

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER
DIRECTIONS UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SEBI ACT, 1992 IN
THE MATTER OF MARKET MANIPULATION USING GDR ISSUES

Background

1. SEBI received alerts like Bait and Switch[#] Stop Loss Fishing^{##} and large scale off-market transactions in its IMSS system regarding a few scrips like IKF Technologies Ltd., Avon Corporation Limited, Cat Technologies Ltd, Asahi Infrastructure Ltd and K Sera Sera Ltd. A preliminary examination revealed that FIIs like India Focus Cardinal Fund and Mavi Investment Fund, were converting the GDRs held by them into normal shares (known as 'cancelling' GDRs) to sell in Indian markets. It was also observed that most cancellations were happening within a short period from the issue of the GDRs by the company.
2. From the counterparty analysis of the sale by the FIIs, a few counterparties were repeatedly appearing among the Top Counterparties. Around 33% to 75% of the shares sold by these FIIs in various scrips were bought by these recurring clients. In view of such large scale selling by the FIIs and its matching with these clients, a detailed examination was carried out in these scrips.
3. Following are the Clients and FIIs/ Sub-Accounts which were shortlisted for detailed examination of their trading along with the companies in which the examination was done. The Clients/FIIs/ Sub-Accounts and companies were shortlisted on the basis of alerts received by SEBI and also on the basis of repeated appearance of FIIs as major seller and a set of clients as matching counterparties to these FII trades. The FII/Sub-Accounts are hereinafter referred to as "Sub-Accounts" and the client appearing as their counterparties as "Group":

A client attempting to manipulate the order book by entering a large order on one side then switching to the other side of the book.

A client is deliberately pushing the price down in an attempt to trigger large amounts of stop loss orders for personal benefit.

Companies	FII/Sub-Accounts/Sellers (Sub-Accounts)	Indian Clients acting as major counterparties/Buyers (Group)
<ul style="list-style-type: none"> • Asahi Infrastructure & Projects Ltd (Asahi) • IKF Technologies Ltd. (Ikf) • Avon Corporation Limited (Avon) • K Sera Sera Ltd (KSera) • CAT Technologies Ltd (Cat) • Maars Software International Ltd.(Maars) 	<ul style="list-style-type: none"> • India Focus Cardinal Fund (India Focus) • KII Ltd (KII) • Mavi Investment Fund (Mavi) • Sophia Growth (Sophia) 	<ul style="list-style-type: none"> • Alka India Ltd (Alka) • Basmati Securities (Basmati) • S V Enterprises (SV) • JMP Securities (JMP) • Oudh Finance & Investments Ltd (Oudh)

4. Following table provides a summary of the trading done by the Sub-Accounts vis-à-vis Group in the aforementioned companies. The data provided is for the trades done in BSE. The period of examination is January 01, 2009 to May 31, 2010, covering around 344 trading days.

Sr. no		Asahi	Avon	CAT	IKF	KSERA	Maars
1	Total Volume (January 01, 2009 to May 31, 2010) in shares	173,568,062	131,375,729	84,306,084	322,679,170	381,821,444	134,577,384
2	Avg Daily Volume	508,997	385,266	245,790	938,021	1,109,946	392,354
3	No. of Days when Group or Sub-Accounts have not traded	169	154	106	174	18	204
4	Avg daily market volume on number of Days in (3)	36,931	117,720	103,332	374,526	238,676	87,734
5	No. of Days when either Group or Sub-Accounts have traded	172	187	237	170	326	139
6	Avg Daily volume on number of Days in (5)	972,829	599,190	309,506	1,514,773	1,158,053	839,421
7	No. of Times Avg daily volume with Sub-Account & Group vis-à-vis without them(6)/(4)	26.34	5.09	3.00	4.04	4.85	9.57
8	No. of Days when only Sub-Accounts have traded	31	35	18	11	36	7
9	Avg Daily market volume on number of Days in (8)	1,918,928	1,172,100	675,964	5,236,727	4,369,868	6,555,520
10	No. of Times Avg daily volume with Sub-Account vis-à-vis without them (9)/(4)	51.96	9.96	6.54	13.98	18.31	74.72
11	Total Sell Volume of Sub-	31,771,646	14,058,611	3,755,001	19,607,456	29,121,430	15,218,242

Sr. no		Asahi	Avon	CAT	IKF	KSERA	Maars
	Accounts						
12	Concentration of Sub-Accounts (Net) to market volume on days they have traded (i.e. 8)	53.41%	38.75%	30.86%	34.03%	18.51%	33.16%
13	No. of days when Group Members have traded	161	181	233	170	326	139
14	Avg Daily market volume on no. of Days in (13)	1,028,545	604,388	308,674	1,514,773	1,158,053	839,421
15	No. of Times Avg daily volume with Group vis-à-vis without them (14)/(4)	27.85	5.13	2.99	4.04	4.85	9.57
16	Total Purchase by Group	61,019,672	37,630,478	25,484,352	79,905,100	99,394,656	39,075,735
17	Total Sale by Group	54,531,543	37,781,778	23,436,576	63,322,661	98,385,183	43,390,415
18	Concentration of Group (gross) to market volume on days they have traded (i.e. 13)	34.90%	34.47%	34.10%	27.81%	26.20%	35.34%
19	No. of Shares sold by Sub-Accounts matching to buy of Group members	19,713,709	7,905,709	1,219,641	14,835,662	14,054,743	7,099,356
20	% of shares matching between Group and Sub-Accounts to total sell by Sub-Accounts [% (19)/(11)]	62.05%	56.24%	32.48%	75.66%	48.26%	46.65%

5. Following is observed from the above table.

- ✓ The average daily volume has increased significantly on the days when the entities, Sub-Accounts and Group, have been observed to be trading in the scrip. In the case of Asahi it is nearly 26 times the days when these entities have not traded (point no. 7 of above table), indicating the major role these entities have played in creating liquidity in the scrip.
- ✓ On days when Sub-Accounts have sold the shares their concentration is ranging from 18% to 53% of day's net volume. On such days, the volume has increased from 7 times (Cat) to 74 times (Maars) than compared to when Sub-Accounts are not trading. Thus the selling of the Sub-Account is expected to have a huge downward pressure on the price of the scrip.

- ✓ During the days the Group has traded its total trading is nearly 1/3rd of the total trading in the scrip on a gross basis.
- 6. The detailed examination of the trading of Sub-Accounts and the Group in each of the shortlisted scrip for the period January 01, 2009 to May 31, 2010 is explained in following paragraphs.

Detailed Examination

7. Trading in Asahi Infrastructure

- The average daily volume of Asahi is 508,997 shares for the complete period of examination.
- The average daily volume on days when Group members or Sub-Account have not traded is 36,931 shares but on days when Group members or Sub-Account have traded, average daily volume increases nearly 30 times to 972,829 shares.
- There was no trading by any of the suspected entities till August 20, 2009. The average daily volume in the scrip from January 01, 2009 to August 20, 2009 is 25,113 shares.
- Out of these 341 trading days, Sub-Accounts (India Focus & KII) have traded on only 31 days and only sold. Their total sell volume is 31,771,646 shares (53.41% of total market volume on net basis for the 31 days when Sub-Accounts). The average daily volume of market during these 31 days is 1,918,928 shares in Asahi.
- There are 161 days when members of Group have traded. Their total purchase is 61,019,672 shares and total sale is 54,531,543 shares which is 33.29% and 34.9% of the total market volume on gross basis for the relevant period and for the 161 days when they traded, respectively.
- Out of 31,771,646 shares sold by Sub-Accounts in 31 days, 19,713,709 shares (62.05% of shares sold by Sub-Accounts) have been sold to the members of Group in 17 days.
- India Focus sold 28,271,646 shares of which 16,962,954 shares (60% of shares sold by India Focus) matched with the Group. Out of these, for 13,460,886 shares (47.6% of shares sold by India Focus) Buy and Sell order rate was same.
- India Focus started selling in the scrip from August 21, 2009 and till September 02, 2009 it sold a paltry 845,793 shares. None of the Group member traded during this period. The price of the scrip fell from Rs. 1.68 to Rs. 1.2 during the same period i.e. a fall of 28.57% in 9 trading days since no support to the prices was provided by the Group. The concentration of India Focus sales to market volume on net basis is 85.72% during the period.
- From September 03, 2009 till October 07, 2009 India Focus sold 5,007,561 shares and Group bought 3,157,317 shares, out of which 2,809,125 shares sold by India Focus matched with the

Group (56.10% of shares sold by India Focus and 88.97% of shares purchased by the Group during the same period). The price of the scrip moved from Rs. 1.15 to Rs. 1.19 during the period i.e. a rise of 3.48% in 22 trading days. The concentration of India Focus to market volume on net basis is 73.33% during the period. Therefore, this is the period where support to the prices has been provided by the Group.

- During the period October 08, 2009 to November 27, 2009, Sub-Accounts did not trade in the scrip. During the same period Group bought 1,559,160 and sold 2,949,408 shares, which is 41.75% of total market volume by gross basis. The price of the scrip moved from Rs. 1.23 to Rs. 1.00 during this period. This net sale of shares by the Group after providing exit to FIIs has been immediate and counterparties to the Group are scattered clients without any concentration.
- From November 30, 2009 till January 11, 2010 once again India Focus sold 22,168,292 shares and Group bought 25,767,757 shares, out of which 14,070,537 shares matched with the Group (63.47% of shares sold by India Focus and 54.61% of shares purchased by the Group during the same period). The price of the scrip closed at Rs 1.00 during most of the days in this period. The concentration of India Focus to market volume on net basis is 31.15% during the period.
- During the period January 12, 2010 to May 31, 2010, India Focus sold 250,000 shares on a single day towards the end i.e. April 26, 2010. During the same period, Group purchased 30,535,438 shares and sold 27,889,102 shares, which is 34.29 % of market volume on gross basis. This net purchase by the Group may have led to the price of the scrip to move from Rs 1.00 to Rs 1.51 during this period.
- On January 13, 2010 KII sold 3,500,000 shares of which 2,750,715 shares (78.59% of shares sold by KII) matched with the Group. Out of these, for 2,671,456 shares (76.3% of shares sold by KII) both buy and sell order were placed at Rs 1.00.
- From the above observations, it is seen that the pattern of trading by the Sub-Account and Group indicates that Group was acting as the major counterparty to the sell orders of Sub-Accounts as there was not much demand for the shares of Asahi. In the period from August 21, 2009 to September 02, 2009 when only India Focus was selling and no Group member was acting as counterparty, price of the scrip fell from Rs. 1.68 to Rs. 1.2 (a fall of 28.57% in 9 trading session). But after Group started matching trades as counterparties to the Sub-Accounts, the prices stabilized. The effect of the downward effect on price of a sudden large supply of shares in the market due to cancellation of GDRs was therefore observed in the behavior of the connected entities - after an initial order for sale by Sub-Accounts when Group was absent the price fell sharply after which all

further sales by the Sub-Accounts were apparently pre-arranged with Group as majority counterparty, thereby preventing a sharp drop in the price and assured exit.

- It may also be noted that for 47.6% of the trades between Sub-Accounts and Group buy order and sell order were placed at same price and for 32.74 % of trades between them Buy and Sell order were placed at Rs. 1.00. Therefore the trading data clearly indicates that Group have helped in the Sub-Accounts selling their shares by acting as counterparties to most of their trades and by supporting the price of the scrip. This ensured that the Sub-Account received a sale price higher than their purchase price of Re. 1 per share. It is observed that entities of Group also traded among themselves apart from being counterparties to Sub-Accounts. Following is the summary of trades among the two sets of entities:

		Buy Clients					
Sell Clients	Clients	BASMATI	JMP	SV	Total Sell to Group	Total Sell	% sell to Group out of Total sell
	KII	750,755	0	2,000,000	2,750,755	3,500,000	78.59
	INDIA FOCUS	11,651,654	1,900,000	3,411,300	16,962,954	28,271,646	60.00
	Grand Total	12,402,409	1,900,000	5,411,300	19,713,709	31,771,646	62.05

- From the above table it is clear that the counterparties of the trades of FII are mostly Group entities. Basmati, SV and JMP have altogether purchased 60% of the total shares sold by India Focus. Similarly, SV and Basmati have altogether purchased 78.59% of the total shares sold by KII.
- Subsequently, Group entities are also observed selling their shares in the market which also includes trading among the members of the Group as given below:

		Buy Clients					
Sell Clients	Clients	BASMATI	JMP	SV	Total Sell to Group	Total Sell	% sell to Group out of Total sell
	OUDH	0	0	200,000	200,000	517,260	38.67
	JMP	149,800	0	179,359	329,159	2,100,500	15.67
	SV	1,820,012	100,500	611,345	2,531,857	26,920,129	9.41
	BASMATI	56,810	0	1,052,669	1,109,479	24,993,654	4.44
	Grand Total	2,026,622	100,500	2,043,373	4,170,495	54,531,543	7.65

- Following is the summary and profit figures of the trades by the Group in Asahi:

Group Entity	Buy Qty	Buy Value	Avg Buy Price	Sell Qty	Sell value	Avg Sell Price	Profit/Loss
BASMATI	31,008,224	36,068,314	1.16	24,993,654	30,859,498	1.23	1,787,244
SV	27,367,315	37,109,925	1.36	26,920,129	37,399,347	1.39	895,804
JMP	2,100,500	2,146,720	1.02	2,100,500	2,169,893	1.03	23,683
ODDH	543,633	716,025	1.32	517,260	680,884	1.32	-404
Total	61,019,672	76,040,984	1.25	54,531,543	71,109,622	1.30	2,706,327

The Group has made a profit of Rs. 2,706,327 from their dealings in the scrip of Asahi.

8. Trading in Avon Corporation

- There was no trading by any of the suspected entities till June 16, 2009 and the average daily volume in the scrip was 60,466 shares. The total volume of the scrip Avon during the entire period is 131,375,729 shares for 341 trading days with an average daily volume of 385,266 shares.
- Out of the 341 trading days there are 154 trading days when neither Group nor Sub-Accounts have traded in the scrip. The average daily volume of the scrip on these 154 trading days is 117,720 shares. On 187 days when either member of the Group or Sub-Accounts is trading, the average daily volume is 599,190 shares. This is around 5 times of the average daily volume on days when none of the Sub-Accounts or Group members are trading in the scrip. Out of these 341 trading days, Sub-Accounts (India Focus & KII) have traded on only 35 days. Their total sell volume is 14,058,611 shares which is 10.70% of total market volume on net basis and 38.75% of total market volume on days it is observed to be trading. They have not purchased any share of Avon during the period. All the shares sold by them have been acquired after converting GDRs into normal shares.
- There are 181 days when members of the Group have traded. Their total purchase is 37,630,478 shares and total sale is 37,781,778 shares which is 28.70% on gross basis of the market volume for the complete period and 34.47% of the market volume for the 181 days when Group traded.
- There are 8,902,463 shares traded between members of the group i.e. 23.61% of the shares traded by the members of the group are among themselves.
- Out of 14,058,611 shares sold by Sub-Accounts in 35 days, 7,905,709 shares (56.24% of shares sold by Sub-Accounts) have been sold to the members of the Group in 20 days.
- India Focus sold 12,358,611 shares of which 7,151,761 shares (57.86 % of shares sold by India Focus) matched with the Group. Out of these, for 5,402,285 shares (43.71% of shares sold by India Focus) buy and sell order rate was same.

- India Focus started selling in the scrip from August 03, 2009 and continued selling till May 18, 2010 during the period. The price of the scrip moved from Rs 11 on August 03, 2009 to Rs 6.11 on May 18, 2010. The average percentage daily value of its sell figure to total market volume on days it is observed to be trading is 38.75%.
- KII has sold 1,700,000 shares of which 763,948 shares (44.93 % of shares sold by KII) matched with the Group. Out of these, for 502,568 shares (29.56% of shares sold by KII) both buy and sell order rates were same.
- The pattern and analysis of trading in Avon, as observed from above, is very similar to that in Asahi and also to that in Cat, IKF, K Sera and Maars (explained later), both for between the Sub-Accounts and Group as also among the entities of Group.
- The following table provides a break-up of sell trades of Sub-Accounts to Group members.

		Buy Clients					
Sell Clients	Row Labels	BASMATI	OUDH	SV	Total Sell to Group Entities	Total Sell	% sell to Group out of Total sell
	INDIA FOCUS	3,146,551	1,796,694	2,311,178	7,254,423	12,358,611	58.7
	KII	0	0	651,286	651,286	1,700,000	38.31
	Grand Total	3,146,551	1,796,694	2,962,464	7,905,709	14,058,611	56.23

The counterparties of the trades of FII are mostly Group entities. Basmati, SV and JMP have altogether purchased 58.70% of the total shares sold by India Focus. Similarly, SV alone has purchased 38.31% of the total shares sold by KII.

- Also, when these entities are in turn selling their shares in the market, the buyers are scattered. None of the Group entities have held on to the shares of Avon. Hence, it is clear that all the Group entities have not bought the shares from Sub-Accounts with a view of long term investment.
- Following is the client wise break-up of trades that have happened among the Group members.

		Buy Clients							
Sell Clients	Row Labels	ALKA	BASMATI	JMP	OUDH	SV	Total Sell to Group Entities	Total Sell	% sell to Group out of Total sell
	JMP	37,615	484,684	39,226	25,000	618,653	1,205,178	1,838,026	65.57
	ALKA	0	0	209,909	0	287,986	497,895	1,310,478	37.99
	SV	497,281	1,943,409	908,285	810,511	328,071	4,487,557	18,871,024	23.78
	OUDH	0	88,792	110,209	0	571,267	770,268	3,923,219	19.63
	BASMATI	552,984	12,347	254,818	67,605	1,053,811	1,941,565	11,839,031	16.40
	Grand Total	1,087,880	2,529,232	1,522,447	903,116	2,859,788	8,902,463	37,781,778	23.56

- Considering the fact that Group entities prima facie have connections with one another and also with few Sub-Accounts, it seems that overall trading by them has given a false impression to the market of high volume. This is further substantiated since the Group is keeping the trading volumes high by trading among themselves in order to keep interest levels alive and easily off-load shares to unsuspecting investors whenever the Group buys from the Sub-Accounts.
- Following is the summary and profit/loss of the trades by Sub-Accounts and the Group in Avon:

Entity	Buy Qty	Buy Value	Avg Buy Value	Sell Qty	Sell Value	Avg Sell Value	Profit/(Loss)
BASMATI	11,617,990	112,217,010	9.66	11,839,031	107,868,229	9.11	-6,362,737
SV	18,859,585	199,602,386	10.58	18,871,024	197,162,291	10.45	-2,559,608
ALKA	1,391,958	15,836,166	11.38	1,310,478	12,427,013	9.48	-2,482,162
OUDH	3,923,219	34,811,588	8.87	3,923,219	32,726,882	8.34	-2,084,706
JMP	1,837,726	20,607,358	11.21	1,838,026	20,811,946	11.32	201,190
Total	37,630,478	383,074,508	10.18	51,840,389	483,473,521	9.33	-13,288,023

Profit does not appear to be a primary objective of the trading by the Group as the total loss registered by the Group is Rs. 13,288,023. It appears that the dealings in the scrip by the Group were only to provide exit to Sub-Accounts without concern for economic profits.

9. Trading in CAT Technologies

- The total volume in the scrip during the period of examination is 84,306,084 shares with an average daily volume of 245,790 shares.
- The average daily volume in the scrip on days when there has been no trading observed by Group and Sub-Accounts (106 days) is 103,332 shares. Whereas, the average daily volume on days when Group or Sub-Account have been observed to be trading (237 days) 309,506. Thus on an average

basis, the volume on days when these suspected entities have traded is nearly 3 times of the days when they have not traded

- The Sub-Accounts have traded on 18 days. The average daily volume on days when the Sub-Accounts have traded is 675,964 shares. Sub-Accounts have in total sold 3,755,001 shares during the complete period which is 30.86% of the total market volume of the scrip on days of trading by Sub-Accounts i.e. 18 days. Thus the average shares sold by Sub-Account in a day are approximately twice the average daily volume of the scrip on days when Sub-Account or Group has not traded.
- There are 233 days when members of the Group have traded. Their total purchase is 25,484,352 shares and total sale is 23,436,576 shares which is 30.42% on gross basis of the market volume for the 233 days when Group has traded.
- Total 7,699,279 shares were traded among the Group members. Thus 31.47% of the trading of the Group members is within the group.
- From data obtained from the company it is observed that 15,480,000 shares were acquired by FIIs and Sub-Accounts post cancellation of GDRs of CAT Technologies, out of which India Focus Cardinal Fund acquired 720,000 shares. India Focus has sold 245,000 of these shares on Indian Stock markets. Following is the Client wise break-up of sell trades of Sub-Accounts that have matched with the Group.

		Buy Clients						
Sell Clients	Client Names	ALKA	BASMATI	OU DH	Total Sell to Group Entities	Total Sell	% sell to Group out of total sell	
		INDIAFOCUS	0	94,990	149,999	244,989	245,000	100
		SOPHIA	300,000	674,650	0	974,650	3,000,001	32.49
		MAVI	0	0	0	0	510,000	0
		Grand Total	300,000	769640	149,999	1,219,639	3,755,001	32.48

- It is observed that out of these 245,000 shares sold by India focus, 244,989 shares were bought by Basmati and Oudh. Since all these three entities are prima facie connected to each other and nearly 100% of the sell quantity is picked up by the Group, more than just a suspicion arises that the trades might be pre-arranged and synchronized in nature. India Focus sold 150,000 shares on November 23, 2009 and rest 95,000 shares on November 25, 2009.

- Following explains a sequence of orders put in the system by Sub-Accounts and Group members. Such instances of matching of trades between Sub-Accounts and Group strengthens the suspicion that the trading between them is structured to provide exit to the Sub-Accounts:

On November 23, 2009 out of 150,000 shares sold by India Focus 149,999 were bought by Oudh.

November 23, 2009: Oudh entered its first order of the day in CAT at 14:07:18 with a bid order of 150,000 shares at Rs 12.10 of which 831 shares got traded at 14:10:00 with some client. At 14:10:04. Oudh deleted its order of remaining 149,169 shares. At 14:13:57 India Focus enters a sell order of 150,000 shares at Rs. 12.10. After 35 seconds, at 14:14:22 Oudh enters a bid order of 15,000 shares at Rs. 12.10. From 14:14:22 till 14:15:32, i.e. within a span of 70 seconds Oudh enters 17 bid orders of total 151,169 shares. All these orders are limit orders and all of these orders are at Rs. 12.10. Thus 149,999 shares from the said bid orders of Oudh get matched with the sell order placed by India Focus. After 14:15:32 i.e. when the complete sell order of India Focus matches with the counterparties, Oudh doesn't place a single order throughout the day. It seems that Oudh already had the knowledge that India Focus is going to place a sell order and Oudh enters its buy order within 25 or 35 seconds of order of India Focus. Further, Oudh has not traded in the scrip after the order of 150,000 shares of India Focus gets completed. Therefore it is clear from the instance that trade of 149,999 shares that happened between Oudh and India Focus is pre-determined and synchronised.

- Similarly, on November 25, 2009 out of 95,000 shares sold by India Focus, 94,990 shares get traded with Basmati thereby indicating synchronized trades between them:

November 25, 2009: Basmati placed a bid order of 1000 shares at 10:09:22 at Rs. 10.88. The order gets immediately executed. Similarly from 10:09:22 till 10:10:07 Basmati enters 5 orders of 4,111 shares. All the orders are entered at Rs. 10.88. Out of these 2,750 shares get traded. At 10:11:47 Basmati enters a bid order of 50,000 shares at Rs. 10.91. At 10:11:50 Basmati enters another bid order of 50,000 shares at Rs. 10.92 followed by two orders of 5,000 shares and 1,000 shares. Then at 10:12:38 and 10:12:53, Basmati amends its two bid orders of 50,000 shares and revises the bid price to Rs. 10.95 and 10.96 from 10.91 and 10.92, respectively. At 10:13:19, Basmati enters another order of 50,000 shares at Rs. 11.00. It then again amends the bid price of its previous order of 50,000 shares, at Rs, 10.95, to Rs. 11.00. Then it amends its previous order of 50,000 shares at Rs. 10.96 and changes the order size to 5,000 from 50,000. At this point of time, Basmati has bid orders of 111,513 shares pending in the order book. Basmati continues its amending and entering bid orders till 10:16:02. At this point of time Basmati has pending bid orders of 118,581 shares including two orders of 50,000 shares each at Rs.

11.05. Till this time i.e. 10:16:02, Basmati has bought 7,350 shares since it started entering orders at 10:09:22. At 10:16:03 India focus enters a sell order of 95,000 shares at Rs. 11.00. The sell order of India Focus immediately starts matching with bid orders of Basmati. At 10:16:04 all 95,000 shares of India Focus get sold, out of which 94,990 gets matched with the pending bid orders of Basmati. After the sell order of 95,000 shares of India Focus gets completed Basmati deletes its pending Bid orders. Basmati starts selling shares of CAT at 10:28:16 and subsequently sells 52,915 shares till 15:45:04, including post-close trading. Trading pattern and order book analyses indicate that Basmati had prior knowledge of sell order of India Focus and it had placed large orders to match the order of India Focus. Basmati was also amending its bid orders to higher bid price repeatedly for the sole purpose that it matches only the sell order of India Focus. Basmati later on sells nearly 52,915 shares gradually throughout the trading period of the day.

- These shares which have been purchased by the Group but are not held by them since they offloaded their holdings in the scrip to a large number of scattered clients. A large portion of their trading is among them. This further indicates that their main objective is to keep the trading active in the scrip. Following is the client wise break-up of the sell trade of the Group that has happened among themselves.

	Buy Clients								
	Client Names	ALKA	BASMATI	JMP	OUDH	SV	Total Sell to Group Entities	Total Sell	% sell to Group out of total sell
Sell Clients	ALKA	0	0	30,000	0	9,578	39,578	39,578	100.00
	JMP	0	1,938,681	138,102	0	74,511	2,151,294	2,579,298	83.41
	SV	170,000	1,264,404	88,400	805,016	147,769	2,475,589	8,214,432	30.14
	BASMATI	100,000	58,271	2,134,208	148,874	440,281	2,881,634	11,121,100	25.91
	OUDH	0	150,578	0	0	606	151,184	1,482,168	10.20
	Grand Total	270,000	3,411,934	2,390,710	953,890	672,745	7,699,279	23,436,576	32.85

- The following table provides the summary of Profit/Loss made by the Group entities.

Entity	Buy Qty	Buy Value	Avg Buy Value	Sell Qty	Sell Value	Avg Sell Value	Profit/(Loss)
BASMATI	11,772,574	85,055,794	7.22	11,121,100	89,544,444	8.05	9,195,491
ALKA	570,000	2,657,100	4.66	39,578	323,298	8.17	1,133,825
OUDH	2,189,686	23,276,678	10.63	1,482,168	16,871,427	11.38	1,115,767
JMP	2,579,299	17,772,255	6.89	2,579,298	17,659,095	6.85	-113,153
SV	8,372,793	74,301,576	8.87	8,214,432	72,658,000	8.85	-238,254
Total	25,484,352	203,063,403	7.97	23,436,576	197,056,264	8.41	11,093,676

10. Trading in IKF technologies

- The total volume of the scrip IKF during the period is 322,679,170 shares for 344 trading days with an average daily volume of 938,021 shares.
- Out of the 344 trading days there are 174 trading days when neither Group nor Sub-Accounts traded in the scrip. The average daily volume of the scrip on these 174 trading days is 374,526 shares. On rest 170 days when either member of the Group or Sub-Accounts traded, the average daily volume is 1,514,773 shares, which is about 4 times that of days when none of the suspected clients are trading.
- There was no trading by any of the suspected entities till April 01, 2009. The average daily volume in the scrip from January 01, 2009 to April 01, 2009 is 329,621 shares.
- Out of these 344 trading days, India Focus has traded on only 11 days. Its total sell volume is 19,607,456 shares (34.03% of total market volume Of 57,603,997 shares of these 11 days).
- The following table gives the summary of trading by India Focus in IKF vis-à-vis the Group.

Date	India Focus Sell	Group Buy	Group Sell	Group Gross	No. of Shares Matched between India Focus and Group	% of shares Matched to India Focus trades	% of shares Matched to Group Buy trades
21-Aug-09	607,456	785,343	566,077	1,351,420	382,696	63.00	48.73
25-Aug-09	600,000	751,199	433,681	1,184,880	397,048	66.17	52.86
26-Aug-09	1,000,000	2,970,981	2,680,590	5,651,571	693,760	69.38	23.35
28-Aug-09	500,000	562,608	323,964	886,572	475,939	95.19	84.60
31-Aug-09	5,100,000	8,556,100	7,777,963	16,334,063	2,908,733	57.03	34.00
07-Sep-09	1,800,000	3,194,664	2,757,753	5,952,417	370,002	20.56	11.58
15-Sep-09	4,000,000	4,275,397	643,890	4,919,287	3,872,587	96.81	90.58
09-Nov-09	1,000,000	1,852,010	1,662,692	3,514,702	994,654	99.47	53.71
13-Nov-09	2,000,000	3,251,301	839,959	4,091,260	2,000,000	100.00	61.51
16-Nov-09	1,000,000	1,777,132	1,120,216	2,897,348	740,243	74.02	41.65
23-Nov-09	2,000,000	2,139,940	864,791	3,004,731	2,000,000	100.00	93.46

- It is observed from the above table that in a day, 57% to 100% of the sell trades of India Focus have matched with the Group Entities as counterparties. On November 13, 2009 and November 23, 2009 100% of the trades of India Focus has matched with a Group Member. Similarly on September 15, 2009 and November 09, 2009, more than 96% of the trades of India Focus got matched with the Group.

- The following table gives the break-up of the Group members who have bought shares from the Sub-Account, India Focus in this case.

Buy Clients									
	Client Names	Alka	Basmati	JMP	Oudh	SV	Total Sell to Group Entities	Total Sell	% sell to Group vis-à-vis total sell
Sell Clients	India Focus	1,094,788	7,113,479	1,861,726	3,880,064	885,605	14,835,662	19,607,456	75.66

From the table it is observed that India Focus has sold 19,607,456 shares of which 14,835,662 shares (75.66% of shares sold by India Focus) matched with the Group members.

- Out of these 14,835,662 shares, there were 9,969,399 shares for which (50.84% of shares sold by India Focus) Buy and Sell order rate was same.
- India Focus has not purchased any share of IKF during the complete period. All the shares sold by it have been acquired after converting GDRs into normal shares in India.
- The significant observations in IKF are synchronised trades executed between the Sub-Accounts and Group and a large proportion of orders matched with each other. A detailed examination of the trades by these entities was done to identify possible synchronised trades for November 23, 2009, as described in minutiae:

Time	Activity – (prices are quoted in Rupees)
14:20:13	India Focus Enters Ask Order of 200,000 shares at Rs. 4.5. Only 20,000 shares were disclosed in the order. The Last Traded Price is Rs. 4.40, the Best Bid Rs. 4.30 and Best Ask Rs. 4.40.
14:23:18	India Focus amends order of 200,000 shares to 2,000,000 shares; 200,000 shares disclosed, at Rs 4.5
14:24:45	Oudh places a fully disclosed Bid order of 50,000 shares at Rs. 4.6. LTP is 4.4, Best Bid Rs. 4.36 and Best Ask Rs. 4.40. Thus Oudh places its Bid order at 4.5% above LTP and Best Ask Price
14:24:45	All the pending Ask orders with order rate between 4.4 and 4.5 get matched with the Bid order of Oudh. In total 17 trades of 15,675 shares happen with other random clients.
14:24:45	The pending order of India Focus at 4.5 gets matched with the Bid order of Oudh and remaining 34,325 shares of the Oudh's order gets traded.
14:24:51	Oudh places bid order of 50,000 shares at 4.7. LTP is 4.5. Best Bid Price is 4.36 and Best Ask price is 4.5. Thus, Oudh places its Bid order 4.44% above LTP and Best Ask Price.
14:24:51	The Order placed by Oudh matches with pending order of India Focus and 50,000 shares get traded.
14:24:55	Oudh places bid order of 75,000 shares at 4.7. LTP is 4.5, Best Bid Price is 4.36 and Best Ask price is 4.5. Thus, Oudh places its Bid order 4.44% above LTP and Best Ask Price.
14:24:55	The order placed by Oudh gets matched with pending order of India Focus and 75,000 shares get traded between them at 4.5.
14:25:00	Oudh places Bid order of 125,000 shares at 4.7. LTP is 4.5. Best Bid Price and Best Ask price is 4.36

Time	Activity – (prices are quoted in Rupees)
	and 4.49. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:25:01	Trade of 2000 shares occurs between Oudh and some other client.
14:25:01	The Order placed by Oudh matches with pending order of India Focus and 123,000 shares get traded between them at 4.5.
14:25:06	Oudh places Bid order of 200,000 shares at 4.7. LTP is 4.5. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:25:07	The Order placed by Oudh Gets matched with pending order of India Focus and 200,000 shares get traded between them at 4.5.
14:25:11	Oudh places bid order of 250,000 shares at 4.7. LTP is 4.49. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:25:11	The Order placed by Oudh Gets matched with pending order of India Focus and 238,000 shares get traded between them at 4.5.
14:25:13	Oudh places bid order of 250,000 shares at 4.7. LTP is 4.49. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:25:14	The Order placed by Oudh Gets matched with pending order of India Focus and 249,000 shares get traded between them at 4.5.
14:25:35	Oudh places bid order of 500,000 shares at 4.7. LTP is 4.5. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:25:36	The Order placed by Oudh Gets matched with pending order of India Focus and 483,000 shares get traded between them at 4.5.
14:26:34	Oudh places bid order of 500,000 shares at 4.7. LTP is 4.5. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:26:34	The Order placed by Oudh Gets matched with pending order of India Focus and 499,000 shares get traded between them at 4.5.
14:27:11	Basmati places bid order of 100 shares at 4.5. LTP is 4.49. The order gets traded with India Focus
14:28:05	Basmati places bid order of 50,000 shares at 4.7. LTP is 4.5. Best Bid Price and Best Ask price is 4.36 and 4.5. Thus, Oudh places its order 4.44% above LTP and Best Ask Price.
14:28:05	Remaining 48,575 shares of the pending order of India Focus gets sold to the order of Basmati.
14:28:08 – 14:28:09	Oudh Places a bid order of 50,000 shares (5,000 disclosed, 45,000 undisclosed) at 4.7. The order gets matched with scattered clients.

- From the above sequence of orders and trading between Oudh, Basmati and India Focus, it is observed that the orders placed Oudh were only around the period when India Focus entered its Ask order and it was pending in the system. The orders placed by Oudh were all at Rs. 4.7, whereas the LTP and the Best Ask order during the order entry, for all the orders by Oudh, was Rs. 4.5. Oudh repeatedly entered its order nearly 4 to 5 % above the last traded price and best ask order rate. This behaviour of Oudh and Basmati indicates that there were efforts by Oudh to match its orders with Ask orders of India Focus rather than any economic rationale behind the trades. Further, after

complete execution of the order of India Focus during the day, only one order of 50,000 shares was placed by Oudh and no other order was placed by the Group for the rest of the day.

- There are 170 days when members of The Group have traded. Their total purchase is 79,905,100 shares and total sale is 63,322,661 shares which is 22.19% of the total market volume on gross basis for the complete period of 344 days. The total market volume on these 170 days when the Group have traded is 257,511,491 shares which is 79.80% of total volume in the scrip for the complete period of investigation of 344 trading days, i.e. January 01, 2009 to May 31, 2010.
- Out of the total 79,905,100 shares purchased and 63,322,661 shares sold by the group, 16,894,582 shares (23.59% of total purchased/sold by the Group on gross basis) were traded among the Group.
- Following table gives the client wise break-up of sell trades of the Group that have been traded among Group members only.

		Buy Clients							
	Client Names	Alka	Basmati	JMP	Oudh	SV	Total Sell to Group Entities	Total Sell	% sell to Group Entities vis-à-vis total sell
Sell Clients	Alka	276	98,546	854,511	0	0	953,333	2,174,298	43.85
	JMP	160,834	1,001,563	2,470,663	507,097	1,666,113	5,806,270	18,030,802	32.20
	SV	245,980	2,363,703	1,306,180	2,386,697	79,545	6,382,105	23,168,840	27.55
	Basmati	380,000	15,910	3,069,621	26,492	183,257	3,675,280	18,495,370	19.87
	Oudh	0	0	77,594	0	0	77,594	1,453,351	5.34
	Grand Total	787,090	3,479,722	7,778,569	2,920,286	1,928,915	16,894,582	63,322,661	26.67

- Out of these 1,222,679 shares (7.23% of total shares traded within the group) were apparently traded through synchronised trades (i.e. same order rate, same order qty and order placed within 1 minute of each other). Following table provides the extract of all the trades among the Group entities which are synchronised:

Trade Date	Buy (B) Client	Sell (S) Client	Trade Qty	Trade Rate	Trade Value	B Order Time	S Order Time	B Order Qty	S Order Qty	B Order Rate	S Order Rate
21-Aug-09	Basmati	SV	25,000	4.21	105,250.00	15:18:51	15:18:43	25,000	25,000	4.21	4.21
26-Aug-09	SV	JMP	99,071	4.40	435,912.40	10:15:23	10:15:56	100,000	100,000	4.40	4.40
31-Aug-09	JMP	JMP	131,604	4.51	593,534.04	12:07:51	12:08:37	200,000	200,000	4.51	4.51
31-Aug-09	JMP	Basmati	18,548	4.31	79,941.88	12:09:11	12:09:07	500,000	500,000	4.31	4.31
31-Aug-09	JMP	Basmati	452,000	4.31	1,948,120.00	12:09:11	12:09:17	500,000	500,000	4.31	4.31
31-Aug-09	JMP	SV	21,000	4.31	90,510.00	12:26:05	12:25:57	25,000	25,000	4.31	4.31
31-Aug-09	JMP	SV	4,000	4.31	17,240.00	12:26:05	12:26:12	25,000	25,000	4.31	4.31

Trade Date	Buy (B) Client	Sell (S) Client	Trade Qty	Trade Rate	Trade Value	B Order Time	S Order Time	B Order Qty	S Order Qty	B Order Rate	S Order Rate
21-Aug-09	Basmati	SV	25,000	4.21	105,250.00	15:18:51	15:18:43	25,000	25,000	4.21	4.21
26-Aug-09	SV	JMP	99,071	4.40	435,912.40	10:15:23	10:15:56	100,000	100,000	4.40	4.40
31-Aug-09	JMP	JMP	131,604	4.51	593,534.04	12:07:51	12:08:37	200,000	200,000	4.51	4.51
31-Aug-09	JMP	Basmati	18,548	4.31	79,941.88	12:09:11	12:09:07	500,000	500,000	4.31	4.31
7-Sep-09	JMP	JMP	6,689	4.30	28,762.70	13:15:41	13:15:37	10,000	10,000	4.30	4.30
7-Sep-09	JMP	Basmati	290,317	4.40	1,277,394.80	13:21:02	13:21:14	400,000	400,000	4.40	4.40
30-Oct-09	SV	JMP	14,776	4.63	68,412.88	12:12:06	12:12:04	50,000	50,000	4.63	4.63
30-Oct-09	SV	JMP	35,224	4.63	163,087.12	12:12:15	12:12:04	50,000	50,000	4.63	4.63
6-Nov-09	SV	JMP	25,000	5.38	134,500.00	12:00:11	12:00:16	25,000	25,000	5.38	5.38
6-Nov-09	SV	JMP	25,000	5.47	136,750.00	12:18:25	12:18:32	25,000	25,000	5.47	5.47
13-Nov-09	Basmati	SV	44,750	4.96	221,960.00	15:25:45	15:25:40	50,000	50,000	4.96	4.96
5-Mar-10	JMP	SV	1,996	4.01	8,003.96	15:20:19	15:20:23	5,000	5,000	4.01	4.01
5-Mar-10	JMP	SV	3,004	4.01	12,046.04	15:20:19	15:20:29	5,000	5,000	4.01	4.01
11-Mar-10	SV	JMP	24,700	4.65	114,855.00	09:17:00	09:17:03	25,000	25,000	4.65	4.65

- The Profit/Loss made by the Group Entities is given below.

	Buy Qty	Buy Value	Avg Buy Price	Sell Qty	Sell value	Avg Sell Price	Profit/(Loss)
Basmati	29,130,579	130,018,064	4.46	18,495,370	78,122,572	4.22	-4,427,527.30
Oudh	7,495,023	33,205,028	4.43	1,453,351	5,879,699	4.05	-559,048.10
SV	23,154,140	106,101,638	4.58	23,168,840	106,370,531	4.59	201,403.60
Alka	2,174,298	9,339,399	4.30	2,174,298	9,564,366	4.40	224,967.20
JMP	17,951,060	82,239,986	4.58	18,030,802	82,877,111	4.60	270,597.10
Total	79,905,100	360,904,114	4.52	63,322,661	282,814,279	4.47	-4,289,608

- It is observed from above table that Profit / Loss made by these entities may not bear any relation to their total trading in the scrip, as was seen in other scrips examined indicating that economic benefit might not be the primary objective of these entities trading in these companies.

11. Trading in K Sera Sera Ltd

- The total volume of the scrip K Sera on BSE during the period is 381,821,444 shares for 344 trading days with an average daily volume of 1,109,946 shares.
- Out of the 344 trading days there are 18 trading days when neither Group nor Sub-Accounts have traded in the scrip. The average daily volume of the scrip on these 18 trading days is 238,676 shares. On 318 days when either member of the Group or Sub-Accounts is trading, the average

daily volume is 1,158,053 shares. This is around 5 times of the average daily volume on days when neither Sub-Accounts nor Group is trading in the scrip.

- The Group has been trading throughout the year except for the period March 12, 2009 to March 31, 2009, when 8 out of 13 trading days, there was no trading by the Group. Interestingly, the value of the stock fell from 15.8 on March 12, 2009 to Rs. 10.55 on March 20, 2009 and Rs. 10.65 on March 30, 2009
- Out of these 344 trading days, Sub-Accounts (India Focus, KII and Sophia) have traded on only 36 days. Their total sell volume is 29,121,430 shares (6.06 % of total net market volume). During these 36 days the average daily volume of the scrip is 4,369,868 shares which is nearly 6 times of average daily volume of 728,916 shares for days when Sub-Accounts are not selling their shares. The trading of Sub-Accounts is 18.51% of the volume of K Sera on net basis of these 36 days when the Sub-Accounts have traded. They have not purchased any share of K Sera during the period. All the shares sold by them have been acquired after converting GDRs into normal shares in India.
- There are 326 days when members of the Group have traded. Their total purchase is 99,394,656 shares and total sale is 98,385,183 shares which, on gross basis, is 25.90% of the market volume of the scrip for complete period and 26.2% of volume of the scrip for days when Group is trading.
- There are 16,637,703 shares traded between members of the group i.e. 16.82% of the shares traded by the members of the group are among themselves.
- Out of 29,121,430 shares sold by Sub-Accounts in 36 days, 14,054,743 shares (48.26% of shares sold by Sub-Accounts) have been sold to the Group in 32 days. The shares traded between Sub-Accounts and Group on a particular day are in the range of 0.56% to 100 % of the total sale of K Sera shares by the Sub-Accounts. Similarly, the matched number of shares between Sub-Accounts and Group goes up to 96.84% of total shares bought by the Group on any particular day.
- India Focus has sold 13,545,000 shares of which 8,010,347 shares (59.13 % of shares sold by India Focus) matched with the Group. Out of these, for 6,878,171 shares (85.86% of shares sold by India Focus to Group members) buy and sell order rate was same.
- KII has sold 11,781,430 shares of which 3,482,476 shares (29.56 % of shares sold by KII) matched with the Group. Out of these, for 2,864,318 shares (82.25% of shares sold by KII to the group members) both buy and sell order were same.
- A few of the trades between Group and Sub-Accounts appear to be synchronized.
- Following is the client wise break-up of trades between Sub-Accounts and the Group:

		Buy Clients						
Sell Clients	Row Labels	BASMATI	JMP	OUDH	SV	Total Sell to Group	Total Sell	% sell to Group vis-à-vis total sell
	INDIA FOCUS	3,835,944	48,523	3,824,611	301,269	8,010,347	13,545,000	59.14
	KII	1,736,574	54,000	1,313,835	378,067	3,482,476	11,781,430	29.56
	SOPHIA	650,195	0	580,470	1,331,255	2,561,920	3,795,000	67.51
	Grand Total	6,222,713	102,523	5,718,916	2,010,591	14,054,743	29,121,430	48.26

From the table it is clear that counterparties of the trades of FII are mostly Group members.

- It is also observed that apart from the Group, NEWGEN INTERNATIONAL PVT LTD (PAN: AACCN3776H) is also a major counterparty to the sell trades of India Focus. 1,424,152 shares sold by India Focus (10.51% of K Sera shares sold by India Focus) have NEWGEN INTERNATIONAL PVT LTD as counterparty. In all the trades between NEWGEN INTERNATIONAL PVT LTD and India Focus, Order rate is same for Bid and Ask order. These trades appear to be synchronised trades. Further, Oudh, Alka and NEWGEN INTERNATIONAL PVT LTD have same trading member, i.e. SHRIRAM INSIGHT SHARE BROKER. Therefore, NEWGEN INTERNATIONAL PVT LTD may also be a part of the Group which would mean that nearly 70% of the shares sold by India Focus were bought by the Group.
- Basmati, Oudh and SV have altogether purchased 59.13% of the total shares sold by India Focus. Similarly, Basmati, JMP, Oudh and SV have purchased 29.56% of the total shares sold by KII.
- When these entities are in turn selling their shares in the market, SV, Basmati or Oudh appear as buyers. They in turn have sold in the market when the buyers are scattered. None of the Group entities have held on to the shares of K Sera. Following table gives the client wise break-up of trades that have happened within the Group.

		Buy Clients							
	Row Labels	ALKA	BASMATI	JMP	OUDH	SV	Total Sell to Group	Total Sell of Client	% sell to Group vis-à-vis total sell
Sell Clients	ALKA	0	276,920	152,199	0	540,070	969,189	2,130,227	45.50
	JMP	0	617,548	38,906	20,475	1,128,543	1,805,472	4,290,779	42.08
	SV	40,500	3,971,821	1,083,406	850,442	667,394	6,613,563	38,480,046	17.19
	OUDH	326,074	550,160	228,998	15,370	971,766	2,092,368	14,840,226	14.10
	BASMATI	614,074	76,237	1,108,774	361,146	2,996,880	5,157,111	38,643,905	13.35
	Grand Total	980,648	5,492,686	2,612,283	1,247,433	6,304,653	16,637,703	98,385,183	16.91

- It is observed in the case of Alka that it has sold 2,130,227 shares of K Sera and bought 1,117,081 shares. It has received shares of K Sera as off market transfers from Shriram Insight Share Broker, Shriram Credit Company and Shriram City Union Finance Ltd.
- Hence, it is clear that all the Group members have not bought the shares from Sub-Accounts with a view of long term investment.
- It is observed that a large number of trades of Sub-Accounts and Group were matching with one another. Out of 36 days, when Sub-Accounts have sold the shares of K Sera, on 32 days Group members have also traded in the scrip. The shares traded between Sub-Accounts and Group members on few days are as high as 100% of the total sale of K Sera shares, of the day, by the Sub-Accounts. Similarly, the matched number of shares between Sub-Accounts and Group goes up to 96.84% of total shares bought by the Group on any particular day.
- The Profit/Loss made by the Group is given below and it apparently bears no relation with their trading since like in other scrips examined profit may not be the objective of trading by the Group

Entity name	Buy Qty	Buy Value	Avg Buy Value	Sell Qty	Sell Value	Avg Sell value	Profit/(Loss)
SV	38,908,832	552,033,708	14.19	38,480,046	539,289,684	14.01	-6,660,461
Alka	1,117,081	15,618,480	13.98	2,130,227	22,995,122	10.79	-3,559,947
OUDH	16,231,844	216,275,888	13.32	14,840,226	195,890,788	13.2	-1,842,943
JMP	4,221,448	59,185,842	14.02	4,290,779	60,664,496	14.14	498,429
BASMATI	38,915,451	515,024,237	13.23	38,643,905	513,555,443	13.29	2,124,965
Total	99,394,656	1,358,138,155	13.66	98,385,183	1,332,395,533	13.54	-9,439,957

12. Trading in Maars Software

- The total volume of the scrip Maars during the period is 134,577,384 shares for 343 trading days with an average daily volume of 392,354 shares.
- Out of the 343 trading days there are 204 trading days when neither Group nor Sub-Accounts have traded in the scrip. The average daily volume of the scrip on these 204 trading days is 87,734 shares. On 139 days when either member of the Group or Sub-Accounts is trading, the average daily volume is 839,421 shares. This is around 10 times of the average daily volume on days when neither the Sub-Accounts nor Group is trading in the scrip.
- The trading by FIIs and the Group Members is scattered throughout the year and is not continuous throughout the period. Thus Group members have traded on January 1, 2 and 5 of 2009. Then they have next traded on May 06, 2009. Group members have mainly traded during the period July 02, 2009 to February 18, 2010.
- Out of these 343 trading days, Sub-Accounts (India Focus, Sophia Growth & Mavi Investment) have traded on only 7 days. Their total sell volume is 15,218,242 shares (33.16 % of total market volume on net basis for the days of trading by Sub-Accounts). They have not purchased any share of Maars during the period. All the shares sold by them have been acquired after converting GDRs into normal shares in India. Following is the details of shares sold by them in Maars:

Date	Close Price	Total Market Volume	Sub-Account Sell	% Sub-Account Sell to Total Market volume
17-Sep-09	3.70	6,341,834	2,108,242	33.24
18-Sep-09	4.07	11,335,596	3,550,000	31.32
22-Sep-09	4.44	10,894,414	3,350,000	30.75
23-Sep-09	4.60	7,930,752	1,710,000	21.56
29-Sep-09	4.24	3,910,366	1,350,000	34.52
17-Nov-09	3.00	1,555,585	1,050,000	67.50
13-Jan-10	3.01	3,920,096	2,100,000	53.57
Total		45,888,643	15,218,242	33.16

- Following table gives client wise break-up of shares sold by the Sub-Accounts to the Group:

Buy Clients								
	Row Labels	ALKA	BASMATI	JMP	SV	Total Sell to Group Entities	Total Sell	% sell to Group out of total sell
Sell Clients	INDIA FOCUS	0	1,487,645	921,540	700,303	3,109,488	6,131,239	50.72
	MAVI	647,500	1,659,858	25,000	192,318	2,524,676	2,600,000	97.1
	SOPHIA	0	410,205	50,000	1,004,987	1,465,192	6,487,003	22.59
	Grand Total	647,500	3,557,708	996,540	1,897,608	7,099,356	15,218,242	46.65

- Out of 15,218,242 shares sold by Sub-Account in 7 days, 7,099,356 shares (46.65% of shares sold by Sub-Accounts) have been sold to the members of the Group.
- India Focus has sold 6,131,239 shares of which 3,109,488 shares (50.71 % of shares sold by India Focus) matched with the Group. Out of these, for 2,189,165 shares (35.70% of shares sold by India Focus) buy and sell order rate was same.
- Mavi has sold 2,600,000 shares of which 2,524,676 shares (97.10 % of shares sold by Mavi) matched with the Group. Out of these, for 1,707,246 shares (65.66% of shares sold by Mavi) both buy and sell order rates were same.
- Following is an extract of the trades executed by Mavi which matched with the Group members in Maars where it is observed that the trades executed by Mavi are apparently synchronised.

Name	Counterparty Name	Trade Qty	Trade Value	Order Qty	CP Order Qty	Order Rate	CP Order Rate	Order Time	CP Order Time
MAVI	BASMATI	650000	2,632,500.00	650000	700000	4.05	4.05	14:53:35	14:17:53
MAVI	ALKA	647500	2,661,225.00	650000	700000	4.10	4.11	13:41:54	13:14:28
MAVI	BASMATI	602510	2,470,291.00	650000	700000	4.10	4.10	13:43:12	13:42:55
MAVI	BASMATI	407348	1,649,759.40	650000	725000	4.05	4.05	14:51:54	14:17:46
MAVI	SV	144930	588,415.80	650000	163513	4.05	4.06	14:51:54	14:40:04
MAVI	SV	47388	194,290.80	650000	50000	4.10	4.10	13:43:12	13:08:46
MAVI	JMP	25000	101,500.00	650000	25000	4.05	4.06	14:51:54	14:45:37

- As can be observed in the table, the buy and sell orders are placed at exactly same or nearly same price in all the trades. The buy and sell order size is also nearly same in 4 out of 7 trades. Further in

all the cases the Buy order by the group member has been placed a few seconds before large sell order of Sub-Accounts. This indicates that the group members might have information of large sell order being placed by Sub-Accounts or may be giving a signal to the Sub-Accounts to place their sell orders. All these trades have happened on September 18 and September 22, 2009.

- There are 139 days when members of the Group have traded. Their total purchase is 39,075,735 shares and total sale is 43,390,415 shares which is 30.63% of the total market volume on gross basis for the complete period and 35.34% for these 139 days when they have trade.
- There are 12,285,720 shares traded among members of the group i.e. 29.80% of the shares traded by the members of the group are among themselves. Following is an extract of the trading among the Group members.

		Buy Clients							
Sell Clients	Row Labels	ALKA	BASMATI	JMP	OUDH	SV	Total Sell to Group Entities	Total Sell	% sell to Group out of total sell
	ALKA	0	0	359,681	0	238,567	598,248	2,977,728	20.09
	BASMATI	0	5,377	2,072,871	1,172,350	478,776	3,729,374	16,376,244	22.77
	JMP	0	1,202,995	176,667	1,850	1,405,754	2,787,266	5,931,322	46.99
	OUDH	64,400	397,460	58,698	0	615,240	1,135,798	2,080,260	54.6
	SV	150	2,167,506	970,463	716,518	180,397	4,035,034	16,024,861	25.18
	Grand Total	712,050	7,331,046	4,634,920	1,890,718	4,816,342	19,385,076	58,608,657	33.08

As being observed in other scrips, here in the case of Maars also, the major counterparties to the trades of Group members are other members of the Group itself. Apart from the Group members, the other counterparties to the trades of Group Members are mostly scattered in such cases.

- Following table gives the Profit/loss figures for the trades of Group members.

Group Entity	Buy Qty	Buy Value	Avg Buy Price	Sell Qty	Sell value	Avg Sell Price	Profit/Loss
SV	15,384,473	50,455,436	3.28	16,024,861	51,638,153	3.22	-880,855
ALKA	770,500	3,075,645	3.99	2,977,728	11,183,003	3.76	-181,995
JMP	5,931,322	19,197,266	3.24	5,931,322	19,257,900	3.25	60,634
OUDH	2,080,260	5,085,770	2.44	2,080,260	5,451,611	2.62	365,841
BASMATI	14,909,180	50,536,015	3.39	16,376,244	56,879,623	3.47	1,248,053
Total	39,075,735	128,350,132	3.28	43,390,415	144,410,289	3.33	611,679

Observations on trading of Group/FII

13. A list of top counterparties to the sale of shares by the FIIs in the companies issuing GDRs is given at '**Annexure A**'. It is observed for the trading of Group members like Basmati, SV, JMP, Alka and Oudh that their buy trades were matching on a consistent basis with the sell trades of Sub-Accounts. For example, in the case of IKF, 75.7% of the shares sold by India Focus are being purchased by SV, JMP, Oudh, Alka and Basmati. Thus a very high percentage of trades of Sub-Accounts were matching with the Group entities as counterparty across different companies raising a suspicion of a possible pre-arrangement between Group and Sub-Accounts due to the fact that most of the companies examined were illiquid companies and it would be difficult for the Sub-Accounts to sell their holdings without experiencing major price fall. It was also observed that Sub-Accounts and aforementioned Indian clients were the major contributor to the volume in such scrips. When queried, KII and India Focus denied having any link or arrangement with any of the entities with which they traded in the Indian markets.
14. The inference that can be drawn from the trading of Group vis-à-vis FII is that the Group entities have been successful in buying large chunks of shares from the Sub-Accounts and then disposing it off in the markets. Group have maintained volumes in the market but not held on to the shares of companies examined, therefore it is clear that the Group entities have not bought the shares from Sub-Accounts with a view of long term investment. The buyers to the shares sold by Group are either Group members or in majority are scattered investors. Prima facie overall trading by these suspected entities has given a false impression to the market of high volume probably done so in order to keep genuine and unsuspecting investors interested in the scrip over the period of activity before the Group finally off-loaded shares. The connections among the Sub-Accounts and the Group are discussed in later sections.
15. Most of these companies had issued GDRs in 2009. SEBI also received a complaint in which it was alleged that a few Indian companies and Investment Bankers located overseas have misused the GDR route for issuance of shares overseas. As inferred from the complaint, the modus operandi of the alleged misuse was to issue large sized GDR issues in overseas market and then gradually sell it in a structured manner to Indian Clients already known to the FIIs. The trading pattern observed between Sub-Accounts and Group also supports the allegations made in the said complaint.
16. The information regarding the GDR issues was sought from respective companies. Along with the examined companies, information was also sought from Cals Refineries Ltd (Cals,) as several complaints, including related to GDR issue, were received against the company.

Issue Size of GDRs

Following table provides the details of the issue size of the GDRs of shortlisted companies and the equity base of the company before and after the GDR issue:

Name of the company	Date issue of GDRs	Pre GDR equity ('000)	Shares issued under GDR ('000)	Total Outstanding Shares ('000)	% GDR to Post GDR equity	% GDR to Pre GDR equity
Asahi	Apr 30, 2009	37,196	299,100	336,296	89	804
IKF	May 15, 2009	268,190	162,391	430,581	38	61
	Mar 30, 2007	106,690	132,000	238,690	55	123
Avon	Jun 19, 2009	16,580	48,000	64,580	74	289
KSera	Oct 16, 2009	67,131	134,257	201,388	67	200
	Oct 26, 2007	19,513	47,619	67,132	71	244
Cat	Nov 06, 2009	31,576	47,860	79,436	60	152
	July 27, 2007	5,750	25,286	31,036	80	440
Cals	Dec 12, 2007	60,000	7,880,000	7,940,000	99	13,133
Maars	Sep 29, 2007	66,160	73,800	139,960	53	112

Note: only KSera was listed on both BSE and NSE during the period of examination; rest of the scrips were listed only on BSE.

17. It can be observed from the above table that Asahi issued 299,100,000 shares under GDR when its total outstanding shares prior to GDR were only 37,196,000. Thus the issue size of GDR was approximately 8 times of the total equity of the company prior to GDR issue. The market cap of the company was at only Rs 2.64 crore prior to GDR issue. In an extreme case, it was found that Cals issued GDRs nearly 13,133% of its existing equity base. Cals issued its GDR in Dec. 2007. (Table at '**Annexure B**' provides details of GDR issued by the companies examined). Further, looking at the financials of these companies, as given at '**Annexure C**', it is observed that all the companies have such financials that may not readily attract investors to subscribe to such large sized issues. Therefore, successful subscription of these GDR even raises possible doubts about the genuineness of subscribing investors or the actual motives of the promoters or directors of companies issuing them.

18. Following table gives the summary of the financials of the companies for the respective financial year ending:

<i>(in Rs Crores)</i>	2007		2008		2009		2010	
	Net Sales	PAT	Net Sales	PAT	Net Sales	PAT	Net Sales	PAT
Asahi Infrastructure	20.34	0.1	49.7	0.16	45.51	0.2	366.77	34.94
Avon Corporation	39.1	1.44	49.5	1.86	73.59	7	116.74	11.39
Cat Technologies Ltd.	4.06	1.77	6.02	0.87	9.36	2.3	7.93	0.3
Cals refineries Ltd.	0.03	-0.01	0.08	0.69	0.03	0	0	0
IKF Technologies Ltd.	14.35	1	28.7	2.5	48.32	4	53.92	5.22
K Sera Sera Ltd	38.33	-20.3	63.7	-0.3	36.85	-4.3	30.44	7.06
Maars Software I Ltd	35.55	0.05	31.2	0.12	6.34	-3.7	0.94	-1.86

19. The levels of profit after tax compared with the trend of sales during the period leading upto the GDR issue may not provide adequate reassurance to an investor to subscribe to the shares of such companies, unless there is some other motive or information available to them that may explain the large investments. The profile of the initial subscribers of the GDRs, as described later, further supports the sense of doubt regarding the nature of investors. Added to these doubts is the low price of some shares in the domestic market as compared with the issue price.

Issue Price of the GDRs

20. Following table provides the comparison of issue price of the shares underlying GDRs with the prevalent market price on the day of GDR issue in Indian markets. *(Adjusted prices for split/consolidation).*

Name of Company	Date of GDR issue	Price at the time of GDR Issue (Rs.)	Price of underlying equity paid by the GDR subscribers(Rs.)	price after one month of the issue	price after six months of the issue	Price on 13/9/11	
Asahi Infra*	30-Apr-09	7.40	10.00	14.7	11.4	4.92	
Avon Corporation	19-Jun-09	8.87	10.00	8.54	8.62	4.07	
Cals Refineries**	12-Dec-07	5.62	1.00	10.13	5.48	0.38	
Cat Technologies	Issue 1	27-Jul-07	5.34	10.00	7.14	9.50	9.19
	Issue 2	06-Nov-09	17.26	10.00	11.25	16.75	
IKF Tech Ltd.	Issue 1	30-Mar-07	7.35	3.83	7.11	7.01	2.62
	Issue 2	15-May-09	3.00	3.50	4.95	4.92	
K Sera Sera Ltd	Issue 1	26-Oct-07	30.00	24.15	35.00	29.00	11.45
	Issue 2	16-Oct-09	21.40	10.00	16.00	11.64	
Maars Software I Ltd	29-Sep-07	4.49	10.00	3.78	4.19	0.71	

* The share of Asahi was consolidated in the ratio 10:1 on November 25, 2010

**The share of Cals was split in the ratio 1:10 on May 28, 2008

Surprisingly, even when GDRs were issued at a price higher than that prevailing in the domestic market they were fully subscribed, e.g. Asahi, Avon and Cat (Issue 1). It is observed that the issue prices of GDRs of Cals, IKF (Issue 1), Cat (Issue 2) and K Sera were at a discount to their prevailing traded price at BSE. (The issue price in Rupee terms is as per currency exchange rate of the GDR priced in U.S Dollars). No clear relation emerges between the prevailing market price and that of the GDR issue.

Price/ Volume movement

21. The Price volume chart for the relevant period for each of the aforementioned scrips is given in ‘Annexure D’. From the charts, it is observed that:

- prices of the scrips have increased significantly in most of the scrips around and more importantly, immediately after the issue date of GDRs.
- in a few instances the price has fallen substantially, a few months after the GDR issue.
- share price of the companies has become volatile around the period of listing of the GDRs.
- in half the cases, the volume has not increased around the period when GDRs have been issued but only thereafter which coincides with the conversion and sale of GDRs in Indian exchanges.
- Trading details in these companies before and after the GDR issue (on BSE) are given below:

Name of Company		Avg Daily trading volume for 6 months prior to GDR issue	Avg Daily trading volume for 6 months post GDR issue	Avg Daily turnover for 6 months prior to GDR issue (Rs '000)	Avg Daily turnover for 6 months post GDR issue (Rs '000)	% increase in turnover post GDR
Asahi Infra		8,376	104,815	6	132	2,200
Avon Corporation		62,643	526,536	419	5,265	1,257
Cals Refineries		22,122	37,026	586	1,970	336
Cat Technologies	Issue 1	10,363	323,310	59	6,578	6,578
	Issue 2	295,970	288,537	2,625	3,663	140
IKF Tech Ltd.	Issue 1	1,736,055	6,014,975	12,482	46,110	369
	Issue 2	374,166	1,341,774	1,074	6,241	581
K Sera Sera Ltd	Issue 1	223,707	259,750	5,112	8,628	169
	Issue 2	1,044,947	1,806,370	13,920	24,032	173
K Sera Sera Ltd (On NSE)	Issue 1	105,171	141,970	2,408	4,747	197
	Issue 2	641,106	1,867,869	8,754	24,672	282
Maars Software		125,739	532,039	534	3,912	733

22. As can be seen from the above table, the companies examined were generally less-liquid before the GDR issues compared to the period Post GDR issues. After the GDR issue there has been substantial increase in the average daily volume of these scrips.

Cancellation of GDRs

23. Following table gives a comparison of GDRs issued and GDRs cancelled in these companies till May 31, 2010.

Name of Company	Pre GDR Equity shares ('000)	Total shares issued under GDR ('000)	Total Shares cancelled ('000)	% of GDR cancelled to GDR issued	% of GDR cancelled to pre GDR equity shares
Asahi Infra	37,196	299,100	53,100	17.75	155.28
Avon Corp	16,580	48,000	16,236	33.83	97.92
Cals Refineries	60,000	7,880,000	3,538,764	44.90	5,897.94
CAT Technologies	5,750	73,686	15,891	21.57	276.34
IKF Technologies	136,190	294,391	163,020	55.38	119.70
K SERA SERA	26,062	181,876	84,684	46.56	324.93
Maars Software	66,160	73,800	57,928	78.49	87.55

24. It is observed from the above table that between 17.75% and 78.49% of the GDR issued by the companies have been cancelled by converting it to normal equities in the domestic Indian market. In the case of Avon, 33.83% of the GDR issued were cancelled by May 31, 2010 i.e. within 1 year of the issue of GDR (Date of GDR issue June 19, 2009). Similarly in the case of Asahi, KSera and IKF, 17.75%, 46.56% and 55.38% of the GDR issued were cancelled by May 31, 2010, respectively. In the case of Cals, which issued its GDRs in December 2007, 44.90% of the GDRs have been cancelled by May 31, 2010. This indicates that post GDR issue a large number of GDRs have been converted and sold in Indian Stock Markets. The number of GDRs cancelled becomes even more significant if we compare them with the pre GDR equity of the companies, since the floating stock of the company in the Indian Exchanges increased manifold. A quick comparison with GDRs issued by other well known Indian companies brings out the difference in a stark manner (details in 'Annexure E'): firstly the percentage of GDR/ADR issued forms a minor proportion of 3% to 24% of the equity capital of the companies and second the conversion of GDRs to shares in India is insignificant as the percentage of GDRs in the capital structure remains extremely stable over time. For example the Infosys ADR constitutes 19.16% to 17.59% of its equity capital over the three year period March 2008 to March 2011.

25. The critical point that emerges for the interest of investors is the large and sudden increase in floating stock due to GDRs converted to shares in the Indian market and the possible effect on the price of the stock. Hence, in the case of Asahi 531,000 GDRs have been cancelled and converted into 53,100,000 shares in Indian markets (1 GDR=100 shares underlying in this case) while total equity base of Asahi was that of 37,196,000 shares before issue of GDRs. Similarly in the case of Avon, IKF, KSera, CAT and Cals, the number of GDRs converted and sold in India is higher than their pre-GDR equity base. The market price of all these scrips is below price at the time of GDR issue. The earlier narration also brought out the sharp fall in price due to large selling by Sub-Accounts when not supported by the Group. When subscribers to GDRs convert them to shares in the Indian market there is a sudden surge in supply of shares, an event that is unknown to domestic shareholders. This surge would be similar to the listing and trading of additional shares after an FPO (Follow-on Public Offer) or QIP (Qualified Institutional Placement) but different to the extent that in an FPO or QIP prior announcement exists in the market and knowledge of inflow of shares is available with shareholders/investors.

Entities converting (cancelling) GDRs

26. It is also observed from the GDR cancellation data for these shortlisted scrips that the Sub-Accounts are mainly cancelling the GDRs and selling the resultant shares on BSE and/or NSE. Further, cancellation of GDRs in most of the cases has started within 2 to 3 months of issuance. The data of GDRs converted by Sub-Accounts is given below:

Name of Company	Name of Sub-Accounts converting GDR	No. of shares converted under GDR ('000)	% of total GDR converted in the company
Asahi Infra	INDIA FOCUS CARDINAL FUND	43,100	81.17%
	KII LTD	10,000	18.83%
Avon Corporation	INDIA FOCUS CARDINAL FUND	13,896	85.58%
	KII LTD	2,340	14.41%
K Sera Sera Ltd	INDIA FOCUS CARDINAL FUND	36,723	43.36%
	KII LTD	33,761	39.86%
	ARES DIVERSIFIED	5,450	6.43%
	SOPHIA GROWTH	5,150	6.07%
	RHODES DIVERSIFIED	3,600	4.25%
IKF Technologies	INDIA FOCUS CARDINAL FUND	29,670	95.64%
	KII LTD	1,350	4.36%

Name of Company	Name of Sub-Accounts converting GDR	No. of shares converted under GDR ('000)	% of total GDR converted in the company
Cat Technologies	RHODES DIVERSIFIED	6,750	42.48%
	SOPHIA GROWTH	4,800	30.21%
	MAVI INVESTMENT FUND LIMITED	1,260	7.93%
	ARES DIVERSIFIED	1,500	9.44%
	INDIA FOCUS CARDINAL FUND	1,131	7.11%
	KII LTD	450	2.83%
Maars Software	SOPHIA GROWTH	39,550	68.27%
	INDIA FOCUS CARDINAL FUND	11,278	19.46%
	KII Ltd	4,500	7.78%
	MAVI INVESTMENT FUND LIMITED	2,600	4.49%

**ICICI BANK is the domestic custodian of the GDR Issue 1(GDRs issued in March 2007) by IKF. The cancellations reflected in the table by ICICI BANK Ltd. are done by it in the capacity of the domestic custodian for GDR Issue 1 of IKF. The names of beneficial owners of the GDRs on whose behalf cancellations have been done by ICICI BANK Ltd is not available with SEBI.*

In the case of Asahi, IKF and Avon, 100% of the cancellation has been done by India Focus and KII. In the case of K Sera 83.22% of the cancelled shares are done by India Focus and KII. The PAN of Sophia Growth and Rhodes Diversified is same and therefore they are one and the same entity. Therefore, it is observed that along with India Focus there are three Sub-Accounts appearing frequently in cancelling GDRs and selling shares, viz. KII, Mavi and Sophia.

Merchant Banker/Lead Manager/Arranger to GDR Issues

27. The information submitted by these issuer companies during the course of investigation regarding their GDR issues revealed the following similarities in all the examined companies, (except Cals):

- The Merchant banker/Lead Manager/Arranger to the issue is PAN ASIA ADVISORS Ltd (Panasia),
- The proceeds of the GDR issue are deposited in European American Investment Bank AG, Austria (Euram Bank)

Panasia clarified to SEBI that they are a registered entity with FSA and have been allowed to provide and undertake, among other things, corporate advisory and placement services.

Initial Investors to GDRs

28. The list of initial GDR subscribers of the companies examined is provided at 'Annexure F'. It is observed from the list of initial allottees that names like Flamboyant International Ltd, Trend Setter Enterprise Corporation, Flagstaff Investment Ltd, Imagination Network Inc, Futura Group

Limited, Figura Group Limited, Knightbridge Management Inc, Greenwich Management Inc and Tradetec Corporation, have invested in GDRs of more than one of the shortlisted companies. Further, it was also observed that the aforesaid investors have also got allotment of few other companies like Proto Developers Ltd and IT People (India) Ltd wherein GDRs were issued with Panasia and Euram Bank respectively involved as Lead Manager and Bank holding GDR deposits.

29. Figura group ltd and Futura Group Ltd are connected to each other as the address of both of these entities is exactly the same. Further, Flagstaff Investment Ltd and Figura Group are connected as the stamp used by them in their letters is same i.e. of Flagstaff Investment. All the names listed as investors for Asahi, Avon, Cat, KSera, IKF, It People (India) Ltd and Proto Developers Ltd in 'Annexure F' are probably legal entities created only for routing investments since searches on their names on the internet and a broader Google search, returned nil results for them. The website address printed on their letterheads either do not exist or has only one page. Further nearly all of them have nonexistent email addresses printed on their letterheads and emails sent to those addresses have returned undelivered. Most of the websites are hosted at one domain i.e. <http://dompok.dada.net/>.

Role of Arun Panchariya, Panasia, Euram bank & India Focus

30. A repetitive pattern emerges from the examination conducted so far i.e. same set of Sub-Accounts selling most of their holdings to the same set of counterparties, most of the GDRs were issued in 2009, same bank (Euram bank) where proceeds of the GDRs were deposited and these GDR issues managed/arranged by Panasia. Further examination of the agencies connected to the GDRs was conducted. The information was collected primarily from SEBI website, LinkedIn, MCA website, individual websites of different entities, Google and submissions made by various entities:
31. As mentioned earlier that except for Cals, Panasia has been the Arranger to the issue. Mr. Arun Panchariya is the founder and owner of Pan Asia Advisors Ltd (as per website of Euram Bank Asia).
32. SEBI investigation discovered connections of the suspected entities among themselves and with other counterparty entities. Most of these entities are connected to Arun Panchariya and his brother Satish Panchariya who is the director of Alka India Ltd., a listed textile company with a history of regulatory actions at SEBI. The address of Alka India (mentioned in SAT order dated May 06, 2010 in the matter of Alka India Ltd) and Panasia in India is same. Alka India is observed to be trading as counterparty in a few scrips where GDR issues were managed by Panasia.

33. One of the initial investors in GDRs, the arranger, the FIIs cancelling GDR, the counterparties to these FII trades and the bank where proceeds are deposited are all related to Panchariya. These evidences clearly indicate that Arun Panchariya has control over all aspects of the operation of 'structured GDRs' - providing services of placement of the GDRs issue, assisting the GDR holding entities to exit by arranging to purchase the GDRs from them. *Prima facie*, Arun Panchariya has facilitated issue of GDRs for several companies by arranging a common set of subscribers, which otherwise may not have been possible given the magnitude of capital raised in comparison to existing equity capital of these companies, their unimpressive financial statements and low volumes in trading of their shares.
34. In the GDR issue of all the companies examined, whenever Panasia has been the Arranger of the issue, proceeds have been deposited with European American Investment Bank AG (Euram), a bank incorporated in Austria. Euram is also registered as an FII in India. In its existence as a FII, Euram has never made an investment in India in its own name and is only listed as an investor in India Focus.
35. Euram has a joint venture with Arun Panchariya led Panasia known as Euram Bank Asia Ltd, that is located in Dubai. Euram Bank Asia Ltd. proclaims to offer access to the group's global financial services and is a provider of investment banking and private banking services. The details of EURAM BANK ASIA Ltd. are at <http://www.eurambankasia.com> wherein it is stated that their head office is in Dubai International Financial Center. According to the website of Dubai International Financial Center, Arun Panchariya and Satish Panchariya are the directors of Euram Bank Asia Ltd.
36. The Sub-Account, India Focus, is registered under the FII, Euram. Mr Arun Panchariya was the director of India Focus until October 28, 2010. Both Euram and India Focus got registered with SEBI in November 2008 and December 2008, respectively.
37. During the period January 01, 2009 to December 31, 2011, there were 21 companies for which Panasia was the arranger of the GDR issues and India Focus was observed cancelling GDRs and selling shares in Indian Markets. The list of such companies is not exhaustive as Panasia didn't provide SEBI names of Indian companies for which GDRs issues have been managed by it. The information was collected from various sources including Panasia website. As, India Focus was observed to be selling shares of few other companies which have issued GDRs, it is likely that more such issues might have been managed by Panasia.
38. Alka India and Oudh are among the shareholders of Basmati. Together, they hold 37.68% of the shares of Basmati. Basmati holds 27.8% of the shares of Oudh. (source: MCA website)

39. One of the original investors in Proto, a GDR issue managed by Panchariya, was Atiq Al Aqadi Trading Company, Dubai. It had earlier placed an export order worth Rs 4.20 Crores in 2003 with Alka India. Interestingly, during the same period another export order of Rs 2.50 Crores was bagged by Alka India from Vintage FZE, UAE, which is owned by Arun Panchariya. Further, one Atique Al Aqadi Trading LLC is also currently shown as an investor in Sub-Account, India Focus.

Role of FIIs/Sub-Accounts

40. On examining the trading activity of India Focus during the period January 01, 2009 to May 31, 2010, it is observed that it traded shares of Rs. 3,000 million in 22 stocks on BSE/NSE during the period, out of which nearly Rs. 2980 Million in 18 stocks consisted of sale of shares from GDR cancellation; only 20 million or 0.67% of total transactions over the relevant period pertained to four non-GDR scrips. In total, India Focus cancelled GDRs worth Rs. 3,633 million (calculated on the basis of closing price of the scrip on the day of cancellation) during the aforesaid period. This behavior of India Focus and Euram indicates that the sole objective of the registration of India Focus as a Sub-Accounts is to sell GDRs and take funds out of the country and not to invest in Indian Companies, as is the expected objective of FIIs. Euram Bank has prima facie facilitated India Focus by getting registered as an FII and contrary to other FIIs it has not done any trading in the stock market.
41. On further examining the counterparties of India Focus across the market it is observed that suspected connected entities of Panchariya are major counterparties of the selling by India Focus not only in the companies examined but in several other companies also. The GDRs of several such companies were arranged by Panasia and during the aforesaid period in all 18 scrips sold by India Focus one or more members of Group have been counterparties to the trade. In total, shares worth around Rs. 800 million, out of total Rs. 2980 million sold by India Focus, were bought by Group on BSE and NSE. It may be noted that all these shares sold by India Focus are after cancellation of GDRs. Further, from examination of trading, after serving as counterparties the Group are not holding these shares and are selling it within the day or in the days following.
42. These Sub-Accounts were asked to give the rationale behind trading in such illiquid scrips. Following is the summary of replies :
- “The trading in GDRs of these scrips is based on the rationale that there is deep discount available to the buyers of such GDRs in overseas market. Buying these GDRs and subsequently selling in the Indian markets after cancellation is highly risky due to the low liquidity of the shares. However, a

decision is only taken after considering the discount available and amount of risk associated with the scrip due to its low liquidity.”

43. Table at ‘**Annexure G**’ provides a comparison between the prices of the GDRs (in Rupee) on Luxembourg Stock Exchange(LSE) with the price of the same on BSE. It reveals the absence of arbitrage between prices at LSE and that at BSE. It also begs the question as to what discount is available to buyers of such GDRs. Initial subscribers paid full price, yet they were willing to sell these investments at deep discounts. Further, it is observed that liquidity suddenly appeared at BSE when the Sub-Accounts desired to sell.
44. The existing shareholders of the GDRs issuing companies are aware of the positive news that their company has raised foreign capital through GDRs but equally they are completely unaware of the subsequent activities of the arranger to the GDR issue along with its connected entities. They are lulled into thinking that their company stock has been highly valued by foreign investors. The fact that there exists a largely common base of initial subscribers across all issues managed by Panasia is not in the public domain. Information of the subscribers to GDRs appears to be well guarded information which was given to SEBI after much persuasion. Further the Indian shareholders are adversely affected by misleading signals of Panchariya controlled entities providing exit to the Sub-Accounts, while artificially creating volumes in the scrips.

Regulatory History of Panchariya

45. An Order was passed against Alka India on February 25, 2010 for violations of various provisions of SEBI (PFUTP) Regulations, 2003. It was observed from the Order that several Panchariya Group related entities including Arun Panchariya and Satish Panchariya had sold shares of Alka India after the company had allegedly caused misleading publication of favorable news in the media.
46. Few other orders were also passed against promoters and related entities of Alka India Ltd in 2009 and 2010. Penalty was imposed on Alka India Ltd, Satish Panchariya and Arun Panchariya along with other promoters of Alka India. The order was appealed in the SAT by Alka and related entities but the Adjudication order was upheld vide SAT order dated May 06, 2010.
47. JMP Securities was named in the SEBI order dated October 05, 2005 in the matter of Eltrol Ltd., in which a few other entities appearing as counterparties to FII trades in the current investigation were involved. Eltrol Ltd had made a preferential allotment to Oudh Finance and Basmati Securities in March 2005.

Trading and holding of shares in CALS Refineries

48. CALS Refineries Ltd. issued GDRs worth Rs.788 Crores in December 2007, which was around 133 times the size of its equity capital at that time. GDRs were issued by Cals to raise capital for setting up a refinery in Haldia West Bengal, which involved the relocation and re-erection of an existing German refinery, with an upgraded crude oil refining capacity of 100,000 bpd in Phase I, to Haldia in West Bengal. News report of August 2011 quoted the MD of Cals that the Phase I of the project had got further delayed and financial closure is still to take place.
49. The company had announced in March 2008, an investment of Rs 20,000 crore in the refinery. The project, according to the original schedule, was supposed to get completed in two phases beginning 2010. According to the news article due to the resource crunch, the commissioning of the first phase had been delayed by a year to 2013, which would result in the refinery losing out on a seven-year tax holiday.
50. Post GDR issue the promoter holding in the company was at 0.09% due to large percentage of GDRs issued by the company. However, during an interview in The Hindu Business Line, the CFO of the company made a statement that the promoters of the Group, Mr Sanjiv Malhotra, Mr Ravi Chilukuri and Mr Gagan Rastogi and their families — actually controlled as much as 75 per cent of the paid-up equity capital in Cals. They acquired the stake by subscribing to the GDR, the details of which were not available within the Indian stock market. However, company later clarified to SEBI that the GDRs were acquired by open market transactions on LSE and none of the promoters had originally subscribed to the GDR issue. Company has filed its share holding statement to the exchange for quarter ending December 2010. Currently 33.96% of the equity capital of Cals is in the form of GDRs and 13.66% of the equity capital is held by its promoters in the form of GDRs. This disclosure was made on account of amendment to the Listing Agreement vide Circular No: CIR/CFD/DIL/10/2010 dated 16-Dec-10 wherein promoter holding through GDRs, if any, is to be disclosed in the shareholding pattern.
51. Further, following observations were made after examining trading of Cal refineries for the period August 01, 2009 to August 24, 2011. Price of the scrip was in the range of Rs.0.89 to Rs.0.25 during this period yet an average daily 30,449,799 shares were traded. Based on price variation of 50% or more and volume variation of 2000% or more 3 patches were identified viz. Patch I-August 27, 2009 to September 11, 2009 (Price and Volume Variation) , Patch II-November 26, 2010 to December 08, 2010 (Price Variation), Patch III-July 27, 2011 to August 2, 2011 (Volume Variation).

- Results for the year ended March 2009 reported a net loss of Rs.0.19 million. Company had no reported income for the year ended March 2010 and March 2011.
- JMP was the top client on gross basis while dealing on its own account and had purchased 2,775,253,260 shares and sold 2,776,460,929 accounting to 17.66% and 17.67% respectively of total market volume wherein transaction for 653,253,206 shares were wash trades i.e. buy and selling was same which accounted for 4.16% of total market volume. Counterparties to its trades were scattered.
- During Patch I, JMP was top client on gross purchase basis, Taib Bank was top client on gross and net sales basis.
- During Patch II, JMP was top client on gross basis, Chhaya Mukesh Chheda was top client on net purchase basis and Taib Bank was top client on net sales basis.
- During Patch III, JMP was top client on gross basis and net purchase basis and Merrill Lynch Capital Market was top client on net sales basis.
- Out of 123,243,750 shares of Cals sold by Taib Bank, 7,884,696 shares (6.39% of total shares of Cals sold by Taib Bank) have been bought JMP. Similarly, out of 514,446,359 shares of Cals sold by Merrill Lynch, 64,299,274 shares (12.50% of total shares of Cals sold by Merrill Lynch) have been bought by JMP.

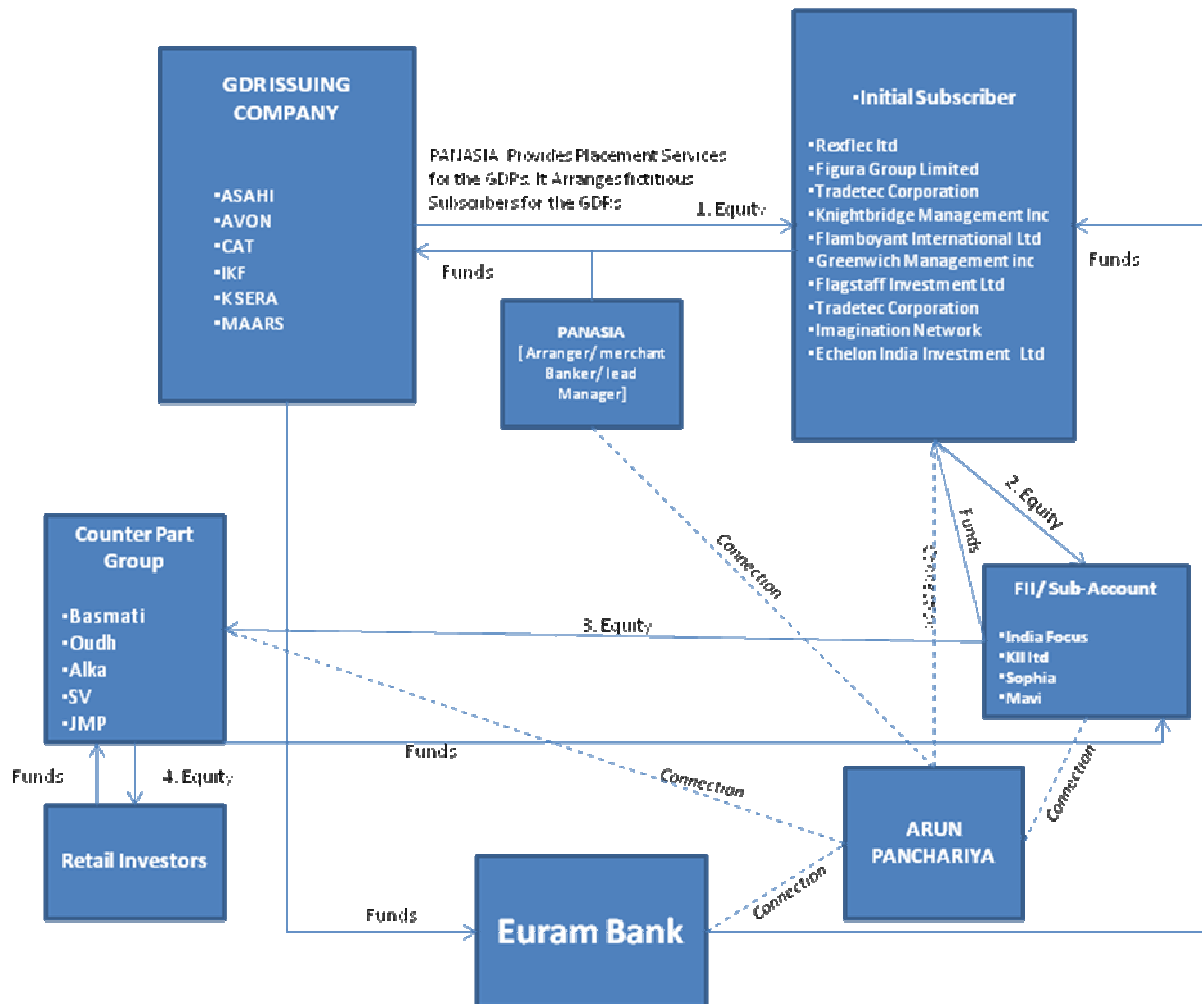
52. From the trading pattern of the scrip Cals refineries it is observed that JMP has been the most active client in the scrip. Taib Bank and Merrill Lynch Capital Market have been observed to be cancelling the GDRs of CALS and then selling it in Indian markets. JMP is the one of the top 3 counterparties of the sell trades of both Merrill Lynch and Taib Bank.

Final Observations & Conclusion

53. From the narration above, following facts have been observed regarding the entities that have emerged in the 'structured GDR' dealings of the suspect companies. Broadly the entities involved in the 'structured GDR' transactions can be divided in three groups:

- ✓ Entities located overseas, which subscribe and deal in the GDRs
- ✓ FIIs/Sub-Accounts which buy GDRs overseas, convert them into normal equity and thereby bring these GDRs to India in a form that is tradable in Indian Bourses
- ✓ Entities trading in Indian Stock Markets as majority counterparties to FIIs/Sub-Accounts.

54. Following is the diagrammatic representation of the activities of all the suspected entities related to the GDR issues as suspected by SEBI during investigation of the GDR issues.



55. The diagram indicates an arranger who facilitates issue of GDRs to particular foreign entities that is followed by substantial conversion of GDRs by certain FIIs and their sale to a set of counterparties on domestic exchanges who in turn sell to retail domestic investors. Therefore to the extent of immediate large scale conversion of GDRs, increased equity due to GDR issue is ultimately purchased by the retail investor in India. Thus the ultimate source of funds for a high proportion of the GDR issue is provided through investment done by the retail investor.
56. In the above scrips it is prima facie found that Arun Panchariya related Group entities buy shares from Sub-Accounts like India Focus and later sell it to retail investors thereby setting up a funds flow from retail clients to Panchariya related counterparties and then to Sub-Accounts which take the money outside India.
57. The Profit/Loss figures of the Group do not appear relevant as Profit and Loss of the Group ranges between profit of Rs. 11,093,676 in Cat and loss of Rs. 13,288,023 in Avon.

58. From the structure of GDRs, its trading and existing relevant laws in concerned countries, it seems that it is not possible to ascertain the identity of GDR holders except the identity of initial investors in the company.
59. It is observed that trading by the Sub-Accounts and Group has resulted in surge in volume in the domestic market. This suggests two possibilities both of which may exist – the GDR announcement is viewed positively by investors and they are drawn to the scrip or trading in the scrip is artificially engineered by a group of operators with or without connivance of companies issuing the GDRs. The increase in volume is mainly due to selling of shares by Sub-Accounts and purchase and subsequent sale of these shares by members of Group in India. Concentration of sale of shares by Sub-Accounts to a few clients by prima facie pre-arrangement and subsequent sale of these shares by these clients to large number of investors in the market indicates prima facie, that a false market has been created by the Group to attract new clients to shares of the company and these Indian entities then offload their holding to a number of new clients.
60. Substantial percentages of shares sold by Sub-Accounts in Indian Stock Exchanges were purchased by the Group. Following table gives the shares purchased by Group members from Sub-Accounts as percentage of total sold by Sub-Accounts.

Sub-Accounts Selling to Group members (as % of total sold by Sub-Accounts)		Asahi	Avon	Cat	IKF	KSera	Maars
	Alka	0.00	0.00	7.99	5.58	0.00	4.25
	Basmati	39.04	22.38	20.50	36.28	21.37	23.38
	JMP	5.98	0.00	0.00	9.49	0.35	6.55
	SV	17.03	21.07	0.00	4.52	6.90	12.47
	Oudh	0.00	12.78	3.99	19.79	19.64	0.00
	Total Sold to the Group	62.05	56.23	32.48	75.66	48.26	46.65
	Total Sold by Sub-Accounts (100%)	31,771,646	14,058,611	3,755,001	19,607,456	29,121,430	15,218,242

61. Further, substantial trades have also happened among the group members which are summarized in table below.

	Asahi	Avon	Cat	IKF	KSera	Maars
Trading Among the Group	4,170,495	8,902,463	7,699,279	16,894,582	16,637,703	12,285,720
Total Purchase by the Group	61,019,672	37,630,478	25,484,352	79,905,100	99,394,656	39,075,735

Trading Among Group members as % of Total purchase by the Group	7.65	23.56	32.85	26.68	16.91	28.31
Total sale by the Group	54,531,543	37,781,778	23,436,576	63,322,661	98,385,183	43,390,415
Trading Among Group members as % of Total sale by the Group	6.83	23.66	30.21	21.14	16.74	31.44

62. Subscription in GDRs escapes the radar of the regulators, since disclosure of GDR holders can be protected by taking defence of secrecy laws in foreign jurisdictions. Further, in jurisdictions with weaker Anti Money Laundering regimes, companies may act as conduits to the persons who wish to launder their funds by allowing such persons to subscribe to GDRs, who then sell these in the Indian market where liquidity exists and the sale proceeds are repatriated through legitimate channels while the company benefits with a huge growth in market capitalization. As Investigation of this aspect doesn't lie within the jurisdiction of SEBI, it will be referred to the appropriate enforcement agency. In the case of CALS Refineries, in addition to GDR issue of Rs. 788 Crores in 2007, in June 2011 the company has announced another mega GDR issue of Rs. 1425 Crores. Looking at the financials of the company along with the admitted delays in its project, it appears very unusual.

63. At this stage of investigation there appears to be some truth in complaints of investors regarding the structuring of sale of shares by certain FII/Sub-Accounts in companies that had made substantial issue of GDRs, as compared to its existing pre-GDR capital. The findings in this regard reveal prima facie evidence of a pre-arrangement between parties to transactions at various stages of this complex scheme. The beneficiaries of such a scheme are GDR issuing companies that end up with a surge in net worth, the lead manager which earns commissions for providing services and the Sub-Accounts that purchase GDRs at discounts in an illiquid foreign market and exit such investments in the domestic market with the active connivance of related counterparties that make the market in the scrip in order to generate signals of volume and depth that attracts domestic investors. The Indian investors are disadvantaged by the absence of full market information regarding supply of shares and are ignorant of pre-arrangement of trading between Sub-Accounts and the Group. The victims of the events that are played out, as described in this order are therefore the Indian investors who end up holding shares of companies that are injected with an artificial value due to the misleading acts of various entities and at prices that impart virtually no value.

Prima Facie Findings

64. The various aspects of the GDR issues like, the large size of the issue vis-à-vis existing size of the issuing company, un-impressive financials of the company, common initial investors, high proportion of cancellation of GDRs repeatedly by a set of FII/Sub-Accounts, sale in Indian Exchanges the majority of which is with a constant group of clients and further off-loading by them point towards an elaborate scheme to manipulate markets.
65. The role of India Focus, in particular, appears to be important. India Focus has denied, in its submissions to SEBI, of having any connection/agreement with the counterparties to its trade in these scrips. As discussed, this information provided by them is incorrect as during the examination it was discovered that India Focus was managed by Arun Panchariya and is therefore connected to the Group members like Alka, Oudh and Basmati.
66. The role of KII, Mavi and Sophia is also similar to that of India Focus as a Sub-Account trading in the scrip. They are observed cancelling shares of the examined companies and subsequently selling in the Indian Stock exchanges with the Group as its majority counterparty on each occasion narrated in this order.
67. The aforesaid activities of India Focus Cardinal Fund, Mavi, Sophia and KII Limited are therefore in prima facie violation of Section 12A (a),(b) and (c) of SEBI Act, 1992 read with Regulation 3(a)(b)(c)(d), 4(1) and 4(2)(a) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 2003. It is also in prima facie violation of Regulation 13A (2) of Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
68. India Focus Cardinal Funds is registered as a Sub-Account with the FII, EUROPEAN AMERICAN INVESTMENT BANK AG (EURAM BANK AG). There is no other Sub-Account, other than India Focus, registered with Euram during the period of examination. Euram has apparently acquired registration as an FII to facilitate India Focus to become its Sub-Account. SEBI Regulations for FIIs place the onus of KYC, control and monitoring of Sub-Accounts on the FII. Therefore, Euram Bank has prima facie violated Regulation 13A(1) read with Regulation 7A (Clause 1,2, 8 & 10(a) of Code of Conduct as specified under Third Schedule) of Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
69. Basmati has been observed to be a major counterparty to the trades of Sub-Accounts in all the six scrips examined. The percentage of shares sold by Sub-Accounts to Basmati on BSE, compared to its total sell in a particular scrip ranges from 20.50% (in Cat) to 39.04% (in Asahi). Basmati has also purchased 4,328,355 shares of K Sera from India Focus on NSE which is 32.14% of shares of KSera

sold by India Focus on NSE. Out of the total trading of Basmati across the exchanges in all the scrips, 37.99% is in the six scrips examined and described in this order.

70. As explained in the discussion on detailed examination of trading in these scrips, Basmati has done synchronised trades with India Focus in CAT and IKF. Basmati is also observed to be doing synchronised trades with JMP and SV in IKF. Synchronised trades are also observed between Mavi and Basmati in the scrip of Maars.
71. Oudh is another major counterparty to the trades of Sub-Accounts. The magnitude of shares it has purchased from Sub-Accounts as a percentage of total shares sold by Sub-Accounts is 3.99% to 19.79% in four scrips where it is observed as counterparty. Out of the total trading of Oudh across the exchanges in all the scrips, 29.47% is in the six scrips examined.
72. Oudh is also observed to be entering into synchronised trades with India focus in CAT and IKF. As discussed earlier, connection exists between Oudh and Basmati and Alka as also with India Focus. Therefore, prima facie the trading between Oudh and other Group members and India Focus was done in an artificial manner with prior information of the orders being put by others.
73. SV is also acting as one of the major counterparties to the sale of shares by the Sub-Accounts. The shares it purchased from Sub-Accounts as a percentage of total shares sold by Sub-Accounts ranges from 4.52% to 21.07% in five scrips where it is observed as counterparty. Out of the total trading of SV across the exchanges in all the scrips, 53.19% is in the six scrips examined in this order. JMP, trading on its proprietary account have also been active as the counterparty to the sale of shares by the Sub-Accounts in the scrips examined. It also has significant trading while interse trading with other Group members leading to creation of artificial volume in these scrips.
74. As explained in the narratives on trading in these six scrips, there were several instances where Basmati, SV, Oudh, Alka, JMP have done synchronised trading with one another.
75. Alka, another member of the group has less trading in the scrips examined. However, as discussed earlier the company is controlled by the family members of Arun Panchariya. As discussed earlier, Basmati, Oudh, Alka and India Focus are connected. Therefore, prima facie the orders which matched among them were with prior knowledge of one another.
76. In view of the observations made above, dealings of the Group members in the examined scrips with other Group members and Sub-Accounts is a prima facie violation of Section 12A (a),(b) and (c) of SEBI Act, 1992 read with Regulation 3(a)(b)(c)(d), 4(1) and 4(2)(a) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 2003.

77. From the data available, it appears that Mr Arun Panchariya is a common link between Company and the initial subscribers to GDRs and for the purchase of GDRs by Sub-Accounts as well as sell to their majority counterparties in the domestic market. India Focus is a Sub-Account managed by him and observed to be most active in converting GDRs managed by Panasia and selling them in Indian markets. Further, prima facie, Group members acting as major counterparties to sell orders of India Focus are also connected to Arun Panchariya.
78. During the course of investigation it was denied by Mr Panchariya, as Investment Manager of India Focus Cardinal Fund that there was a connection between the counterparties of India Focus and the members of the Group, the sellers and buyers of GDR converted shares in the domestic market. This was found to be incorrect in the course of investigation thereby rendering the statement of Mr. Panchariya and thus India Focus Cardinal Fund to SEBI as misleading and false. The repetitive acts of Mr. Arun Panchariya and Panasia of facilitating issue of GDRs for the prima facie purpose of selling the GDRs in the Indian market through matched and synchronised trades thereby misleading Indian investors, is a prima facie violation of Section 12A (a),(b) and (c) of SEBI Act, 1992 read with Regulation 3(b) (c) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 2003.
79. Indian retail investors have probably made losses by investing in these companies on account of the following reasons:
- The liquidity in the scrip is not sufficient for sale of large quantity of shares without registering a steep price fall. Further, Indian Investors suffer an asymmetry of information with regard to cancellation of GDRs and pre arrangement of trades between Sub-Accounts and Group, which denies them opportunity to trade on complete market information.
 - On a few occasions shares are issued to GDR investors at a discount to the prevalent market price in the Indian Stock Exchanges. This also leads to the loss to the investors.
 - As the volumes in the scrip are supported by the Group, the same may drop once Sub-Accounts/FIIs are done with their selling in the scrip and there is no further need for the Group members to sustain volume or price of the scrip.

The Indian investors may invest in such companies with high percentage of holding by FIIs/Sub-Accounts, despite them being less liquid, since companies with high FII holdings are generally considered more valuable as FIIs are expected to be sophisticated investors. An investment by FIIs in a low priced low volume company may generate false hopes to the investors of a possible turnaround in the financial health of the company.

80. The preliminary findings mentioned above, leads to the conclusion that there is a prima facie case for SEBI to intervene immediately to prevent grievous injury to shareholders. It is, therefore, necessary and essential to urgently issue orders to protect the interests of investors and to preserve the safety and integrity of the market. Accordingly, the following ad interim order is passed.

Order

In view of the foregoing, in order to protect the interest of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me under Section 19, read with Sections 11(1), 11(4) and 11B of the SEBI Act, 1992, pending investigation and passing further orders, by way of an ad interim ex-parte order, hereby:-

- A. direct that Pan Asia Advisors Ltd & Mr. Arun Panchariya as persons connected to the Indian Securities market are barred from rendering services in connection with instruments that are defined as securities (as in section 2(h) of SCRA, 1956) in the Indian market or in any way dealing with them, with immediate effect.
- B. order that none of the intermediaries registered with SEBI shall deal with Panasia and Mr. Arun Panchariya in any capacity with regard to or in connection with the dealing of securities as defined in the Indian market.
- C. order that following person/entities shall not deal in securities or instrument with Indian securities as underlying, in any manner whatsoever, until further orders;
 - 1) India Focus Cardinal Fund, Sub-Account (PAN : AABCI9518D)
 - 2) MAVI Investment, Sub-Account (PAN : AAECM5148A)
 - 3) KII Limited, Sub-Account (PAN : AACCK8021E)
 - 4) Sophia Growth - A share Class of Somerset India Fund, Sub-Account (PAN : AABCI9518D)
 - 5) European American Investment Bank Ag, FII (Sebi Registration No:INASFD211608)
 - 6) Basmati Securities Pvt Ltd (PAN : AAACB4324K)
 - 7) Oudh Finance & Investment Private Ltd (PAN : AAACO3597K)
 - 8) Alka India Ltd (PAN:AABCA6702F)
 - 9) SV Enterprises (PAN: ACRPP5552H)
 - 10) JMP Securities Pvt Ltd., in capacity of a client to other intermediary or in proprietary account (PAN:AAACJ8850C)
- D. direct following companies not to issue equity shares or any other instrument convertible into equity shares or alter their capital structure in any manner till further directions in this regard;

- 1) Asahi Infrastructure & Projects Ltd
- 2) IKF Technologies Ltd.
- 3) Avon Corporation Limited
- 4) K Sera Sera Ltd
- 5) CAT Technologies Ltd
- 6) Maars Software International Ltd
- 7) Cals Refineries Ltd.

The National Securities Depository Limited and Central Depository Services (India) Ltd are directed to freeze the beneficial owner accounts of the persons / entities mentioned at (C), above.

The stock exchanges are advised to enable squaring off, at the earliest, existing open positions in the Futures and Options Segment, if any, for the persons / entities mentioned above at (C). Further, the concerned stock exchanges should also ensure that said persons / entities do not take fresh positions or increase their open positions. This Order shall be served on all recognized stock exchanges to ensure that the entities are not allowed to undertake transactions as prohibited.

The persons/entities against whom this order is passed may file their objection, if any, within twenty one days from the date of this order, if they so desire, avail themselves of an opportunity of personal hearing before the Securities and Exchange Board of India, on a date and time to be fixed on a specific request, received from the said persons.

A copy of the order shall also be forwarded to Enforcement Directorate to take necessary action at their end.

Place: Mumbai
Date: 21/09/2011

PRASHANT SARAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA