

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

IN THE MATTER OF ADANI EXPORTS LIMITED

In respect of Ms. Bela Kayastha, Mr. Samir P. Shah, Ms. Falguni Shah, Mr. Manoj T. Shah, M/s Rajesh N. Jhaveri, M/s V & S Intermediaries, Mr. Mangeram S. Sharma, Mr. Dilip C. Jain and Mr. Tejas Ghelani

Date of Hearing: December 16, 2010, January 10, 2011 and February 28, 2011

Appearance

**For noticee: Mr. Samir Shah for Self
Mr. Piyush Jhaveri for Ms. Bela Kayastha
Mr. Anish Kharidia, Company Secretary for M/s V & S Intermediaries
Mr. Deepak Shah Advocate for M/s Rajesh N. Jhaveri
None for others**

**For SEBI: Ms. Medha Sonparote, Deputy General Manager
Mr. Krishnanand Raghvan, Deputy General Manager
Mr. Bhagwandas Samariya, Assistant General Manager
Mr. Pradeep Kumar, Assistant Legal Adviser**

ORDER

Under Sections 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into dealings in the shares of Adani Exports Ltd. (hereinafter referred to as 'Adani') for the period from November 27, 2003 to December 23, 2003. The scrip of Adani, during the period of investigation was listed on the Bombay Stock Exchange (hereinafter referred to as 'BSE') and the National Stock Exchange (hereinafter referred to as 'NSE').
2. During the period of investigation, the price of the scrip on BSE increased from ₹209.55 as on November 27, 2003 to ₹443.10 as on December 23, 2003 after touching a high of ₹478 as on December 19, 2003 within a span of just 19 trading days. SEBI analyzed the trading details along with the data of the

volumes contributed by the persons who had traded in the scrip. The investigation *prima facie* revealed that certain entities had indulged in fictitious synchronized reversal of trades, which in turn had created the artificial volumes and contributed to the price rise in the scrip of Adani.

3. The total volume traded in the scrip of Adani during the period of investigation at BSE was 11,32,400 shares and out of this 3,42,780 shares, i.e., 30.27% was in the nature of synchronized/ reversal of trades involving certain clients/ brokers. At NSE, the total volume traded during the period of investigation was 38,91,856 shares and out of this 2,96,943 shares, i.e. 7.63% was in the nature of structured trades.
4. On completion of the investigation, SEBI *inter alia* issued show cause notices (hereinafter referred to as 'SCN') under Sections 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') to Ms. Bela Kayastha, Mr. Samir P. Shah, Ms. Falguni Shah, Mr. Manoj T. Shah, M/s Rajesh N. Jhaveri M/s V & S Intermediaries, Mr. Mangeram S. Sharma, Mr. Dilip C. Jain and Mr. Tejas Ghelani (hereinafter collectively referred to as the 'noticees' and individually by their respective names) asking them to show cause as to why suitable directions including restraining these from dealing in securities market for a particular period or other appropriate directions should not be issued against them. The details regarding the respective dates of issuance of the SCNs to the noticees and the replies received are noted below against the respective names of different noticees:

Sr. No.	Name	Date of SCN	Date of reply
1.	Rajesh N. Jhaveri	February 23, 2006	June 25, 2006
2.	Manoj T. Shah	February 23, 2006	June 7, 2006
3.	Ms. Bela H. Kayastha	February 23, 2006	No reply
4.	V & S Intermediaries	February 23, 2006	March 08, 2006, May 19, 2006, June 15, 2006
5.	Ms. Falguni Shah	February 02, 2006	March 25, 2006 and May 21, 2006
6.	Samir P. Shah	February 23, 2006	June 23, 2006
7.	Mageram S. Sharma	February 23, 2006	No reply
8.	Tejas Ghelani	February 23, 2006	No reply

5. Subsequently, opportunities of personal hearing were granted to the noticees on July 12, 2006. On the scheduled date, none of the noticees appeared for the personal hearing. Further opportunities of personal hearing were granted to M/s Rajesh N. Jhaveri, Ms. Falguni Shah, M/s V & S Intermediaries, Ms. Bela Kayastha, Mr. Samir P Shah and Mr. Manoj T. Shah on December 16, 2010. On the said date, some of the noticees namely M/s V & S Intermediaries, Ms. Bela Kayastha and Mr. Samir P. Shah appeared and made their submissions. As regards the noticees, namely M/s Rajesh N. Jhaveri, Ms. Falguni Shah and Mr. Manoj T. Shah who had failed to appear for the personal hearing, a second opportunity of personal hearing was granted on January 10, 2011 along with other noticees namely Mangeram Shah, Dilip C. Jain and Tejas Ghelani. In the meantime, one of the noticees, namely M/s Rajesh N. Jhaveri requested SEBI for pre-ponement of personal hearing to January 06, 2011. The request of M/s Rajesh N. Jhaveri was acceded to and M/s Rajesh N. Jhaveri was heard on January 06, 2011.

On a further date, i.e., on January 10, 2011, when the other noticees were called for the personal hearing namely Ms. Falguni Shah, Manoj Shah, Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani, none of them turned up. Considering the fact that Ms. Falguni Shah and Manoj T. Shah failed to turn up for the personal hearing despite due intimation. In view of this, I am compelled to proceed with the matter *ex-parte*, on the basis of material available on record, having complied with the principles of natural justice.

With respect to the three noticees, viz., Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani, opportunities of hearing were again granted on February 28, 2011. On the scheduled date, no one appeared on behalf of Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani. The hearing notices issued to Mangeram S. Sharma and Dilip C. Jain returned undelivered. To proceed with the matter, SEBI issued a press notification dated February 10, 2011 in the local and national daily newspapers intimating Mangeram S. Sharma and

Dilip C. Jain about the hearing. However, no one appeared for Mangeram S. Sharma and Dilip C. Jain.

I have seen that sufficient opportunities have been granted to Ms. Falguni Shah, Manoj Shah, Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani to explain their case. In view of this, I am compelled to proceed with the matter ex-parte, as against these noticees, on the basis of the material available on record.

6. I have carefully considered the SCNs issued to the noticees, replies of the noticees who have replied to the SCN, the written submissions filed by M/s V&S Intermediaries, Ms. Bela Kayastha, Mr. Samir P. Shah and the material available on record. The submissions of the noticees, in brief, are given below:

a. Samir P. Shah vide his letters dated June 23, 2006 and December 22, 2010 submitted:

- He is a whole time director of Ess Ess Intermediaries Pvt. Limited (hereinafter referred to as 'Ess Ess') and he was acting as jobber/ day trader since the year 2000. The trades were carried out in his individual capacity.
- Ess Ess was not a client of Naman Securities at BSE. It was one Nitin Patel (a client of Ess Ess) who had made an arrangement through Naman Securities and due to some technical difficulty in the opening of his account, in the intervening period, the trades were executed by Naman Securities wherein the orders were placed on telephone by Nitin Patel directly and the same was billed/ the contract note was issued in the name of Ess Ess. Consequently, Ess Ess issued bills and contract notes to Nitin Patel for which Ess Ess never charged for brokerage. An affidavit of Nitin Patel has also been produced by them in support of this claim.
- The trades were not fictitious but were genuine with a difference in settlement mode that Nitin Patel settled the trades on BSE through Ess Ess instead of directly settling with Naman Securities.

- Two simultaneous proceedings have been initiated against him arising out of the same set of facts.
 - He had done the day trading against the delivery of shares in demat account and not otherwise.
 - He had not traded for the entire period of 19 days.
 - He has not been provided with the data of all 19 days.
- b. M/s Rajesh N. Jhaveri vide its letter dated June 25, 2006 submitted that the trades in the scrip were** carried out on behalf of his clients and in the individual capacity. Two simultaneous proceedings have been initiated against him arising out of the same set of facts.
- c. Ms. Bela Kayastha vide her letter dated December 16, 2010 submitted that** SEBI has already passed an order against her under Section 15I of the SEBI Act in the scrip of Adani, hence the present proceedings be dropped.
- d. Ms. Falguni Shah vide her letter dated June 25, 2006 submitted**
- She had acted as a day trader/ jobber and had traded for only 13 days during the period of investigation for a meager volume of 1.15 lakh shares on both the sides.
 - The orders were placed on telephone at the office of M/s Rajesh N. Jhaveri. Further the quantum of order i.e. those placed in the system and accepted in the system was never the same. She is not aware of V & S Intermediaries.
 - The matching of her trades with V&S Intermediaries could have taken place by not coincidence but on account of there being less number of active clients in the scrip of Adani at BSE.
 - She has not been provided with various documents by SEBI.
- e. Manoj T. Shah vide his letter dated June 07, 2006 submitted that:**
- He had acted as a day trader/ jobber and had traded in the scrip of Adani in small lots. His normal trading volume had remained in aggregate

quantity of approximately 10,000 shares on one side i.e., 15-20% throughout his trading period throughout the year and including the period of investigation. He had traded for a volume of 1.76 lac shares i.e., 4.50% during the relevant period.

- He is not aware about M/s Rajesh N. Jhaveri. No nexus with M/s Rajesh N. Jhaveri. He is not having the same address as that of M/s Rajesh N. Jhaveri.
- No intention to enter into structured/ synchronized reversal of trades on NSE.
- The differential ratio of his trades was virtually opposite to the differential ratio of volume of market trades in the scrip of Adani during the period of investigation.
- He has not been provided with complete order log/ trade log.

f. V&S Intermediaries vide its letters dated March 08, 2006, May 19, 2006, June 15, 2006, June 25, 2006, March 18, 2010 and December 15, 2010 submitted that:

- It had acted as a day trader/ jobber. On account of disruption of trading at ASE, he shifted to trade on BSE and NSE where the scrip was in 'B' group. In 'B' group, if the trade was not reversed and squared off during the day, it turned into delivery obligation on account of T+2 trading system. To avoid delivery obligation, all jobbers/ day traders were resorting to reversal of trade of existing position in the first instance and thereafter once again making fresh position and reversal of trade and it continued for many transactions. Therefore, almost 85% to 90% of the total volume on BSE and NSE was on account of reversal of trades by all participants in the scrip and only 10% to 15% was delivery based volume.
- Out of the total quantity of almost 1,15,000, only 57,490 shares were matched because of the bullish jobbing tendency and counterparty's bearish tendency. This was meager 5% of the total volume of 11,32,400 shares on BSE and 1.14% of the combined total volume of 50,24,256

shares on BSE and NSE. Further, this quantity is 8% of its total trading of 150 days and 30% of 1,94,585 shares, during the period of investigation.

- Had traded on only 15 days. Had not traded after December 15, 2003 as a day trader. On December 16, 2003, he had entered only delivery based transactions. No relationship with the counterparty Ms. Falguni Shah.
- Complete order log/ trade log has not been provided.
- BSE has already issued warning for the trades in question.
- Two simultaneous proceedings were initiated against him arising out of the same set of facts.

7. I note that none of the noticees have denied their trading in the scrip of Adani. I observe that the noticees in their respective replies *inter alia* have made a common submission that two simultaneous proceedings have been initiated against them arising out of the same set of facts. I note that SEBI is empowered to initiate proceedings such as those initiated under Section 11B of the SEBI Act, enquiry, adjudication, prosecution etc., as may be warranted, to deal with the violations of the provisions of SEBI Act, Rules and Regulations made there under. Each of these proceedings, has different objective such as adjudication meant to penalise the accused by way of monetary penalty, while proceeding under Section 11B of the SEBI Act is aimed at protecting the interest of the investors and orderly development of the securities market. I, therefore, do not find any infirmity in SEBI proceeding against the noticees under Section 11B of the SEBI Act and simultaneously pursuing adjudication. Another argument taken by certain noticees is that they have not been supplied with the complete details of their trading in the scrip of Adani and that data for only two days have been provided. I have seen the details attached to the SCN issued to these noticees and note that the same contains the trade details for only two days. Having seen this, I was of the considered opinion that they should have been provided with the complete trade details alongwith the SCN. Accordingly, the complete details were forwarded to the noticees vide letters all dated January 06, 2012 and a

time of twenty one (21) days was given to them to file their objections, if any, to the same.

I note the argument tendered by certain noticees that they had traded in other scrips also. The proceedings addressed in the current order pertain to trading in the scrip of Adani and the trading pattern of the noticees in other scrips is not of any consequence in the present context. One among the noticees, i.e., V&S Intermediaries in its reply has also submitted that it has already been issued warning by BSE.

8. After having examined the above details, the issue that arises for my consideration is: Whether the noticees indulged in synchronized reversal of trades and were responsible for creating artificial volumes/ prices in the scrip of Adani?

9. **Whether the noticees indulged in synchronized reversal of trades and were responsible for creating artificial volumes/ prices in the scrip of Adani?**
 - a. I note that the scrip of Adani was being traded both at BSE and NSE during the period of investigation. The table below provides the details of the trading arrangements by the noticees in the scrip of Adani.

Table A

	Broker	Sub-broker	Client
BSE	ASE Capital Markets Ltd.	Rajendra J. Shah	V&S Intermediaries
	ASE Capital Markets Ltd.	Ess Ess Intermediaries Ltd.	Samir P. Shah
	ASE Capital Markets Ltd.	Rajesh N. Jhaveri	Falguni Shah
	Mangal Keshav Securities	E. Stocks Inc.	Dilip C. Jain
	Vijay Bhagwandas Shah		Own/ director's account
	Sanchay Fincom Ltd.		Tejas Ghelani
	Naman Securities Ltd.		Ess Ess Intermediaries Ltd.
NSE	Grishma Securities Pvt. Ltd.		Rajesh N. Jhaveri
	Mangal Keshav Securities	E. Stocks Inc.	Dilip C. Jain
	ASE Capital Markets Ltd.		Manoj T. Shah
	Sanchay Finvest Ltd.		Tejas Ghelani
	M.G. Capital		Bela H. Kayastha
	Inventure Growth		Mangeram S. Sharma

The pattern of trading of the noticees in the scrip of Adani have been described in the sub-paragraphs (b) to (e) below in order to determine whether the orders of one noticees had matched with another continuously, over a considerable period of time. Further, it would be necessary to examine the data to find out whether equal or nearly equal number of shares was rotated through reversal of trades amongst the same set of noticees. For better clarity the trades of the noticees have been considered along with the groups in which the trades were matched.

b. Trades of Samir P. Shah

- One of the noticees, Samir P. Shah had traded in the scrip of Adani while acting as a client of Ess Ess, a sub broker of ASE Capital Markets Limited at BSE. I note that he was also the director of Ess Ess. The trades of Samir P. Shah matched with Ess Ess who was simultaneously present on the other side of the trades through broker Naman Securities in the capacity of its client. A summary of such trades is as under:

Table B

Date	Buy Broker	Buy Client	No. of trades	Qty.	Sell Broker	Sell Client	% to day qty. traded
27/11/03	ASE Cap	Ess Ess*	30	5,000	Naman	Ess Ess	31.44
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
28/11/03	ASE Cap	Ess Ess	50	5,000	Naman	Ess Ess	30.01
	Naman	Ess Ess	36	5000	ASE Cap	Ess Ess	
1/12/03	ASE Cap	Ess Ess	20	4,500	Naman	Ess Ess	26.07
	Naman	Ess Ess	26	4,500	ASE Cap	Ess Ess	
2/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	32.54
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
3/12/03	ASE Cap	Ess Ess	38	5,000	Naman	Ess Ess	24.75
	Naman	Ess Ess	20	5000	ASE Cap	Ess Ess	
4/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	25.71
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
5/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	23.2
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
8/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	37.87

	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
9/12/03	ASE Cap	Ess Ess	30	4,000	Naman	Ess Ess	18.13
	Naman	Ess Ess	30	5,000	ASE Cap	Ess Ess	
10/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	22.67
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
11/12/03	ASE Cap	Ess Ess	30	5,000	Naman	Ess Ess	26.92
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
12/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	23.13
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
15/12/03	ASE Cap	Ess Ess	20	2,450	Naman	Ess Ess	15.87
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
16/12/03	ASE Cap	Ess Ess	20	5,000	Naman	Ess Ess	19.38
	Naman	Ess Ess	20	5,000	ASE Cap	Ess Ess	
17/12/03	ASE Cap	Ess Ess	10	2,500	Naman	Ess Ess	5.77
	Naman	Ess Ess	10	2,500	ASE Cap	Ess Ess	
23/12/03	ASE Cap	Ess Ess	10	2,500	Naman	Ess Ess	7.50
	Naman	Ess Ess	10	2,500	ASE Cap	Ess Ess	
Total			710	1,45,450			20.62

** Samir P. Shah had traded as a client of Ess Ess sub-broker to ASE Capital Markets Limited*

From the above, I note that there was mostly exact reversal of similar quantity of shares of Adani continuously on seventeen days. A sample of such trades has been brought out below for reference i.e., as on November 27, 2003:

Table C

Trade			Buy					Sell					Time Diff.
Time	Qty	Price	Broker	Client	Time	Qty.	Rate	Broker	Client	Time	Qty.	Rate	
11:57:30	200	206.80	ASE	218S001*	11:57:30	2,000	206.80	Naman	A51642**	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
11:57:30	200	206.80	ASE	218S001	11:57:30	2,000	206.80	Naman	A51642	11:57:28	2,000	206.80	0:00:02
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01
12:24:06	250	207.00	Naman	A51642	12:24:06	2,500	207	ASE	218S001	12:24:05	2,500	207	0:00:01

given orders to Naman Securities and the bill/ contract notes were issued in the name of Ess Ess. Later-on, Ess Ess issued contract notes and bills to Nitin Patel and had never charged brokerage for such trades of Nitin Patel. In support of this submission, Samir P. Shah has submitted the copy of an affidavit of Nitin Patel. The submission of Samir P. Shah appears to be an afterthought because the bills and contract notes were issued in the name of Ess Ess by Naman Securities as admitted by Samir P. Shah. I note that the facts narrated by Samir P. Shah in his reply are beyond the normal practice. Even if, for the sake of arguments, one relies on the story narrated by Samir P. Shah, then also the facts and circumstances such as Nitin Patel being a client of Ess Ess, absence of payment details and no explanation as to why brokerage was not charged from Nitin Patel, points to the fact that Ess Ess had played a definite role in the trading of Adani.

- The submission of Samir P. Shah that he was only doing jobbing transactions is not acceptable as the trade details shows that several transactions got matched with the same counterparty. Further, almost all the shares purchased/ sold by Samir P. Shah on a particular day, was being reversed on the very same day. I note that there were 710 synchronized/ reversal of trades by him in the scrip of Adani during the relevant period of investigation. This makes it amply clear that the transactions were designed before their execution and did not happen as part of the exchange trade matching system.

c. Trades of Ms. Falguni Shah and M/s V&S Intermediaries are being considered.

- I note that Ms. Falguni Shah had traded through M/s Rajesh N. Jhaveri, a sub-broker of ASE Capital Markets Limited on all 19 trading days at BSE during the period of investigation for a total quantity of 1,14,965 shares. These orders of Ms. Falguni Shah were matched with the counterparty M/s V&S Intermediaries, trading through Rajendra J. Shah, sub-broker,

ASE Capital Markets Limited. The summary of such trades is being brought out below for reference:

Table D

Date	Buy Client	No. of trades	Qty.	Sell Client	% to day Qty. traded
27/11/03	V & S	39	5,000	Falguni	31.44
	Falguni	29	5,000	V & S	
28/11/03	V & S	59	5,000	Falguni	30.01
	Falguni	38	5,000	V & S	
1/12/03	V & S	72	5,000	Falguni	28.96
	Falguni	37	5,000	V & S	
2/12/03	V & S	119	3,990	Falguni	26.00
	Falguni	58	4,000	V & S	
3/12/03	V & S	48	5,000	Falguni	24.75
	Falguni	38	5,000	V & S	
4/12/03	V & S	57	5,000	Falguni	25.71
	Falguni	39	5,000	V & S	
5/12/03	V & S	28	4,975	Falguni	23.14
	Falguni	48	5,000	V & S	
8/12/03	V & S	56	5,000	Falguni	37.87
	Falguni	39	5,000	V & S	
9/12/03	V & S	10	1,500	Falguni	6.04
	Falguni	19	1,500	V & S	
10/12/03	V & S	36	3,000	Falguni	13.60
	Falguni	38	3,000	V & S	
11/12/03	V & S	36	4,000	Falguni	21.53
	Falguni	38	4,000	V & S	
12/12/03	V & S	38	5,000	Falguni	23.13
	Falguni	29	5,000	V & S	
15/12/03	V & S	56	5,000	Falguni	21.30
	Falguni	56	5,000	V & S	
Total		1,160	1,14,965		22.98

- From the above table, I note the reversal of almost similar quantity of shares of Adani between the noticees namely Ms. Falguni Shah and M/s V&S Intermediaries, over a continuous period of thirteen days. The pattern of trading as on November 28, 2003 between these two noticees has been brought out below for reference:

Table E

Trade			Buy				Sell				Time diff
Time	Qty	Price	Client Code	Time	Rate	Qty.	Client Code	Time	Qty.	Rate	
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
10:47:47	151	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00

10:47:47	141	213.05	V&S	10:47:47	213.05	1500	Falguni	10:47:47	1500	213.05	0:00:00
11:46:25	251	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	4	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	247	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	8	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	243	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	12	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	239	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	16	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	235	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	20	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	231	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	24	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	227	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	28	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	223	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	32	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	219	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	36	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04
11:46:25	205	213.10	Falguni	11:46:25	213.10	2500	V&S	11:46:21	2500	213.10	0:00:04

- The trade details as reproduced in table E above shows that the orders were entered simultaneously and the same were matched between Ms. Falguni Shah and M/s V&S Intermediaries within a few seconds from each other and the quantities of such orders also matched on most of the occasions. From the above discussion, I note that Ms. Falguni Shah and M/s V&S Intermediaries had executed 1,160 trades for a total quantity of 1,14,965 shares in a synchronized manner in the scrip of Adani and that the trades were also reversed, contributing thereby 10.15% of the total traded volume in the scrip of Adani.
- The arguments of the noticees that they were acting as day traders/ jobbers find no relevance as the trades had matched with exact precision and the same were reversed not on one or two occasions but the same has continued over a period of thirteen days during the investigation.

d. Trades between M/s Rajesh N. Jhaveri, Manoj T. Shah and Ms. Bela Kayastha.

- I note that M/s Rajesh N. Jhaveri had also traded in the scrip of Adani as a client of Grishma Securities Pvt. Limited at NSE. It is observed that the orders of M/s Rajesh N. Jhaveri had matched with the counterparty client Manoj T. Shah (a client of ASE Capital Markets Limited) and Ms. Bela

Kayastha (a client of M.G. Capital Services Limited). The summary of the trades between M/s Rajesh N. Jhaveri, Manoj T. Shah and Ms. Bela Kayastha are as under:

Table F

S. No.	Buy		Sell		Tra des	Qty.	Days
	Broker	Client	Broker	Client			
1.	Grishma Sec	Rajesh Jhaveri	ASE Capital	Manoj T. Shah	105	143,440	11
2.	ASE Capital	Manoj T. Shah	M. G. Capital	Bela H. Kayastha	33	31,450	3
3.	Grishma Sec.	Rajesh Jhaveri	M. G. Capital	Bela H. Kayastha	11	10,000	1

- From the table above, I note that M/s Rajesh N. Jhaveri and Manoj T. Shah had together executed 105 trades in the scrip of Adani on eleven days during the period of investigation. I have seen the pattern of trading between these two noticees and a sample of such trading has also been brought out below for reference:

Table G

Date	Trade			Buy				Sell			
	Time	Price	Qty.	Time	Client	Vol.	Price	Time	Client	Vol.	Price
27/11/03	14:48:41	207.55	4,000	14:48:40	Rajesh	4,000	207.55	14:48:41	Manoj	4,000	207.55
27/11/03	14:55:07	208.30	4,000	14:55:07	Manoj	4,000	208.30	14:55:06	Rajesh	4,000	208.30
28/11/03	14:40:22	214.10	4,000	14:40:22	Rajesh	4,000	214.10	14:40:18	Manoj	4,000	214.10
28/11/03	14:52:02	214.20	4,000	14:52:01	Manoj	4,000	214.20	14:52:02	Rajesh	4,000	214.20
15/12/03	11:45:36	259.10	2,000	11:45:36	Manoj	2,000	259.10	11:45:33	Rajesh	2,000	259.10
15/12/03	11:45:57	259.50	2,000	11:45:54	Rajesh	2,000	259.50	11:45:57	Manoj	2,000	259.50
15/12/03	11:46:20	259.00	2,000	11:46:20	Manoj	2,000	259.00	11:46:19	Rajesh	2,000	259.00
15/12/03	11:46:38	259.45	2,000	11:46:38	Rajesh	2,000	259.45	11:46:38	Manoj	2,000	259.45
15/12/03	13:40:59	263.55	2,000	13:40:59	Manoj	2000	263.55	13:40:56	Rajesh	2000	263.55
15/12/03	13:41:53	264.10	2,000	13:41:52	Rajesh	2,000	264.10	13:41:53	Manoj	2,000	264.10
15/12/03	13:42:16	263.60	2,000	13:42:16	Manoj	2,000	263.60	13:42:14	Rajesh	2,000	263.60
15/12/03	13:42:32	264.15	2,000	13:42:32	Rajesh	2,000	264.15	13:42:32	Manoj	2,000	264.15
15/12/03	13:42:58	263.55	1,000	13:42:58	Manoj	1,000	263.55	13:42:58	Rajesh	1,000	263.55
15/12/03	13:43:12	263.75	1,000	13:43:12	Rajesh	1,000	263.75	13:43:12	Manoj	1,000	263.75

I note that the orders for the trades were also entered simultaneously and that the same were matched within a few seconds from the other. It is also observed that the quantum of such orders was also similar on most of the occasions. From the above discussion, I note that M/s Rajesh N. Jhaveri and Manoj T. Shah had executed 105 trades for a total quantity of 1,43,440 shares in a synchronized manner in the scrip of Adani which

were reversed, contributing thereby 3.69% of the total traded volume in the scrip of Adani.

- As seen from the table F above, I note that the noticee namely Ms. Bela Kayastha while trading through broker M.G. Capital Services Limited, had entered orders which in turn matched with the noticees namely M/s Rajesh N. Jhaveri and Manoj T. Shah. During the period of investigation Ms. Bela Kayastha had traded in the scrip of Adani on four days and executed 44 trades. These trades had matched with the counterparties namely M/s Rajesh N. Jhaveri (11 trades) and Manoj T. Shah (33 trades). I have seen the pattern of trading between Ms. Bela Kayastha, M/s Rajesh N. Jhaveri and Manoj T. Shah. Details of such trading for two days. It has also been brought out below for reference:

Table H

Date	Trade			Buy				Sell			
	Time	Price	Qty.	Time	Client	Vol.	Price	Time	Client	Vol.	Price
28/11/03	10:46:51	214.10	1000	10:46:51	Bela	1000	214.10	10:46:51	Manoj	1000	214.10
28/11/03	11:13:10	212.55	1000	11:13:10	Bela	1000	212.55	11:13:08	Manoj	1000	212.55
28/11/03	11:13:21	212.65	1000	11:13:21	Bela	1000	212.65	11:13:21	Manoj	1000	212.65
28/11/03	11:17:21	213.15	1000	11:17:21	Manoj	1000	213.15	11:17:20	Bela	1000	213.15
28/11/03	11:19:23	213.30	1000	11:19:23	Manoj	1000	213.30	11:19:22	Bela	1000	213.30
28/11/03	12:21:49	213.65	1000	12:21:49	Manoj	1000	213.65	12:21:48	Bela	1000	213.65
28/11/03	13:27:44	213.25	1000	13:27:43	Bela	1000	213.25	13:27:44	Manoj	1000	213.25
28/11/03	13:56:12	213.35	1000	13:56:12	Manoj	1000	213.35	13:56:10	Bela	1000	213.35
28/11/03	13:56:39	213.30	1000	13:56:39	Manoj	1000	213.30	13:56:37	Bela	1000	213.30
28/11/03	14:30:01	214.10	1000	14:30:00	Bela	1000	214.10	14:30:01	Manoj	1000	214.10
2/12/03	13:11:43	215.25	1,000	13:11:43	Bela	1,000	215.25	13:11:43	Rajesh	1,000	215.25
2/12/03	13:12:00	215.30	500	13:12:00	Bela	500	215.30	13:11:57	Rajesh	500	215.30
2/12/03	13:12:09	215.40	500	13:12:09	Bela	500	215.40	13:12:08	Rajesh	500	215.40
2/12/03	14:04:19	216.25	1,000	14:04:19	Rajesh	1,000	216.25	14:04:18	Bela	1,000	216.25
2/12/03	14:04:29	216.30	1,000	14:04:29	Rajesh	1,000	216.30	14:04:28	Bela	1,000	216.30
2/12/03	14:04:39	216.40	1,000	14:04:39	Rajesh	1,000	216.40	14:04:38	Bela	1,000	216.40
2/12/03	14:04:47	216.50	1,000	14:04:47	Rajesh	1,000	216.50	14:04:46	Bela	1,000	216.50
2/12/03	14:46:20	215.50	1,000	14:46:20	Bela	1,000	215.50	14:46:20	Rajesh	1,000	215.50
2/12/03	14:46:30	215.60	1,000	14:46:29	Bela	1,000	215.60	14:46:30	Rajesh	1,000	215.60
2/12/03	14:46:42	215.70	1,000	14:46:42	Bela	1,000	215.70	14:46:41	Rajesh	1,000	215.70
2/12/03	15:11:32	216.00	1,000	15:11:31	Rajesh	1,000	216.00	15:11:32	Bela	1,000	216.00

From the above discussion, I note that Ms. Bela Kayastha and M/s Rajesh N. Jhaveri had executed 11 trades in a synchronized manner in the scrip of Adani which were also reversed. Further, the trades of Ms. Bela Kayastha were also matched with Manoj T. Shah on 33 occasions in a synchronized manner in the scrip of Adani, which were also reversed. I

note that the orders for the trades were also entered simultaneously and that the same were matched within seconds from the other. Further, the quantum of such orders also matched on most of the occasions. Also, I note that equal quantity of shares of Adani was reversed on same date between the same set of clients.

e. Trades of Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani

I note that the noticees namely Dilip C. Jain and Tejas Ghelani had traded on both the exchanges. The summary of their trades at BSE during the period of November 27, 2003 to December 23, 2003 are as under:

Table I

S. No	Buy		Sell		Trade Qty.
	Client	Broker	Client	Broker	
1.	Dilip C. Jain	Mangal Keshav	Own A/c	Vijay Bhagwandas	23,340
2.	Own A/c	Vijay Bhagwandas	Dilip C. Jain	Mangal Keshav	25,200
3.	Dilip C. Jain	Mangal Keshav	Tejas Ghelani	Sanchay Fincom	16,050
4.	Tejas Ghelani	Sanchay Fincom	Dilip C. Jain	Mangal Keshav	14,300

The summary of the trades between Mangeram S. Sharma, Dilip C. Jain and Tejas Ghelani at NSE are as under:

Table J

S. No	Buy		Sell		Trade	Synchron ized Qty.	No. of days
	Broker	Client	Broker	Client			
1.	Mangal Keshav	Dilip C. Jain	Sanchay Finvest	Tejas Ghelani	23	54,654	9
2.	Mangal Keshav	Dilip C. Jain	Inventure Growth	Mangiram	22	22,399	10
3.	Inventure Growth	Mangiram	Sanchay Finvest	Tejas Ghelani	10	18,750	5
4.	Inventure Growth	Mangiram	Kotak Sec.	Mangiram	24	16,250	7
Total						2,96,943	

- From the table J above, I note that the noticee namely Mangeram S. Sharma had traded in the scrip of Adani through his broker Inventure Growth Securities Limited and Kotak Securities Limited at NSE and entered into reversal of trades with Tejas Ghelani (client of Sanchay Finvest Limited) and Dilip C. Jain (client of M/s E-Stock, sub-broker to Mangal Kesav Sec. Limited). He had also executed self- trades in the scrip of Adani.

I also note from the table that Mangiram S. Sharma and Dilip C. Jain had jointly executed 22 trades for a total quantity of 22,399 shares in the scrip of Adani on ten days. I have seen the pattern of trading between these two noticees and note that the orders were matched within a few seconds from the other, and that the quantum of such orders was also similar on most of the occasions. An analysis of the pattern of these trades shows that the transaction between Mangiram S. Sharma and Dilip C. Jain in the scrip of Adani had been reversed on the very same day by entering synchronized orders for almost the same quantities and prices.

I further note that Mangiram S. Sharma and Tejas Ghelani had jointly executed 10 trades for a total quantity of 18,750 shares in the scrip of Adani on five days. I have seen the pattern of trading between these two noticees and note that the orders were matched within a few seconds from the other and the quantum of such orders was also similar on most of the occasions. An analysis of the pattern of trades shows that the transaction between Mangiram S. Sharma and Tejas Ghelani in the scrip of Adani had been reversed on the very same day by entering synchronized orders for almost equal quantities and prices.

I note that Mangiram S. Sharma had also executed 24 self trades while trading through two brokers namely Inventure Growth and Securities Limited and Kotak Securities Limited for a total quantity of 16,250 shares in the scrip of Adani on seven days. I have seen the pattern of trading and note that the orders were matched within a few seconds from the other. The pattern of trading that was involved here was explicitly manipulative in nature.

- The noticee namely Tejas Ghelani had traded in the scrip of Adani through his broker Sanchay Finvest Limited at NSE and entered 33 synchronized/ reversal of trades with Dilip C. Jain and Mangeram S.

Sharma. Tejas Ghelani had also traded at BSE and entered 113 synchronized/ reversal of trades with Dilip C. Jain.

Tejas Ghelani and Mangeram S. Sharma together executed ten trades for a total quantity of 18,750 shares in the scrip of Adani on five days, as stated in the preceding paragraphs. In addition to this, he had also executed 23 trades with Dilip C. Jain for a total quantity of 54,654 shares on nine days. I have seen the pattern of trading for these trades and note that the orders were matched within a few seconds from the other, the quantum of such orders was also equal on most of the occasions.

I note that the noticee namely Tejas Ghelani had also traded at BSE and executed 113 synchronized/ reversal of trades with Dilip C. Jain for a total quantity of 30,350 shares on six days. These trades were executed within a few seconds from the other and the quantum of such orders was also equal on most of the occasions.

- The noticee namely Dilip C. Jain had traded in the scrip of Adani through broker, Mangal Keshav Securities Limited at NSE and entered 45 synchronized/ reversal of trades with Tejas Ghelani (client of Sanchay Finvest Limited) and Mangeram S. Sharma (client of Inventure Growth Securities Limited). I also note that the noticee namely Dilip C. Jain had also traded at BSE on thirteen days and executed 334 synchronized/ reversal of trades with Tejas Ghelani and Vijay Bhagwandas & Co. (trading on its own account) for a total quantity of 78,890 shares. It is seen that these trades were executed within a few seconds from the other and the quantum of such orders was also similar on most of the occasions.

It is also seen that Dilip C. Jain and Tejas Ghelani had together executed 23 trades for a total quantity of 54,654 shares in the scrip of Adani on nine days, as stated in the previous paragraphs. Further, Dilip C. Jain had also executed 22 trades with Mangiram S. Sharma for a total quantity of

22,399 shares on 10 days. I note that these trades were executed within a few seconds from the other and the quantum of such orders was also similar on most of the occasions.

- f. From the above discussion, I find that the noticees while acting with their counterparty had regularly indulged in reversal of trades in a synchronized manner, as may be noted from the details given hereunder:
- The time difference between buy and sell orders ranged between 0-60 seconds in most of the instances.
 - The net delivery of the noticees was nil on most of the occasions.
 - Trades had continuously matched with the same counterparty and were reversed during the day itself.
 - A total of 11,32,400 shares were traded on BSE out of this 3,42,780 shares i.e., about 30.27% of the quantity traded, were in the nature of synchronized/ reversal trades. At NSE, 228 synchronized trades were executed for 2,86,943 shares i.e., 7.63% to the quantity traded.
 - The details of the volume created by the noticees have been summarized below for reference:

Table K

	Transactions between the clients	No. of trades	Volume
BSE	Samir P. Shah & Ess Ess	710	1,48,950
	Falguni Shah & V & S Intermediaries	1,160	1,14,940
	Dilip Jain & Tejas Ghelani	128	30,350
	Dilip Jain & Vijay Bhagwandas	221	48,540
NSE	Dilip Jain & Tejas Ghelani	23	54,654
	Dilip Jain & Mangeram Sharma	22	22,399
	M/s Rajesh Jhaveri & Manoj T. Shah	105	1,43,440
	M/s Rajesh Jhaveri & Bela Kayastha	11	10,000
	Manoj Shah & Bela Kayastha	33	31,450
	MangeramSharma & Tejas Ghelani	10	18,750
	Mangeram Sharma on both sides	24	16,250

- g. The aforesaid facts demonstrate that the orders of most of the trades entered by the noticees were punched in with preconceived motive and prior arrangement that the orders would be picked up by a particular client of the group on the opposite side. I note that there is startling proximity in the time of

entering of orders at the identical price and quantity resulting into the matching of the trades. This clearly indicates synchronization while entering the orders, even as these were executed on the screen of the exchange. A large number of trades got matched regularly. It is a known fact that persons who are unknown to each other cannot trade continuously by entering orders in such a pattern. It is difficult to accept that several different orders placed on various days always matched with the same entity and were also reversed with them, by mere co-incidence. The execution of synchronized/ reverse trades repeatedly for several days by the noticees reveals a definite nexus amongst them. I note that the orders placed by the noticees had split into multiple trades; however, the volumes generated by such trades have created substantial number of artificial trades in the market. I observe that the noticees had indulged in the trading pattern as discussed above with regularity, which also projected volumes in the scrip in a way that was not market determined, rather with a hidden motive to induce innocent investors to enter the market. Such transactions are clearly not genuine and seen to have been entered by the noticees for creating misleading appearance of trading in the scrip.

- h.** Most of the trades of the noticees were synchronized. The said trades were carried out during the investigation period for a good number of days and the timing for the orders so placed also matched at most instances ranging from 0-60 seconds. I note that the order limit prices and quantum were also matching with those of the designated counterparty in almost all the trades. The reversal of most of the trades took place on the same day or on next day after execution of first set of trades. The occurrence of such synchronized deals that too reversed persistently cannot be a co-incidence because the shares were rotated intraday amongst the same counterparties. Therefore, the arguments tendered by the noticees cannot be accepted. I note that even though the screen based trading system is faceless in nature and it maintains anonymity of the counterparty broker/ client; it is also an established fact that two parties with prior intent can match their trades with each other by placing

orders simultaneously at the same price. In the present case, the reversal of trades on several days clearly reveals manipulative intent. Additionally, these transactions, apart from creating artificial volume of trading, also influenced the prices, by giving an impression to others that the scrip is being actively traded at prevailing prices.

10. From the facts given in the above paragraphs, I find that the trading pattern amongst the noticees was reversal of trades, since they were the main entities who traded amongst themselves by executing synchronized trades with the intention that the orders of a particular entity get matched with the other. I find that the transactions of the noticees had resulted in the creation of artificial volume in the scrip. The pattern of trading demonstrates instances, where the time difference between the buy and sell orders was nil. In several instances there was a perfect matching of the quantity and price. As discussed above, the increase in the volume in the scrip can primarily be attributed to the trades done by the noticees. Thus, from the aforesaid acts of noticees, I am of the view that the charge of violation of provisions of Regulations 4(1), 4(2)(a), (b), (e), (g) and (n) of PFUTP Regulation stands established.

11. Therefore, taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 19, 11B and 11(4) of SEBI Act, 1992 of the SEBI Act read with Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, do hereby restrain the noticees, Ms. Bela Kayastha [PAN: ABJPJ 7168G], Mr. Samir P. Shah [PAN: ACIPS 5821R], Ms. Falguni Shah [PAN: BCXPS 5337Q], Mr. Manoj T. Shah [PAN: BIVPS 8509M], M/s Rajesh N. Jhaveri [PAN: ADAPJ 5993J], M/s V&S Intermediaries [Prop: Saumil Bhavnagari (PAN: ABMPB 3581C)], Mr. Mangeram S. Sharma [PAN: AAQPS 0917G], Mr. Dilip C. Jain and Tejas Ghelani from buying, selling or dealing in the securities market whatsoever or accessing the securities market, directly or indirectly, for a period of two years from the date of this order.

12. The stock exchanges are hereby directed to permit the respective members to square off their existing open positions, if any, at the earliest in Futures and Options segment.
13. This order shall be served on all recognized stock exchanges and depositories to ensure that the noticees are not allowed to undertake transactions as prohibited in para 11 above.
16. This order shall come into force with immediate effect.

DATE : 22/FEBRUARY/2012
PLACE : MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA