BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. BM/AO- 142/2011]

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

In respect of

Shri Sandeep Jain

(PAN: AHIPJ9777E)

In the matter of Asian Star Company Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) conducted investigation in trading in the scrip of Asian Star Company Limited (formerly hereinafter referred to as **'ASCL'** or **'the company'**) for the period October 10, 2008 to November 20, 2008 (hereinafter referred to as **'investigation period'**). The shares of ASCL are listed at Bombay Stock Exchange (hereinafter referred to as **'BSE'**). It was observed that during the investigation period the price of the scrip went up from ` 1,240.00 on October 10, 2008 to ` 1,306.15 on November 20, 2008 (18.57% rise in 28 trading days). During the same period the SENSEX had fallen by 19.73% (i.e. from 10,527.85 to 8,451.01). Subsequent to the investigation period the price had started to fall and closed at ` 905 on January 30, 2009.

2. The role of the brokers and their clients who traded in the scrip of ASCL on BSE was scrutinized. It was observed during investigation that certain entities who were

allegedly connected to each other had indulged in circular/reversal synchronized trading in such a manner that led to creation of artificial volume in the scrips.

3. It was alleged that one of the connected entities viz., Sandeep Jain (hereinafter referred to as '**Noticee**') by indulging in synchronized trades in concert with the other brokers and clients violated Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a), (b), (e) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 2003 (hereinafter referred to as **'PFUTP'**). Consequently, the Noticee is liable for monetary penalty under section 15HA of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**').

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as Adjudicating Officer vide order dated November 09, 2010 under section 15 I of SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Rules'**) to inquire into and adjudge the alleged violations of PFUTP committed by the Noticee.

SHOW CAUSE NOTICE, HEARING AND REPLY

5. Show Cause Notice No. EAD-6/BM/VS/27341/2010 dated November 23, 2010 (hereinafter referred to as **'SCN'**) was issued to the Noticee under rule 4 of the Rules to show cause as to why an inquiry should not be held and penalty be not imposed under section 15HA of SEBI Act for the alleged violation specified in the said SCN. Vide reply dated January 17, 2011 Noticee made the following submissions:

(a) That I have not traded in the scrip of ASCL.

(b) That Suresh Hanswal, Pradesh Nimawat and Swastika has defrauded me.

(c) *That if Swastika has opened my trading account then he should have given me the information regarding my account.*

(d) *That from the statement of my trading account UD 2101 with Swastika it is observed that cheque deposits of ` 6,50,000 were made from Suresh and Pradesh in my account. Further, first cheque deposit of ` 10,000 was also made by Suresh Hanswal.*

(e) *That I know Pradesh as we used to work together at Rishab Dev Textile ten years ago. Then I left that job and started a motor parts shop in Udaipur. There I happened to meet Pradesh who at that time was working at Indiabulls. Pradesh opened my trading and demat account at Indiabulls with account no. UD 178. Thereafter, Pradesh left Indiabulls and started Arcadia Shares Brokers at Udaipur. He then opened my trading account with Arcadia with account no. UD 058. There Pradesh introduced me to Suresh Hanswal. Suresh and Pradesh were partners at Arcadia. I used to work for Indiabulls and Arcadia and visit at their office.*

(f) *That one day Suresh and Pradesh said that for my account with Arcadia they require my photo, cheque and PAN card copy. They made me sign on some papers and asked me give a cancelled cheque. Accordingly I gave those documents. At that time they didn't inform me that they required those documents for opening my account with Swastika. This was the first time they defrauded me.*

(g) *That once I received a call from Swastika, Indore branch. They informed me that from my account UD 2101 some manipulative trading has been done. After enquiring from Swastika I came to know that Suresh and Pradesh used to trade through my account. Then I asked Suresh and Pradesh regarding the trades and they replied that some wrong button would have got pressed. Thereafter, Suresh and Pradesh asked me to sign two letters. One letter was of account closure and second was of normal trading in ASCL. I signed those letters.*

(h) *That Swastika has produced those letters before investigation authority on the basis of which charges are framed against me. The truth is that Swastika, Suresh*

and Pradesh knows about the trading which was carried out in my account and I got stuck because of their trading.

(i) That when I received letters from SEBI I would take them to Suresh and Pradesh to see what letters have come from SEBI. They said that they had replied to SEBI from the reply which they got signed from me.

(j) That it is pertinent to mention that Suresh, Pradesh and Swastika were aware that SEBI has initiated enquiry against ASCL matter so they got those letters notarized. That I have not notarized those letters.

(k) As per investigation Suresh and Pradesh has given me cheque for `. 6,50,000. I would like to state that neither they are my brothers nor relatives. I came to know Pradesh when we used to work together 10 years ago. If I would have been part of their fraud then didn't I would have deposited first cheque of ` 10,000 from my bank account? Whenever I have traded through Indiabulls or Arcadia I always used to give cheques from my bank account only and not from any other bank account.

(l) That Swastika after realizing that they have done mistake by accepting third party cheques they approached me with a consent letter and asked me to sign it. I refused to sign those letters and retained it. Copy of those letters is provided as annexure to the reply. If I would have been part of their fraud then I would have signed those consent letters.

(m) That Swastika never sent bills for the trading done in my account.

(n) That when I got to know that manipulative trading was executed from my account, I went to Suresh and Pradesh to enquire for the same. They accepted that they have done all the trading. I had recorded that conversation and the same is annexed with the reply.

(o) That neither I have given any cheque to Swastika nor I have received any cheque from them.

(p) That I have not traded in connivance with Suresh and Pradesh and did not received any consideration.

6. In the interest of natural justice and in order to conduct an inquiry as per rule 4 (3) of the Rules, the Noticee was granted an opportunity of personal hearing on February 18, 2011 at SEBI, Head Office, Mumbai vide notice dated February 2, 2011 which was acknowledged by the Noticee. Noticee appeared for the personal hearing and submitted that the reply dated January 17, 2011 is the final reply to the SCN. Copy of the document pertaining to Noticee's reversal trades were provided to him for offering comments to which Noticee, vide letter dated March 1, 2011, submitted that:
   a) *That trade in my account is not done by me not I have asked anyone to trade for me.*
   b) *That I have neither given or received any cheque from the account with Swastika.*
   c) *That I don't know Mehta Group entities.*
   d) *That Suresh and Pradesh will be in the best position to give you information about the reversal trades.*

7. Vide letter dated March 21, 2011 Noticee forwarded a copy of the First Information Report (FIR) which he had filed against Suresh, Pradesh and Swastika for cheating under section 420 of Indian Penal Code.

CONSIDERATION OF ISSUES AND FINDINGS

8. I have carefully examined the SCN and the documents available on record. The allegations against the Noticee are as follows:

   - The Noticee allowed Suresh Hanswal and Pradesh Nimawat to trade in a synchronized and structured manner with the connected entities through his account for some consideration.
   - The trades done through the trading account of the Noticee contributed to price rise by placing orders higher than the Last Traded Price (LTP) in number of

instances and thus influenced the price of the scrip of the company and created artificial volume.

- The Noticee received funds from Suresh Hanswal and Pradesh Nimawat to meet his pay in obligation.

9. In view of the above it is alleged that the Noticee violated the provisions of Regulation 3(a), (b), (c) & (d) and 4(1), 4(2) (a), (b), (e) & (g) of SEBI PFUTP Regulations.

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

a) Whether the Noticee is connected to the entities with whom the Noticee alleged to have connived to execute circular reversal trades
b) Whether the Noticee violated Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a), (b), (e) & (g) of SEBI PFUTP Regulations?
c) Does the violation, if any, on the part of the Noticee attract monetary penalty under sections 15 HA of the SEBI Act?
d) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of the SEBI Act?

11. Before moving forward, it will be appropriate to refer to the relevant provisions of the PFUTP Regulations and the Brokers Regulations, which reads as under:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

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

(c) ……

(d) ……

(e) any act or omission amounting to manipulation of the price of a security;

(f) ……

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

FINDINGS:

12. I now proceed with the findings in connection with the role of the Noticee on the violations as alleged in the case. Upon careful perusal of the material available on record, I find the following:

(a) I note that at BSE the price of the scrip opened at ` 1,240.00 on October 10, 2008 while it closed at ` 1,101.55 on the same day. The closing price of the scrip on November 20, 2008 was ` 1306.15 (close to close 18.57 % rise in 28 trading days). During the same period Sensex had fallen by 19.73 % (from 10,527.85 to 8,451.01). The total traded quantity for the entire investigation period on BSE was 1974219 shares. Subsequent to the investigation period the price had started to fall and closed at `. 905 on January 30, 2009.

(b) I note that there was neither price sensitive news/announcement which might have supported the price. Also the financial results of the company do not justify the price rise in the scrip of ASL. On October 16, 2008 company declared the results of the quarter ending September 30, 2008 which showed that the net profit has declined from ` 110.659 million to ` 106.439 million than the same quarter of the previous year.

(c) As per the trade and order log the Noticee traded through Swastika Investment Mart Ltd. and bought 354745 shares and sold 354751 shares during the investigation period which accounted for 17.79% and 17.79% respectively of the market volume during the investigation period.

(d) From the trade and order log analysis it is noted that the Noticee, Jitendra Jain, Suresh Hanswal, Pradesh Nimawat, Sunil Mehta, Usha Mehta, Bharat C. Jain, Arun Manohar Sakpal, Narendra Sanghi, Meen Been Elastomers, Dilip Rathore, Bhanwar Lal Paliwal, Alpesh G Dand, Manisha Mardia, Rajnish Jain were found to be trading among themselves. These entities were found to be linked with each other through Sunil Mehta, Ajay Roongta, Manish Mathur and together form a

group which is henceforth referred as **'Mehta Group'.** The relationship is elaborated below:

i. Suresh and Pradesh were partners in their firm Siddhi Shares and share the same office in Udaipur.
ii. Noticee and Pradesh are known to each other for 10 years and are friends.
iii. Noticee was introduced to Swastika by Jitendra and the address of Jitendra mentioned in the KYC of Noticee with Swastika is same as that of office of the Suresh and Pradesh.
iv. For pay in obligation of Noticee cheques from the account of the Suresh and Pradesh were deposited.
v. Jitendra is friend of Suresh.
vi. Suresh is friend of Sunil Mehta and has dealt in the scrip on his advice.
vii. Pradesh has provided email Id of Sunil Mehta in the KYC with First Global. He has stated before the IA that his account with First Global was opened by his friend Sunil Mehta with his consent. He has also stated that he had borrowed funds from Sunil Mehta for the purpose of trading. Pradesh was also introduced to Bakliwal by Sunil Mehta and the address mentioned in the KYC is same as that of Sunil Mehta.
viii. Sunil Mehta knows/ or friends with Jitendra, Ajay Roongta and Manish Mathur.
ix. Sunil Mehta has entered into bank account transaction with Suresh, Jitendra, Gopal Lal Mathur, Seema Mathur (Wife of Manish Mathur, CEO of the broker Triveni) and Triveni (while there was no pay in obligation at the relevant time as per the ledger statements with them).
x. Sunil Mehta is the son of Usha Mehta and shares same phone number (9322123257) as well as joint bank account (HDFC Kandivali Bank account No. 01821000063096) with Usha Mehta.
xi. Usha Mehta, Sunil Mehta and Jitendra were introduced to Arcadia by Suresh and Pradesh.

xii. Jitendra has provided email id and phone number (9322123257) of Sunil Mehta in the KYC with Emkay Global and address (Evershine Millenium Park, EMP 47, Flat no. 1804, Thakur Village, Kandivali (E), Mumbai, Maharashtra, 400101) and phone number (9322123256) of Sunil Mehta in the KYC with BP Equity. Further Sunil Mehta has submitted that trading account of Jitendra was being jointly operated by him and Jitendra. Sometime he used to place orders and sometime Jitendara used to place orders.

xiii. Jitendra has entered into bank account transactions with Sunil Mehta, Usha Mehta, Anjana Mehta (wife of Sunil Mehta), Gopal Lal Mathur (Father of Manish Mathur, CEO of Triveni). He also entered huge bank account transactions with Triveni when he had no pay in/out obligation at the relevant time.

xiv. Sunil Mehta has accepted that he knows Arun Sakpal.

xv. Arun Sakpal used to work in the same branch of Bakliwal where Ajay Roongta was branch manager. Ajay Roongta has accepted that he had provided funds to Arun Sakpal.

xvi. Narendra Sanghi has submitted that he is friend of Ajay Roongta. Further, Ajay Roongta has transferred funds to Narendra which was utilized by Narendra towards his pay in obligations.

xvii. Bhanwar Lal Paliwal has submitted that it was Sunil Mehta who opened his account with Triveni.

xviii. Alpesh Dand has submitted that Triveni was dealing in his account and he had allowed them to deal in the scrip (while Triveni suggested them to deal in the scrip) under the overall limit of Rs. 150000/-.

xix. Manisha Mardia has submitted that Triveni suggested her to invest in the scrip. She decided the overall exposure limits and the actual buy and sell was done by Triveni on their own terminal.

xx. Rajnish Jain has submitted that he knows Sunil Mehta through common friend Ajay Roongta. Rajnish was introduced to Bakliwal by Ajay Roongta.

xxi. Ajay Roongta submitted that Sunil Mehta was introduced to him by Manish Mathur.

(e) I note that Mehta Group was found to be entering into transactions which were in the nature of reversal of trade/ circular trade. Most of these transactions were in synchronized trades (less than one minute difference between buy and sell orders) and structured trades (i.e. not only time of buy and sell order was within 1 minute but the order price and quantity was also matching). I note that large numbers of synchronized were being entered into mostly by few brokers trading for their clients on almost every traded day during the period. I note that out of total 6953 number of synchronized deals the contribution of the brokers were as follows:- Triveni contributed 1903 deals while BP Equities, Swastika, Emkay Global, India Infoline, contributed 1224, 1396, 1058, and 325 deals respectively. I further note that out of these synchronized deals large number of deals were also structured (i.e. not only time of buy and sell order was within 1 minute but the order price and quantity was also matching).

(f) Details of the trading of the Mehta group are summarized below:-

Date	Market Volume (A)	Number of Trades (B)	Synchronized trades (C)				Structured Trades (D)				Net Volume	Net Vol % of Total	Close to Close (Asian Star)	Close to Close (Sensex)
			Volume	As % of A	Number	As % of B	Volume	As % of A	Number	As % of B				
10 October 2008	75840	217	74086	97.69	168	77.42	36271	47.83	82	37.79	609	0.8	-12.86	-7.07
13 October 2008	79751	270	78443	98.36	183	67.78	29621	37.14	62	22.96	989	1.24	18.77	7.42
14 October 2008	76101	236	67677	88.93	145	61.44	19873	26.11	45	19.07	10	0.01	-0.64	1.54
15 October 2008	75671	272	67253	88.88	241	88.60	21123	27.91	54	19.85	9	0.01	-1.02	-5.87
16 October 2008	78110	232	77874	99.70	196	84.48	32478	41.58	77	33.19	67	0.09	-2.25	-2.11
17 October 2008	84475	354	72551	85.88	231	65.25	25124	29.74	69	19.49	61	0.07	-0.6	-5.73
20 October 2008	76012	332	75009	98.68	248	74.70	48361	63.62	152	45.78	221	0.29	6.49	2.48
21 October 2008	76572	273	66303	86.59	222	81.32	41283	53.91	135	49.45	37	0.05	-0.62	4.5
22 October 2008	76027	257	60469	79.54	180	70.04	36668	48.23	107	41.63	7	0.01	-2.82	-4.81
23 October 2008	77647	233	57669	74.27	169	72.53	38175	49.16	109	46.78	16	0.02	0.87	-3.92
24 October 2008	79267	273	75803	95.63	206	75.46	34310	43.28	90	32.97	128	0.16	-9.22	-10.96
27 October 2008	78049	321	58679	75.18	213	66.36	35037	44.89	100	31.15	N.A	N.A	10.83	-2.2
28 October 2008	16553	42	8900	53.77	18	42.86	7900	47.73	16	38.10	195	1.18	1.12	5.86
29 October 2008	77436	272	59567	76.92	203	74.63	36363	46.96	124	45.59	40	0.05	0.98	0.4

31 October 2008	76105	325	75828	99.64	297	91.38	37909	49.81	103	31.69	26	0.03	0.77	8.22
3 November 2008	77837	334	63339	81.37	192	57.49	32852	42.21	95	28.44	201	0.26	-0.29	5.62
4 November 2008	77532	289	53991	69.64	205	70.93	18787	24.23	45	15.57	28	0.04	-1.31	2.84
5 November 2008	79442	333	69956	88.06	267	80.18	43387	54.61	115	34.53	43	0.05	0.36	-4.81
6 November 2008	81835	319	76397	93.35	274	85.89	53942	65.92	153	47.96	9	0.01	-0.37	-3.81
7 November 2008	80304	337	77240	96.18	262	77.74	58070	72.31	167	49.55	28	0.03	-0.97	2.36
10 November 2008	78217	363	71420	91.31	275	75.76	51061	65.28	145	39.94	38	0.05	0.61	5.74
11 November 2008	77834	342	50261	64.57	186	54.39	24577	31.58	72	21.05	10	0.01	-0.33	-6.61
12 November 2008	58973	334	44575	75.59	160	47.90	14307	24.26	42	12.57	128	0.22	-1.44	-3.08
14 November 2008	56468	358	53404	94.57	249	69.55	29285	51.86	83	23.18	30	0.05	-1.33	-1.58
17 November 2008	55811	347	54553	97.75	214	61.67	24221	43.40	79	22.77	200	0.36	3.15	-1.01
18 November 2008	55199	316	54241	98.26	253	80.06	23528	42.62	64	20.25	31	0.06	-0.42	-3.81
19 November 2008	55106	304	54357	98.64	265	87.17	20264	36.77	63	20.72	18	0.03	0.02	-1.83
20 November 2008	36045	246	34141	94.72	159	64.63	12647	35.09	44	17.89	105	0.29	-0.36	-3.68
Grand Total	**1974219**	**8131**	**1733986**	**87.83**	**5881**	**72.33**	**887424**	**44.95**	**2492**	**30.65**	**3284**	**0.17**	**18.57**	**-19.73**

(g) I note that the group has dealt in synchronized, structured and reversal trades which amount to significant percentage of the total market volume both in terms of quantity traded as well as number of trades. Daily net trade has remained insignificant. When most of the trading was being contributed in synchronized trades by the Mehta Group, price of the scrip was going up while the Sensex was going down. I note that that 87.83% of the total market volume and 72.33% of the total number of trades were contributed by synchronized trading and 44.95% of the total market volume and 85.51% of the total number of trades were contributed by structured trades.

(h) Details of trading done in the Noticee's account through Swastika Investment Mart Ltd. during the investigation period executed synchronized/structured, reversal trades with connected entities which is summarized below:

Total Buy Qty	**Total Sell Qty**	**His presence in Number of Synchronized trades with the group (buy side + sell side)**	**Buy Quantity in synchronized trades with the group (Synchronized buy qty as % of A)**	**Sell Quantity in synchronized trades with the group (Synchronized sell qty as % of B)**	**His presence in Number of structured trades with the group (buy side + sell side)**	**Buy Qty in structured trades with the group (Structured buy qty as % of A)**	**Sell Quantity in structured trades with the group (Structured sell qty as % of B)**
354745	354751	2074 (1145+929)	337981 (95.27%)	330257 (93.09%)	1038 (550+488)	181431 (51.14%)	164993 (46.51%)

I note from the trade and order log that Sunil Mehta, Jitendra Jain, Bharat C. Jain, Usha Mehta, Meen Been Elastomers Pvt. Ltd., Arun Sakpal, Dilip Rathod, Suresh Hanswal, Bhanwarlal Paliwal, Narendra Sanghi were counterparties to Noticee's trades. Out of his entire buy (354745 shares) and sell (354751 shares) quantity; 337981 shares amounting to 95.27% of total buy quantity and 330257 shares amounting to 93.09% of total sell quantity were concentrated between the above mentioned counterparties. Most of the trades executed from the account of the Noticee were found to be reversal in nature. I note that Noticee entered 1145 buy and 929 sell trades for 337981 shares and 330257 shares respectively during the investigation period were found to be synchronized trades with the Mehta Group. Details of the synchronized trades on sample basis are given below:

(i) Synchronized trades with Mehta Group, when buy orders were placed from the trading account of the Noticee, is at **Annexure-A**. Few instances on sample basis are given below:

Trade Date	Trade Time	Trade Qty	Trade Price	Buy Member	Buy Order No	Buy Client	Sell Member	Sell Order No	Sell Client	Buy Order Qty	Sell Order Qty	Buy Order Rate	Sell Order Rate	Buy Order Time	Sell Order Time
10-Oct-08	10:18:27	499	1238	Swastika	94221700000004016	Sandeep	Nirmal Bang	49820100001684812	Narendra	499	500	1238	1238	10:18:27	10:18:26
10-Oct-08	10:18:29	1	1238	Swastika	94220800000082989	Sandeep	Nirmal Bang	49820100001684812	Narendra	1	500	1264.9	1238	10:18:29	10:18:26
10-Oct-08	10:39:48	999	1171	Swastika	94220900000083302	Sandeep	Nirmal Bang	49820200001185335	Narendra	999	1000	1171	1171	10:39:48	10:39:47
10-Oct-08	10:39:50	1	1171	Swastika	94221000000082687	Sandeep	Nirmal Bang	49820200001185335	Narendra	1	1000	1171	1171	10:39:50	10:39:47
10-Oct-08	11:18:28	850	1124	Swastika	94220200020787087	Sandeep	Emkay	18520400020349899	Jitendra	850	1000	1124	1124	11:18:27	11:18:27
10-Oct-08	11:18:29	150	1124	Swastika	94220600000113343	Sandeep	Emkay	18520400020349899	Jitendra	150	1000	1124	1124	11:18:29	11:18:27
10-Oct-08	11:27:34	574	1120.5	Swastika	94220200020787089	Sandeep	Nirmal Bang	49820200001185412	Narendra	950	1000	1120.5	1120.5	11:27:33	11:27:34
10-Oct-08	11:27:37	50	1120.5	Swastika	94220800000083029	Sandeep	Nirmal Bang	49820200001185412	Narendra	50	1000	1150	1120.5	11:27:37	11:27:34
10-Oct-08	11:30:16	724	1118	Swastika	94220800000083030	Sandeep	Nirmal Bang	49820300000813033	Narendra	724	724	1118	1118	11:30:15	11:30:15
10-Oct-08	12:10:37	200	1114	Swastika	94221000000082736	Sandeep	Bakliwal	16420400000547979	Rajnish	200	200	1114	1114	12:10:37	12:10:36
10-Oct-08	12:11:29	400	1114	Swastika	94220900000083348	Sandeep	Bakliwal	16420400000547984	Rajnish	400	400	1114	1114	12:11:29	12:11:29
10-Oct-08	12:11:57	50	1115	Swastika	94221000000082738	Sandeep	Bakliwal	16420200000548175	Rajnish	50	50	1115	1115	12:11:57	12:11:56
10-Oct-08	12:13:07	150	1116	Swastika	94221000000082739	Sandeep	Bakliwal	16420200000548177	Rajnish	150	150	1116	1116	12:13:06	12:13:06
10-Oct-08	12:20:09	765	1113	Swastika	94221800000004267	Sandeep	Emkay	18520400020350012	Jitendra	765	766	1113	1113	12:20:09	12:20:09
10-Oct-08	12:20:12	1	1113	Swastika	94220200020787113	Sandeep	Emkay	18520400020350012	Jitendra	1	766	1118.5	1113	12:20:11	12:20:09

10-Oct-08	12:28:19	950	1114	Swastika	94221100000083206	Sandeep	BP Equities	7420300020244809	Jitendra	950	1000	1114	1114	12:28:18	12:28:18
10-Oct-08	12:28:21	50	1114	Swastika	94221700000004066	Sandeep	BP Equities	7420300020244809	Jitendra	50	1000	1114	1114	12:28:20	12:28:18
10-Oct-08	12:29:58	900	1116	Swastika	94220200020787118	Sandeep	BP Equities	7420300020244830	Jitendra	900	1000	1116	1116	12:29:58	12:29:57
10-Oct-08	12:30:00	100	1116	Swastika	94220600000113371	Sandeep	BP Equities	7420300020244830	Jitendra	100	1000	1116	1116	12:29:59	12:29:57
10-Oct-08	12:40:15	250	1114	Swastika	94221100000083209	Sandeep	Bakliwal	16420200000548199	Rajnish	250	250	1114	1114	12:40:14	12:40:14
10-Oct-08	12:44:02	116	1117	Swastika	94220600000113373	Sandeep	BP Equities	7420300020244920	Jitendra	116	116	1117	1117	12:44:01	12:44:00
10-Oct-08	12:56:56	500	1114	Swastika	94221700000004081	Sandeep	Bakliwal	16420400000548040	Rajnish	500	500	1114	1114	12:56:56	12:56:56
10-Oct-08	12:57:27	500	1113.5	Swastika	94221100000083215	Sandeep	Bakliwal	16420400000548041	Rajnish	500	500	1113.5	1113.5	12:57:26	12:57:25
10-Oct-08	13:00:38	499	1114	Swastika	94220600000113380	Sandeep	Nirmal Bang	49820600001071772	Narendra	499	500	1114	1114	13:00:37	13:00:37
10-Oct-08	13:00:40	1	1114	Swastika	94220900000083362	Sandeep	Nirmal Bang	49820600001071772	Narendra	1	500	1118	1114	13:00:39	13:00:37
10-Oct-08	13:18:26	999	1113	Swastika	94220900000083371	Sandeep	India Infoline	17915900000000802	Usha	999	1000	1113.5	1113	13:18:25	13:18:24
10-Oct-08	13:18:28	1	1113	Swastika	94221000000082761	Sandeep	India Infoline	17915900000000802	Usha	1	1000	1118.5	1113	13:18:27	13:18:24
10-Oct-08	13:20:07	995	1114	Swastika	94221100000083219	Sandeep	India Infoline	17915900000000805	Usha	995	1000	1114	1114	13:20:06	13:20:06
10-Oct-08	13:20:08	5	1114	Swastika	94220200020787143	Sandeep	India Infoline	17915900000000805	Usha	5	1000	1114	1114	13:20:08	13:20:06
10-Oct-08	13:21:37	950	1116.5	Swastika	94221000000082763	Sandeep	India Infoline	17915900000000807	Usha	950	1000	1116.5	1116.5	13:21:36	13:21:36
10-Oct-08	13:21:40	50	1116.5	Swastika	94221700000004096	Sandeep	India Infoline	17915900000000807	Usha	50	1000	1118.5	1116.5	13:21:40	13:21:36
10-Oct-08	13:28:49	850	1114	Swastika	94220900000083375	Sandeep	BP Equities	7420300020245277	Jitendra	850	1000	1114	1114	13:28:48	13:28:47
10-Oct-08	13:28:50	150	1114	Swastika	94221100000083223	Sandeep	BP Equities	7420300020245277	Jitendra	150	1000	1114	1114	13:28:50	13:28:47
10-Oct-08	13:30:04	950	1117	Swastika	94220800000083072	Sandeep	India Infoline	17915900000000817	Usha	950	1000	1117	1117	13:30:04	13:30:03
10-Oct-08	13:30:05	50	1117	Swastika	94221000000082764	Sandeep	India Infoline	17915900000000817	Usha	50	1000	1117	1117	13:30:05	13:30:03
10-Oct-08	14:13:32	500	1109.25	Swastika	94220800000083088	Sandeep	BP Equities	7420300020245582	Jitendra	500	500	1109.25	1109.25	14:13:32	14:13:32
10-Oct-08	14:24:18	950	1107	Swastika	94221800000004310	Sandeep	BP Equities	7420300020245642	Jitendra	950	1000	1107	1107	14:24:18	14:24:17
10-Oct-08	14:24:20	50	1107	Swastika	94220800000083092	Sandeep	BP Equities	7420300020245642	Jitendra	50	1000	1107	1107	14:24:20	14:24:17
10-Oct-08	14:27:39	999	1106.8	Swastika	94220800000083094	Sandeep	BP Equities	7420300020245665	Jitendra	999	1000	1106.8	1106.8	14:27:38	14:27:38
10-Oct-08	14:27:41	1	1106.8	Swastika	94220900000083408	Sandeep	BP Equities	7420300020245665	Jitendra	1	1000	1106.9	1106.8	14:27:41	14:27:38
10-Oct-08	14:28:38	999	1106	Swastika	94221800000004313	Sandeep	Nirmal Bang	49820200001185696	Narendra	999	1000	1106	1106	14:28:38	14:28:37
10-Oct-08	14:28:40	1	1106	Swastika	94220200020787165	Sandeep	Nirmal Bang	49820200001185696	Narendra	1	1000	1106.9	1106	14:28:40	14:28:37
10-Oct-08	14:57:44	999	1111	Swastika	94220200020787173	Sandeep	BP Equities	7420300020245861	Jitendra	999	1000	1111	1111	14:57:44	14:57:43
10-Oct-08	14:57:47	1	1111	Swastika	94220900000083416	Sandeep	BP Equities	7420300020245861	Jitendra	1	1000	1112	1111	14:57:46	14:57:43
10-Oct-08	15:02:07	500	1109	Swastika	94221000000082795	Sandeep	Bakliwal	16420400000548192	Rajnish	500	500	1109	1109	15:02:06	15:02:05
10-Oct-08	15:03:12	256	1104	Swastika	94221100000083262	Sandeep	Bakliwal	16420300000543727	Rajnish	256	256	1104	1104	15:03:12	15:03:11
10-Oct-08	15:03:37	244	1104	Swastika	94221800000004331	Sandeep	BP Equities	7420300020245899	Jitendra	244	244	1104	1104	15:03:37	15:03:37
10-Oct-08	15:07:33	500	1101	Swastika	94221100000083263	Sandeep	Emkay	18520400020350393	Jitendra	500	500	1101	1101	15:07:32	15:07:32
10-Oct-08	15:10:14	250	1080	Swastika	94220900000083421	Sandeep	BP Equities	7420300020245948	Jitendra	250	251	1080	1080	15:10:13	15:10:13
10-Oct-08	15:10:16	1	1080	Swastika	94221700000004139	Sandeep	BP Equities	7420300020245948	Jitendra	1	251	1080	1080	15:10:15	15:10:13
10-Oct-08	15:12:58	250	1090	Swastika	94220600000113419	Sandeep	Bakliwal	16420300000543739	Rajnish	250	250	1090	1090	15:12:58	15:12:58

(ii) Synchronized trades with Mehta Group, when sell orders were placed from the trading account of the Noticee, is at **Annexure B**. Few instances on sample basis is given below:

Trade Date	Trade Time	Trade Qty	Trade Price	Buy Member	Buy Order No	Buy Client	Sell Member	Sell Order No	Sell Client	Buy Order Qty	Sell Order Qty	Buy Order Rate	Sell Order Rate	Buy Order Time	Sell Order Time
10-Oct-08	10:09:21	500	1240	BP Equities	7420300020243996	Jitendra	Swastika	94220200020787045	Sandeep	500	500	1240	1240	10:09:20	10:09:20
10-Oct-08	10:35:20	500	1170	BP Equities	7420300020244230	Jitendra	Swastika	94220800000082998	Sandeep	500	500	1170	1170	10:35:19	10:35:20
10-Oct-08	10:35:34	499	1170	BP Equities	7420300020244236	Jitendra	Swastika	94220200020787058	Sandeep	500	499	1170	1170	10:35:33	10:35:34
10-Oct-08	10:35:36	1	1170	BP Equities	7420300020244236	Jitendra	Swastika	94220800000082999	Sandeep	500	1	1170	1125	10:35:33	10:35:36
10-Oct-08	11:15:11	950	1125	Nirmal Bang	49820100001684909	Narendra	Swastika	94220800000083022	Sandeep	1000	950	1125	1125	11:15:10	11:15:10
10-Oct-08	11:15:12	50	1125	Nirmal Bang	49820100001684909	Narendra	Swastika	94220900000083320	Sandeep	1000	50	1125	1125	11:15:10	11:15:11
10-Oct-08	11:20:07	850	1120	India Infoline	17915900000000786	Usha	Swastika	94220600000113344	Sandeep	1000	850	1120	1120	11:20:05	11:20:06
10-Oct-08	11:20:08	150	1120	India Infoline	17915900000000786	Usha	Swastika	94220800000083025	Sandeep	1000	150	1120	1120	11:20:05	11:20:07
10-Oct-08	11:20:18	850	1120	India Infoline	17915900000000787	Usha	Swastika	94221000000082713	Sandeep	1000	850	1120	1120	11:20:18	11:20:17
10-Oct-08	11:20:20	150	1120	India Infoline	17915900000000787	Usha	Swastika	94221800000004224	Sandeep	1000	150	1120	1120	11:20:18	11:20:19
10-Oct-08	12:10:02	799	1115	Emkay	18520400020350001	Jitendra	Swastika	94221100000083196	Sandeep	800	799	1115	1115	12:10:02	12:10:01
10-Oct-08	12:10:05	1	1115	Emkay	18520400020350001	Jitendra	Swastika	94221800000004261	Sandeep	800	1	1115	1076.05	12:10:02	12:10:04
10-Oct-08	12:13:55	766	1114	BP Equities	7420300020244738	Jitendra	Swastika	94220800000083049	Sandeep	766	766	1114	1114	12:13:55	12:13:55
10-Oct-08	12:27:40	950	1115	India Infoline	17915900000000792	Usha	Swastika	94220600000113368	Sandeep	1000	950	1115	1115	12:27:40	12:27:40
10-Oct-08	12:27:42	50	1115	India Infoline	17915900000000792	Usha	Swastika	94220800000083054	Sandeep	1000	50	1115	1111	12:27:40	12:27:42
10-Oct-08	12:27:55	999	1115	India Infoline	17915900000000793	Usha	Swastika	94220900000083352	Sandeep	1000	999	1115	1115	12:27:54	12:27:54
10-Oct-08	12:27:56	1	1115	India Infoline	17915900000000793	Usha	Swastika	94221100000083205	Sandeep	1000	1	1115	1076.05	12:27:54	12:27:56
10-Oct-08	12:38:23	366	1117	Emkay	18520400020350049	Jitendra	Swastika	94220800000083057	Sandeep	366	366	1117	1117	12:38:23	12:38:23
10-Oct-08	12:55:30	500	1112	Nirmal Bang	49820300000813203	Narendra	Swastika	94221700000004079	Sandeep	500	500	1112	1112	12:55:29	12:55:30
10-Oct-08	12:55:41	500	1112	Nirmal Bang	49820100001685087	Narendra	Swastika	94220900000083361	Sandeep	500	500	1112	1112	12:55:40	12:55:38
10-Oct-08	13:00:21	500	1113.5	Bakliwal	16420100020755298	Rajnish	Swastika	94221800000004280	Sandeep	500	500	1113.5	1113.5	13:00:20	13:00:21
10-Oct-08	13:17:04	950	1114	BP Equities	7420300020245187	Jitendra	Swastika	94220800000083068	Sandeep	1000	950	1114	1114	13:17:03	13:17:04
10-Oct-08	13:17:06	50	1114	BP Equities	7420300020245187	Jitendra	Swastika	94220900000083370	Sandeep	1000	50	1114	1114	13:17:03	13:17:05
10-Oct-08	13:19:48	950	1113.5	BP Equities	7420300020245208	Jitendra	Swastika	94220600000113390	Sandeep	1000	950	1113.5	1113.5	13:19:47	13:19:47
10-Oct-08	13:19:50	50	1113.5	BP Equities	7420300020245208	Jitendra	Swastika	94220800000083069	Sandeep	1000	50	1113.5	1111	13:19:47	13:19:50
10-Oct-08	13:20:58	950	1113	BP Equities	7420300020245215	Jitendra	Swastika	94221000000082762	Sandeep	1000	950	1113	1113	13:20:57	13:20:58
10-Oct-08	13:21:01	50	1113	BP Equities	7420300020245215	Jitendra	Swastika	94221700000004095	Sandeep	1000	50	1113	1111	13:20:57	13:21:01
10-Oct-08	13:28:30	988	1115	India Infoline	17915900000000814	Usha	Swastika	94221800000004290	Sandeep	1000	988	1115	1115	13:28:29	13:28:29
10-Oct-08	13:28:31	12	1115	India Infoline	17915900000000814	Usha	Swastika	94220200020787149	Sandeep	1000	12	1115	1111	13:28:29	13:28:31
10-Oct-08	13:29:46	850	1116	BP Equities	7420300020245286	Jitendra	Swastika	94220200020787150	Sandeep	1000	850	1116	1116	13:29:45	13:29:45
10-Oct-08	13:29:48	150	1116	BP Equities	7420300020245286	Jitendra	Swastika	94220800000083071	Sandeep	1000	150	1116	1111	13:29:45	13:29:48
10-Oct-08	14:12:50	500	1108	Bakliwal	16420400000548115	Rajnish	Swastika	94220800000083086	Sandeep	500	500	1108	1108	14:12:49	14:12:50
10-Oct-08	14:22:53	999	1108	Nirmal Bang	49820300000813362	Narendra	Swastika	94221800000004308	Sandeep	1000	999	1108	1108	14:22:52	14:22:51
10-Oct-08	14:22:54	1	1108	Nirmal Bang	49820300000813362	Narendra	Swastika	94220800000083090	Sandeep	1000	1	1108	1076.05	14:22:52	14:22:54
10-Oct-08	14:25:31	950	1105	Nirmal Bang	49820200001185691	Narendra	Swastika	94221000000082782	Sandeep	1000	950	1105	1105	14:25:31	14:25:28

10-Oct-08	14:25:31	50	1105	Nirmal Bang	49820200001185691	Narendra	Swastika	94221100000083244	Sandeep	1000	50	1105	1105	14:25:31	14:25:30
10-Oct-08	14:27:58	850	1103	BP Equities	7420300020245671	Jitendra	Swastika	94221000000082783	Sandeep	1000	850	1103	1103	14:27:56	14:27:57
10-Oct-08	14:28:00	150	1103	BP Equities	7420300020245671	Jitendra	Swastika	94221700000004122	Sandeep	1000	150	1103	1103	14:27:56	14:27:59
10-Oct-08	14:57:09	850	1112	India Infoline	17915900000000822	Usha	Swastika	94220600000113411	Sandeep	1000	850	1112	1112	14:57:09	14:57:09
10-Oct-08	14:57:12	150	1112	India Infoline	17915900000000822	Usha	Swastika	94220800000083101	Sandeep	1000	150	1112	1111	14:57:09	14:57:11
10-Oct-08	14:59:03	950	1110	India Infoline	17915900000000825	Usha	Swastika	94221800000004329	Sandeep	1000	950	1110	1110	14:59:02	14:59:02
10-Oct-08	14:59:06	50	1110	India Infoline	17915900000000825	Usha	Swastika	94220800000083103	Sandeep	1000	50	1110	1076	14:59:02	14:59:05
10-Oct-08	15:07:21	500	1100	Bakliwal	16420300000543734	Rajnish	Swastika	94221000000082799	Sandeep	500	500	1100	1100	15:07:21	15:07:21
10-Oct-08	15:09:26	251	1090	Bakliwal	16420200000548428	Rajnish	Swastika	94221800000004335	Sandeep	251	251	1090	1090	15:09:25	15:09:26
10-Oct-08	15:12:34	200	1086	BP Equities	7420300020245964	Jitendra	Swastika	94220800000083110	Sandeep	250	200	1086	1086	15:12:33	15:12:33
10-Oct-08	15:12:35	50	1086	BP Equities	7420300020245964	Jitendra	Swastika	94221000000082800	Sandeep	250	50	1086	1086	15:12:33	15:12:35

I note that during the investigation period Noticee continued to buy and sell shares in synchronized manner with the Mehta Group from October 10, 2008 to November 20, 2008.

(i) Noticee entered into 550 buy and 488 sell orders for 181431 shares and 164993 shares respectively which were found to be structured with the Mehta Group. Details of the structured trades on sample basis are given below.

(i) Structured trades with Mehta Group, when buy orders were placed from the trading account of the Noticee, is at **Annexure-C.** Few instances on sample basis is given below:

Trade Date	Trade Time	Trade Qty	Trade Price	Buy Member	Buy Order No	Buy Client	Sell Member	Sell Order No	Sell Client	Buy Order Qty	Sell Order Qty	Buy Order Rate	Sell Order Rate	Buy Order Time	Sell Order Time
10-Oct-08	11:30:16	724	1118	Swastika	94220800000083030	Sandeep	Nirmal Bang	49820300000813033	Narendra	724	724	1118	1118	11:30:15	11:30:15
10-Oct-08	12:10:37	200	1114	Swastika	94221000000082736	Sandeep	Bakliwal	16420400000547979	Rajnish	200	200	1114	1114	12:10:37	12:10:36
10-Oct-08	12:11:29	400	1114	Swastika	94220900000083348	Sandeep	Bakliwal	16420400000547984	Rajnish	400	400	1114	1114	12:11:29	12:11:29
10-Oct-08	12:11:57	50	1115	Swastika	94221000000082738	Sandeep	Bakliwal	16420200000548175	Rajnish	50	50	1115	1115	12:11:57	12:11:56
10-Oct-08	12:13:07	150	1116	Swastika	94221000000082739	Sandeep	Bakliwal	16420200000548177	Rajnish	150	150	1116	1116	12:13:06	12:13:06
10-Oct-08	12:40:15	250	1114	Swastika	94221100000083209	Sandeep	Bakliwal	16420200000548199	Rajnish	250	250	1114	1114	12:40:14	12:40:14
10-Oct-08	12:44:02	116	1117	Swastika	94220600000113373	Sandeep	BP Equities	7420300020244920	Jitendra	116	116	1117	1117	12:44:01	12:44:00
10-Oct-08	12:56:56	500	1114	Swastika	94221700000004081	Sandeep	Bakliwal	16420400000548040	Rajnish	500	500	1114	1114	12:56:56	12:56:56
10-Oct-08	12:57:27	500	1113.5	Swastika	94221100000083215	Sandeep	Bakliwal	16420400000548041	Rajnish	500	500	1113.5	1113.5	12:57:26	12:57:25
10-Oct-08	14:13:32	500	1109.25	Swastika	94220800000083088	Sandeep	BP Equities	7420300020245582	Jitendra	500	500	1109.25	1109.25	14:13:32	14:13:32
10-Oct-08	15:02:07	500	1109	Swastika	94221000000082795	Sandeep	Bakliwal	16420400000548192	Rajnish	500	500	1109	1109	15:02:06	15:02:05

10-Oct-08	15:03:12	256	1104	Swastika	94221100000083262	Sandeep	Bakliwal	16420300000543727	Rajnish	256	256	1104	1104	15:03:12	15:03:11
10-Oct-08	15:03:37	244	1104	Swastika	94221800000004331	Sandeep	BP Equities	7420300020245899	Jitendra	244	244	1104	1104	15:03:37	15:03:37
10-Oct-08	15:07:33	500	1101	Swastika	94221100000083263	Sandeep	Emkay	18520400020350393	Jitendra	500	500	1101	1101	15:07:32	15:07:32
10-Oct-08	15:12:58	250	1090	Swastika	94220600000113419	Sandeep	Bakliwal	16420300000543739	Rajnish	250	250	1090	1090	15:12:58	15:12:58
13-Oct-08	10:15:50	500	1273	Swastika	94221800000004363	Sandeep	Emkay	18520400020350481	Jitendra	500	500	1273	1273	10:15:50	10:15:50
13-Oct-08	10:15:59	500	1273	Swastika	94221800000004364	Sandeep	Emkay	18520400020350483	Jitendra	500	500	1273	1273	10:15:57	10:15:58
13-Oct-08	11:45:27	200	1311	Swastika	94221000000082904	Sandeep	BP Equities	7420300020246763	Jitendra	200	200	1311	1311	11:45:27	11:45:26
13-Oct-08	11:48:38	685	1311	Swastika	94221700000004235	Sandeep	Triveni	313420100000049608	Meen Been	685	685	1311	1311	11:48:38	11:48:37
13-Oct-08	12:47:03	400	1313	Swastika	94221100000083406	Sandeep	Nirmal Bang	49820100001685647	Narendra	400	400	1313	1313	12:47:02	12:47:02
13-Oct-08	12:47:19	594	1315	Swastika	94221800000004461	Sandeep	BP Equities	7420300020247105	Jitendra	594	594	1315	1315	12:47:19	12:47:18
13-Oct-08	13:05:07	182	1313	Swastika	94220900000083575	Sandeep	Nirmal Bang	49820200001186162	Narendra	182	182	1313	1313	13:05:06	13:05:06
13-Oct-08	13:27:37	240	1305	Swastika	94220800000083279	Sandeep	Triveni	313420100000049654	Meen Been	240	240	1305	1305	13:27:37	13:27:36
13-Oct-08	13:57:40	700	1302	Swastika	94220900000083599	Sandeep	BP Equities	7420300020247428	Jitendra	700	700	1302	1302	13:57:40	13:57:37
13-Oct-08	13:58:06	200	1302	Swastika	94221800000004483	Sandeep	BP Equities	7420300020247429	Jitendra	200	200	1302	1302	13:58:05	13:58:03
13-Oct-08	14:19:10	168	1302	Swastika	94220200020787334	Sandeep	BP Equities	7420300020247493	Jitendra	168	168	1302	1302	14:19:10	14:19:08
13-Oct-08	14:39:04	671	1316	Swastika	94220800000083306	Sandeep	India Infoline	17915900000000876	Usha	671	671	1316	1316	14:39:04	14:39:03
13-Oct-08	15:02:48	300	1301	Swastika	94221700000004323	Sandeep	Emkay	18520400020351054	Jitendra	300	300	1301	1301	15:02:48	15:02:47
13-Oct-08	15:06:22	485	1305	Swastika	94220800000083325	Sandeep	BP Equities	7420300020247740	Jitendra	485	485	1305	1305	15:06:22	15:06:20
13-Oct-08	15:21:02	400	1305	Swastika	94220800000083341	Sandeep	Triveni	313420100000049747	Meen Been	400	400	1305	1305	15:21:02	15:21:01
13-Oct-08	15:21:43	400	1312	Swastika	94221700000004336	Sandeep	Triveni	313420100000049748	Meen Been	400	400	1312	1312	15:21:43	15:21:42
13-Oct-08	15:27:56	650	1307	Swastika	94221000000083012	Sandeep	BP Equities	7420300020247832	Jitendra	650	650	1307	1307	15:27:55	15:27:51
14-Oct-08	11:14:48	300	1317	Swastika	94221100000083578	Sandeep	Emkay	18520400020351276	Jitendra	300	300	1317	1317	11:14:48	11:14:46
14-Oct-08	11:57:36	500	1314	Swastika	94220600000113675	Sandeep	BP Equities	7420300020248643	Jitendra	500	500	1314	1314	11:57:35	11:57:36
14-Oct-08	12:05:31	422	1310	Swastika	94221700000004442	Sandeep	Triveni	313420100000049877	Meen Been	422	422	1310	1310	12:05:31	12:05:30
14-Oct-08	12:28:39	500	1307	Swastika	94220600000113693	Sandeep	India Infoline	17915900000000924	Usha	500	500	1307	1307	12:28:39	12:28:39
14-Oct-08	12:28:50	300	1309	Swastika	94221000000083120	Sandeep	India Infoline	17915900000000925	Usha	300	300	1309	1309	12:28:49	12:28:49
14-Oct-08	13:18:15	800	1312.9	Swastika	94220200020787522	Sandeep	BP Equities	7420300020248919	Jitendra	800	800	1312.9	1312.9	13:18:15	13:18:14
14-Oct-08	13:21:19	1	1310	Swastika	94220200020787525	Sandeep	Triveni	313420100000049916	Meen Been	1	1	1310	1310	13:21:18	13:21:17
14-Oct-08	13:27:12	500	1290	Swastika	94220800000083482	Sandeep	Emkay	18520400020351597	Jitendra	500	500	1290	1290	13:27:12	13:27:12
14-Oct-08	13:29:51	850	1301	Swastika	94220200020787529	Sandeep	BP Equities	7420300020248968	Jitendra	850	850	1301	1301	13:29:50	13:29:49
14-Oct-08	13:30:14	221	1304	Swastika	94220800000083486	Sandeep	BP Equities	7420300020248969	Jitendra	221	221	1304	1304	13:30:14	13:30:13
14-Oct-08	14:38:06	200	1300	Swastika	94221800000004747	Sandeep	Triveni	313420100000050000	Bharat	200	200	1300	1300	14:38:06	14:38:06
14-Oct-08	14:38:24	300	1300	Swastika	94220200020787555	Sandeep	Triveni	313420100000050001	Bharat	300	300	1300	1300	14:38:23	14:38:23
14-Oct-08	15:10:09	400	1300.5	Swastika	94221700000004535	Sandeep	Nirmal Bang	49820600001073337	Narendra	400	400	1300.5	1300.5	15:10:08	15:10:09
14-Oct-08	15:10:27	490	1304	Swastika	94221100000083676	Sandeep	Triveni	313420100000050004	Bharat	490	490	1304	1304	15:10:27	15:10:26
14-Oct-08	15:27:38	793	1299	Swastika	94220200020787579	Sandeep	BP Equities	7420300020249428	Jitendra	793	793	1299	1299	15:27:37	15:27:37

(ii) Structured trades with Mehta Group, when sell orders were placed from the trading account of the Noticee, is at **Annexure-D**. Few instances are given below:

Trade Date	Trade Time	Trade Qty	Trade Price	Buy Member	Buy Order No	Buy Client	Sell Member	Sell Order No	Sell Client	Buy Order Qty	Sell Order Qty	Buy Order Rate	Sell Order Rate	Buy Order Time	Sell Order Time
10-Oct-08	10:09:21	500	1240	BP Equities	7420300020243996	Jitendra	Swastika	94220200020787045	Sandeep	500	500	1240	1240	10:09:20	10:09:20
10-Oct-08	10:35:20	500	1170	BP Equities	7420300020244230	Jitendra	Swastika	94220800000082998	Sandeep	500	500	1170	1170	10:35:19	10:35:20
10-Oct-08	12:13:55	766	1114	BP Equities	7420300020244738	Jitendra	Swastika	94220800000083049	Sandeep	766	766	1114	1114	12:13:55	12:13:55
10-Oct-08	12:38:23	366	1117	Emkay	18520400020350049	Jitendra	Swastika	94220800000083057	Sandeep	366	366	1117	1117	12:38:23	12:38:23
10-Oct-08	12:55:30	500	1112	Nirmal Bang	49820300000813203	Narendra	Swastika	94221700000004079	Sandeep	500	500	1112	1112	12:55:29	12:55:30
10-Oct-08	12:55:41	500	1112	Nirmal Bang	49820100001685087	Narendra	Swastika	94220900000083361	Sandeep	500	500	1112	1112	12:55:40	12:55:38
10-Oct-08	13:00:21	500	1113.5	Bakliwal	16420100020755298	Rajnish	Swastika	94221800000004280	Sandeep	500	500	1113.5	1113.5	13:00:20	13:00:21
10-Oct-08	14:12:50	500	1108	Bakliwal	16420400000548115	Rajnish	Swastika	94220800000083086	Sandeep	500	500	1108	1108	14:12:49	14:12:50
10-Oct-08	15:07:21	500	1100	Bakliwal	16420300000543734	Rajnish	Swastika	94221000000082799	Sandeep	500	500	1100	1100	15:07:21	15:07:21
10-Oct-08	15:09:26	251	1090	Bakliwal	16420200000548428	Rajnish	Swastika	94221800000004335	Sandeep	251	251	1090	1090	15:09:25	15:09:26
13-Oct-08	11:48:01	700	1311.5	Emkay	18520400020350660	Jitendra	Swastika	94221100000083381	Sandeep	700	700	1311.5	1311.5	11:48:00	11:48:01
13-Oct-08	12:43:47	600	1311	Nirmal Bang	49820100001685641	Narendra	Swastika	94221000000082934	Sandeep	600	600	1311	1311	12:43:46	12:43:46
13-Oct-08	13:06:42	200	1318	Emkay	18520400020350802	Jitendra	Swastika	94220200020787314	Sandeep	200	200	1318	1318	13:06:40	13:06:42
13-Oct-08	14:40:05	700	1306	Emkay	18520400020350972	Jitendra	Swastika	94221700000004312	Sandeep	700	700	1306	1306	14:40:04	14:40:05
13-Oct-08	14:55:31	500	1316	BP Equities	7420300020247672	Jitendra	Swastika	94220600000113576	Sandeep	500	500	1316	1316	14:55:29	14:55:31
13-Oct-08	14:56:11	300	1316	BP Equities	7420300020247676	Jitendra	Swastika	94220800000083315	Sandeep	300	300	1316	1316	14:56:08	14:56:10
13-Oct-08	15:04:37	600	1319	Emkay	18520400020351063	Jitendra	Swastika	94221100000083471	Sandeep	600	600	1319	1319	15:04:35	15:04:36
13-Oct-08	15:27:35	650	1308	Triveni	313420100000049749	Meen Been	Swastika	94220900000083642	Sandeep	650	650	1308	1308	15:27:34	15:27:32
14-Oct-08	09:57:04	500	1365	Emkay	18520400020351130	Jitendra	Swastika	94221100000083515	Sandeep	500	500	1365	1365	09:56:59	09:57:03
14-Oct-08	10:11:33	1	1310	BP Equities	7420300020248058	Jitendra	Swastika	94221800000004582	Sandeep	1	1	1310	1310	10:11:32	10:11:33
14-Oct-08	10:19:24	100	1320	Emkay	18520400020351179	Jitendra	Swastika	94221100000083543	Sandeep	100	100	1320	1320	10:19:24	10:19:24
14-Oct-08	11:23:43	598	1311	BP Equities	7420300020248520	Jitendra	Swastika	94220600000113661	Sandeep	598	598	1311	1311	11:23:42	11:23:42
14-Oct-08	11:56:03	500	1316	India Infoline	17915900000000914	Usha	Swastika	94221800000004672	Sandeep	500	500	1316	1316	11:56:03	11:56:03
14-Oct-08	12:24:54	500	1315	Emkay	18520400020351441	Jitendra	Swastika	94221800000004685	Sandeep	500	500	1315	1315	12:24:54	12:24:53
14-Oct-08	12:25:15	300	1316	Emkay	18520400020351443	Jitendra	Swastika	94220900000083760	Sandeep	300	300	1316	1316	12:25:15	12:25:15
14-Oct-08	14:15:23	500	1300	Emkay	18520400020351774	Jitendra	Swastika	94221700000004502	Sandeep	500	500	1300	1300	14:15:22	14:15:22
14-Oct-08	15:27:23	793	1298	Triveni	313420100000050020	Bharat	Swastika	94220600000113774	Sandeep	793	793	1298	1298	15:27:21	15:27:22
15-Oct-08	10:12:40	1000	1287	India Infoline	17915900000000940	Usha	Swastika	94221100000083723	Sandeep	1000	1000	1287	1287	10:12:38	10:12:39
15-Oct-08	10:13:28	700	1288	India Infoline	17915900000000941	Usha	Swastika	94221700000004570	Sandeep	700	700	1288	1288	10:13:26	10:13:27
15-Oct-08	10:14:50	300	1289	India Infoline	17915900000000942	Usha	Swastika	94221000000083225	Sandeep	300	300	1289	1289	10:14:48	10:14:50
15-Oct-08	10:15:19	250	1288	India Infoline	17915900000000943	Usha	Swastika	94220600000113809	Sandeep	250	250	1288	1288	10:15:18	10:15:19
15-Oct-08	11:20:23	50	1292	Emkay	18520400020352169	Jitendra	Swastika	94220200020787639	Sandeep	50	50	1292	1292	11:20:23	11:20:21
15-Oct-08	11:20:54	50	1292	Emkay	18520400020352170	Jitendra	Swastika	94221000000083249	Sandeep	50	50	1292	1292	11:20:53	11:20:53
15-Oct-08	12:12:16	300	1294	Nirmal Bang	49820200001187445	Narendra	Swastika	94220900000083944	Sandeep	300	300	1294	1294	12:12:15	12:12:15
15-Oct-08	12:13:21	400	1294.5	Nirmal Bang	49820300000815127	Narendra	Swastika	94220200020787660	Sandeep	400	400	1294.5	1294.5	12:13:20	12:13:18
15-Oct-08	12:15:20	350	1293	Nirmal Bang	49820300000815131	Narendra	Swastika	94220800000083647	Sandeep	350	350	1293	1293	12:15:20	12:15:20
15-Oct-08	12:47:41	200	1294	Triveni	313420100000050205	Bharat	Swastika	94221800000004908	Sandeep	200	200	1294	1294	12:47:40	12:47:39
15-Oct-08	14:32:53	215	1280	Emkay	18520400020352541	Jitendra	Swastika	94220800000083717	Sandeep	215	215	1280	1280	14:32:53	14:32:53

It may be seen from above that when the orders placed from the trading account of the Noticee were exact matching of price, quantity and time.

(j) It has also been alleged that the Noticee contributed to price rise in the scrip ASCL. From the trade log it is observed that the Noticee contributed 181 times out of 1050 instances when price increased more than ` 5 in single order than Last Traded Price (LTP). Details of price influencing trades are given at Annexure-E. Few instances are given below:

Trade Date	Trade Time	Trade Qty	Trade Price	Diff fromLTP	% diff from LTP	Buy Member	Buy Order No	Buy Client	Sell Member	Sell Order No	Sell Client	Buy Order Rate	Sell Order Rate
10-Oct-08	12:44:02	116	1,117.00	5.00	0.45	Swastika	94220600000113373	Sandeep	BP Equities	7420300020244920	Jitendra	1,117.00	1,117.00
13-Oct-08	10:40:44	999	1,267.00	7.00	0.56	Swastika	94221100000083323	Sandeep	India Infoline	17915900000000843	Usha	1,267.00	1,267.00
13-Oct-08	13:27:37	240	1,305.00	5.00	0.38	Swastika	94220800000083279	Sandeep	Triveni	313420100000049654	Meen Been	1,305.00	1,305.00
13-Oct-08	14:19:17	10	1,310.00	10.00	0.77	Swastika	94221800000004489	Sandeep	791	79100900030469326	E5868	1,310.00	1,310.00
13-Oct-08	14:39:04	671	1,316.00	6.00	0.46	Swastika	94220800000083306	Sandeep	India Infoline	17915900000000876	Usha	1,316.00	1,316.00
13-Oct-08	14:40:29	699	1,312.00	6.00	0.46	Swastika	94220900000083615	Sandeep	India Infoline	17915900000000877	Usha	1,312.00	1,312.00
13-Oct-08	15:21:02	400	1,305.00	5.00	0.38	Swastika	94220800000083341	Sandeep	Triveni	313420100000049747	Meen Been	1,305.00	1,305.00
13-Oct-08	15:21:43	400	1,312.00	7.00	0.54	Swastika	94221700000004336	Sandeep	Triveni	313420100000049748	Meen Been	1,312.00	1,312.00
13-Oct-08	15:29:16	4	1,321.25	11.25	0.86	Swastika	94221800000004538	Sandeep	430	43000800020123746	R225	1,321.25	1,321.85
14-Oct-08	10:12:00	450	1,315.00	5.00	0.38	Swastika	94221700000004382	Sandeep	BP Equities	7420300020248060	Jitendra	1,315.00	1,315.00
14-Oct-08	11:24:23	1,200	1,317.00	6.00	0.46	Swastika	94221100000083582	Sandeep	Emkay	18520400020351296	Jitendra	1,317.00	1,317.00
14-Oct-08	11:24:45	1	1,323.90	23.90	1.84	Swastika	94221100000083583	Sandeep	549	54902000020802241	4043	1,323.90	1,323.90
14-Oct-08	11:25:33	83	1,318.00	36.00	2.81	Swastika	94220900000083719	Sandeep	Triveni	313420100000049839	Meen Been	1,300.00	1,318.00
14-Oct-08	13:20:48	1,000	1,312.00	12.00	0.92	Swastika	94220800000083481	Sandeep	Triveni	313420100000049913	Bharat	1,312.00	1,312.00
14-Oct-08	13:27:31	499	1,298.00	8.00	0.62	Swastika	94220800000083483	Sandeep	Emkay	18520400020351598	Jitendra	1,298.00	1,298.00
14-Oct-08	13:27:49	350	1,303.00	5.00	0.39	Swastika	94220200020787528	Sandeep	Emkay	18520400020351599	Jitendra	1,303.00	1,303.00
14-Oct-08	14:16:55	750	1,298.00	13.00	1.01	Swastika	94220600000113740	Sandeep	Triveni	313420100000049986	3457	1,298.00	1,298.00
14-Oct-08	14:24:32	300	1,300.00	10.00	0.78	Swastika	94220200020787548	Sandeep	Triveni	313420100000049994	3457	1,300.00	1,300.00
15-Oct-08	14:34:01	212	1,289.00	9.00	0.70	Swastika	94220800000083718	Sandeep	Triveni	313420100000050337	Bharat	1,289.00	1,289.00
16-Oct-08	09:57:35	1	1,350.00	50.00	3.85	Swastika	94220900000084009	Sandeep	Emkay	18520400020352689	Jitendra	1,350.00	1,350.00
16-Oct-08	09:59:38	799	1,260.00	10.00	0.80	Swastika	94221000000083355	Sandeep	Triveni	313420100000050407	Dilip	1,260.00	1,260.00
16-Oct-08	14:36:22	455	1,255.00	5.00	0.40	Swastika	94220900000084145	Sandeep	Emkay	18520400020353304	Jitendra	1,255.00	1,255.00
16-Oct-08	15:03:19	650	1,260.00	10.00	0.80	Swastika	94220800000083915	Sandeep	India Infoline	17915900000001058	Usha	1,260.00	1,260.00
17-Oct-08	10:03:28	4	1,280.00	44.00	3.56	Swastika	94220200020787945	Sandeep	Triveni	313420100000050654	Meen Been	1,236.00	1,280.00
17-Oct-08	11:09:09	200	1,275.00	15.00	1.19	Swastika	94220600000114211	Sandeep	BP Equities	7420300020253300	Jitendra	1,275.00	1,275.00
17-Oct-08	11:38:17	500	1,288.00	28.00	2.22	Swastika	94221100000084086	Sandeep	Emkay	18520400020353624	Jitendra	1,288.00	1,288.00
17-Oct-08	12:28:40	400	1,292.00	37.00	2.95	Swastika	94221100000084105	Sandeep	Triveni	313420100000050845	Bharat	1,292.00	1,292.00
17-Oct-08	13:24:48	200	1,270.00	20.00	1.60	Swastika	94221800000005287	Sandeep	Triveni	313420100000050903	Bharat	1,270.00	1,270.00

17-Oct-08	14:10:23	650	1,240.00	9.00	0.73	Swastika	94220800000084055	Sandeep	Emkay	18520400020353917	Jitendra	1,240.00	1,240.00
17-Oct-08	14:50:02	1	1,250.00	8.00	0.64	Swastika	94221700000005068	Sandeep	Triveni	313420100000050943	371	1,276.00	1,250.00
17-Oct-08	15:04:11	200	1,265.00	25.00	2.02	Swastika	94220800000084079	Sandeep	BP Equities	7420300020254111	Sunil	1,265.00	1,265.00
17-Oct-08	15:29:37	10	1,260.00	15.00	1.20	Swastika	94221000000083714	Sandeep	3117	311720100000075863	DD641	1,260.00	1,260.00
20-Oct-08	10:11:58	200	1,250.00	20.00	1.63	Swastika	94221700000005118	Sandeep	BP Equities	7420300020254331	Sunil	1,250.00	1,250.00
20-Oct-08	10:28:30	499	1,251.00	11.00	0.89	Swastika	94221100000084201	Sandeep	Emkay	18520400020354187	Jitendra	1,251.00	1,251.00
20-Oct-08	11:38:32	580	1,330.00	10.00	0.76	Swastika	94221100000084240	Sandeep	BP Equities	7420300020254581	Sunil	1,330.00	1,330.00
20-Oct-08	13:47:33	500	1,320.00	5.00	0.38	Swastika	94221100000084293	Sandeep	BP Equities	7420300020255108	Sunil	1,320.00	1,320.00
20-Oct-08	14:38:12	500	1,335.00	15.00	1.14	Swastika	94221800000005469	Sandeep	BP Equities	7420300020255259	Sunil	1,335.00	1,335.00
20-Oct-08	14:42:10	400	1,335.00	20.00	1.52	Swastika	94221100000084313	Sandeep	Triveni	313420100000051040	Bharat	1,335.00	1,335.00
20-Oct-08	15:00:37	450	1,335.00	5.00	0.38	Swastika	94220600000114450	Sandeep	Triveni	313420100000051069	Bharat	1,335.00	1,335.00

(k) I note from the documents available i.e. ledger account and bank statements, that for the trading of the Noticee the payments were made by Suresh Hanswal and Pradesh Nimawat. Cheque number 42305 dated October 27, 2008 (from the account of Suresh Hanswal a/c no- 050104000083322, IDBI Bank Udaipur), cheque no 42110 dated November 05, 2008 (Suresh Hanswal/Vidya Gaur a/c no- 01191000085001, HDFC Udaipur) and Cheque no 315476 dated November 11, 2008 (Pradesh B Nimawat a/c no- 097010100109277 Axis Bank, Udaipur) each for Rs 50000/- were deposited in the accounts of Swastika (HDFC Indore account no- 362320009377).

(l) Noticee in his reply has submitted that he has not traded in the scrip of ASCL and all the trading was done by Suresh and Pradesh in connivance with Swastika. To substantiate that Noticee submitted his ledger account with Swastika. Noticee also submitted during the hearing a CD stating that it contained the conversation of Suresh and Pradesh with his brother wherein Suresh and Pradesh have accepted that they have done trading in the scrip of ACSL in Noticee's account maintained with broker Swastika. The said CD was forwarded to SEBI Investigation Department (IVD) asking for their observations/comments. IVD has stated that they do not have any infrastructure to verify any digital contents of a CD file.

(m) I note from the documents available that Noticee entered into broker-client agreement with Swastika on July 16, 2008. Noticee claimed that he never received any bills/contract notes for the trading done in his account. Broker Swastika submitted that the contract notes were sent electronically to the Noticee at his registered email-id. I note from the KYC of the Noticee that the email-id of Noticee was ud2101_sandeep@swastika.co.in, and the Noticee had authorized the broker to deliver the contract notes, any statements or other information on this email-id. It is observed from the documents available and submissions made by the Noticee that he was aware of the transactions taken place in his account. Hence it was the responsibility of the Noticee to enquire with his broker if he had not received any contract notes/documents for any transactions which was executed in his account. Thus this submission of the Noticee is not acceptable. Further the Noticee claimed that Suresh and Pradesh traded in his account and he was not aware of the transactions and to substantiate the claim he submitted a CD as stated above. The authentication of the CD could not be verified. Even if it is assumed that the Notice had not put in the orders and his account was utilized by his friends Suresh and Pradesh the fact remains that the Noticee opened his account with the broker knowingly and the facts and circumstances clearly shows that he allowed his account to be utilized by them. The Noticee did not take any action against the above broker and his friends Suresh and Pradesh when (as per his claim) he was made aware of such trades. From the submissions made by the Noticee it is observed that even after knowing that some manipulative trades were going on in his account he signed a letter where he has stated that he was doing such trades in ASCL in the normal course of business. It is observed that the Noticee filed FIR before the police authorities only after the hearing in the case was over. However, the stamp of the authorities on the copy of the FIR is not legible. The Noticee thus was equally responsible for the execution of the trades on his behalf, cannot absolve himself from the charges as leveled against him, and was thus a part of the whole game plan.

13. I find that the Noticee had connection directly /indirectly with the counter party clients and along with the Mehta Group entities executed large number of synchronized, structured trades most of which were found to be reversal in nature; placed orders higher than the LTP and were manipulating the price of the scrip of the company. I find that the trades as executed in his account were not of one instance but such transactions were carried out over a period of time. This coupled with the repeated nature of such manipulative transactions clearly establishes the malafide intent of the Noticee while entering into such transactions. It is pertinent to note that such trading patterns lead to price fluctuation and creates a false appearance of trading in securities market and thereby tending to mislead the gullible investors. I find that during the investigation period there were significant trade volumes (with daily average at 70,000 shares) in the scrip despite very low floating stock; which has come down to mere 14,392 shares at the end of September 2008 quarter. I find that at BSE the price of the scrip opened at ` 1,240.00 on October 10, 2008 while it closed at ` 1,101.55 on the same day. The closing price of the scrip on November 20, 2008 was ` 1306.15 (Close to close 18.57 % rise in 28 trading days). During the same period Sensex has fallen by 19.73 % (from 10,527.85 to 8,451.01). Subsequent to the investigation period the price had started to fall and closed at ` 905 on January 30, 2009. The trading pattern not only created artificial volume but also helped in artificial price rise of the shares of ASCL Mehta group entities in manipulating the price and volume of the scrip of ASCL. All these leads to the malafide intention of Noticee who acted in concert with the connected entities to create artificial market and price rise in the scrip of ASCL.

14. The method and the manner in which the synchronized trades were executed are the most important factors to be considered in these circumstances. The motive, thereafter, automatically falls in line. Clearly in almost all the deals, the orders are placed so as to ensure a matching of the buy and the sell quantity and the buy and the sell price with the counter party, with whom a prior tacit understanding exists.

The buy and the sell orders are placed at almost the same time between the counter party clients, with just a difference of a few seconds. This proximity in the inputting of orders at the same price and for the same quantity, results in getting them matched, such that there is almost perfect matching in all the trades, with all the three parameters, viz., quantity, price and most importantly, the time required to conclude the trades, which to a large extent indicates synchronization in the logging in of the orders, albeit executed on the screen of the stock exchange.

15. This is what has transpired in the present case. The matching of these trades was not noted in a solitary incident or two, instead, a large number of synchronized trades got matched regularly most of which were also reversed. It is my considered belief that frequency of such trades ensured consistent matching of the orders purely for the purpose of projection of the volumes of the shares of ASCL in a way that was not the market determined volumes, possibly to induce other persons to invest in the said scrip.

16. The Hon'ble SAT in *Ketan Parekh Vs. Securities & Exchange Board of India* (Appeal No. 2 of 2004) held that in order to find out whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available.

17. In consideration to the above, I am of the view that the facts of the present case clearly brings out the ominous role played by the Noticee in executing synchronized and structured deals in connivance with the Mehta Group entities in executing manipulative trades in the market which indulged an element of fraud and unfair trade practices in the game plan of manipulation.

18. Regulation 3 prevents any person from buying, selling or dealing in securities in fraudulent manner, use or employ any manipulative or deceptive device in contravention to the provisions of the Act, employ any device, scheme or artifice to

defraud in connection with dealing in securities or engage in any act, practice, course of business which operates as fraud or deceit upon any person in connection with any dealing in or issue of securities. Regulation 4(1) of PFUTP lays that no person shall indulge in a fraudulent or an unfair trade practice in securities. Regulation 4(2) (a) of PFUTP, prohibits a person from indulging in an act which creates false or misleading appearance of trading in the securities market. Regulation 4(2)(b) of PFUTP prohibits dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss. Regulation 4(2)(e) lays down that any act or omission amounting to manipulation of the price of a security will amount to manipulation and Regulation 4(2)(g) inter alia, prohibits entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.

19. As can be seen from the above that in connivance with the Mehta group the Noticee's intention was to create artificial volume in the scrip of ASCL and influence the price of the scrip during the investigation period. Such acts of manipulative trading by the Noticee helped in creating artificial demand and thereby leading to a false appearance of trading in the scrip of ASCL and also causing fluctuations in the price of the scrip of the company. Hence in the light of the facts of the case and materials available on record, I find that Noticee has violated the provisions of Regulation 3 (a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of PFUTP Regulations.

20. The next issue for consideration is as to what would be monetary penalty that can be imposed on the Noticee for violation of Regulation 3 (a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of PFUTP Regulations. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory*

obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".

21. Thus, the aforesaid violations by the Noticee make him liable for penalty under Section 15HA of SEBI Act, 1992 which read as follows:

> ***"15HA** - **Penalty for fraudulent and unfair trade practices***
>
> *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

22. While determining the quantum of penalty under sections 15HA , it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

> ***"15J** - **Factors to be taken into account by the adjudicating officer***
>
> *While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
>
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
>
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
>
> *(c) the repetitive nature of the default."*

23. It is difficult, in cases of such nature, to quantify exactly the disproportionate gains or unfair advantage enjoyed by an entity and the consequent losses suffered by the investors. I have noted that the investigation report also does not dwell on the extent of specific gains made by the clients or broker/s. Suffice to state that keeping in mind the practices indulged in by the Noticee, gains per se were made by the Noticee in that it traded in the scrip in a manner meant to create artificial volumes and liquidity which is an important criterion, apart from price, capable of misleading the investors while making an investment decision. In fact, liquidity/volumes in

particular scrip raise the issue of 'demand' in the securities market. Greater the liquidity, higher is the investors' attraction towards investing in that scrip. Hence, anyone could have been carried away by the unusual fluctuations in the volumes and been induced into investing in the said scrip. Besides, this kind of activity seriously affects the normal price discovery mechanism of the securities market. People who indulge in manipulative, fraudulent and deceptive transactions, or abet the carrying out of such transactions which are fraudulent and deceptive, should be suitably penalized for the said acts of omissions and commissions. With regard to repetitive nature, I find that there was substantial number of such trades repeated over a number of days during the investigation period.

ORDER

24. After taking into consideration all the facts and circumstances of the case, I impose a penalty of ` 8,00,000 (Rupees Eight lakh only) under section 15HA of the SEBI Act, on the Noticee which will be commensurate with the violations committed by it.

25. The Noticee shall pay the said amount of penalty by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to Mr. G Ramar, General Manager, Investigations Department, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

26. In terms of rule 6 of the Rules, copies of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date: **November 22, 2011** **BARNALI MUJHERJEE**

Place: **Mumbai** **ADJUDICATING OFFICER**