42. In another decision of the Securities Appellate Tribunal ***Ask Holdings Pvt Ltd. vs. SEBI***[3] the Hon'ble Securities Appellate Tribunal held that 'the appellants had indulged in fictitious trades in buying and selling the shares of the company. The buyer and the seller were the appellants themselves and these trades were executed primarily with a view to artificially increase the trading volumes in the scrip of the Company. Artificial increase in the volumes of scrip has the adverse effect on the innocent investors of the market who get induced to buy the shares because they seldom have knowledge about the scrip and follow the herd mentality while trading. The adjudicating officer was, therefore, right in holding that the appellants had violated the provisions of Regulation 4 of the SEBI (PFUTP) Regulations, 1995. The

[2] SAT Appeal No. 2 of 2004
[3] SAT Appeal no.100/2006

allegations are rather serious and the appellants by indulging in artificial trades had polluted the stock market.'

43. Thus, the Noticee along with the said other entities have manipulated the scrip of ZSL by entering into transactions that are not genuine resulting in the creation of a misleading appearance of trading in the scrip of ZSL and by creating artificial volumes, thereby contravened provisions of the PFUTP Regulations, 2003.

44. As far as the violation of Code of Conduct under SEBI (Stock Brokers & Sub Brokers) Regulations, 1992, is concerned, the Noticee had violated the same, firstly, by creating false volumes in the market which is detrimental to investors' interests and thus an interference with fair and smooth functioning of the market and secondly, by getting involved in the manipulative trading such as fictitious/circular and synchronized deals in the scrip of ZSL which has been proved beyond reasonable doubt in the data which has been reproduced in the Order as has been provided in Clauses (3) and (4) of the Code of Conduct. As regards the other clauses of the Code which deals with maintenance of integrity by the broker and exercise of due skill, care and diligence, once the manipulative trading such as large number of fictitious deals and structured deals are proved on the part of the broker, the broker's integrity is automatically an issue and thus the broker needs to be diligent and careful in its dealings. Thus once the violations under PFUTP Regulations are proved, it automatically stands for the violation of the Code of Conduct specifically for prohibition of manipulative trading and malpractices on the part of the broker.

45. The Hon'ble Supreme Court of India in the matter of ***SEBI v. Shriram Mutual Fund***[4], *interalia* held that "once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Thus, as the violation of statutory obligations by the Acquirers has been established, I hold that they are liable for monetary penalty."

46. While imposing monetary penalty it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:

[4] [2006] 68 SCL 216(SC)

"15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default."

47. In a matter of this kind, it is difficult to compute the disproportionate gain or unfair advantage that the Noticee had, however, the manner of trading of the Noticee has certainly resulted in creation of artificial volume and the fictitious/circular and synchronized deals have been done on a large scale during the investigation period and thus it was repetitive in nature as it lasted for a period of four months and a trading volume of 62% of the total market volume was sustained by the Noticee along with other entities by their manner of trading, due to which even the Bombay Stock Exchange had imposed a fine of Rs.1 lakh, which has the tendency of influencing the price by giving the impression that they are genuine prices due to which the investors might get influenced and carried away. Thus the Noticee clearly deserves a strict punishment for the reasons stated above.

48. Therefore, taking into consideration the above and all other facts and material available on record, I find that the Noticee has not executed genuine transactions and has violated Regulations 4(1), 4(2) (a), (b), (g), and (n) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 and Regulation 7 r/w Clauses A (1) to (5) of the Code of Conduct under Schedule II of the SEBI Brokers Regulations making him liable for penalty under Sections 15HA & 15HB of the SEBI Act, 1992.

49. In view of the above, the next issue for consideration is as to what would be the monetary penalty that can be imposed on the Noticee for the violation of abovementioned provisions of the PFUTP Regulations.

50. The provisions of section 15HA and section 15HB of the SEBI Act as prevailing at the relevant time are reproduced hereunder :

> ***"Penalty for fraudulent and unfair trade practices.***
>
> ***15HA***. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."
>
> ***Penalty for contravention where no separate penalty has been provided.***
>
> ***15HB.*** Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

51. While considering these facts, I impose the following penalty.

ORDER

52. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me U/s 15-I(2) of the Act, I hereby impose a monetary penalty of Rs. 10,00,000 (Rupees Ten Lakh only) on the Noticee, M/s. DPS Shares and Securities Pvt Ltd. I find that this penalty is commensurate with the violations committed by the Noticee.

53. The above penalty amount shall be paid by the Noticee through a duly crossed demand draft drawn in favour of "SEBI – Penalties Remittable to Government of India" and payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to the Ms. Barnali Mukherjee, GM, Investigation Department (ID-8), Securities and Exchange Board of India, SEBI Bhavan, Plot No, C4-A, "G" Block, Bandra Kurla Complex, Bandra(East), Mumbai-400 051.

54. In terms of rule 6 of the Rules, copies of this order are sent to the Noticee M/s. DPS Shares and Securities Pvt Ltd and also to the Securities and Exchange Board of India.

Date: **August 14, 2009** **SANDEEP DEORE**
Place: **Mumbai** **ADJUDICATING OFFICER**