BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. BM/AO-39/2012]

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

Mr. Sanjeev Agarwal.

PAN No. (AHEPA0891L)

In the matter of Rich Capital & Financial Services Ltd

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) conducted investigation into trading in the scrip of Rich Capital & Financial Services Ltd (hereinafter referred to as **RCFL**) for the periods between March 27, 2009 to August 12, 2009 (hereinafter referred to as **"Investigation period"**). The shares of the company were listed on January 07, 2003 at Bombay Stock Exchange Ltd (hereinafter referred to as '**BSE**') the shares were listed at the Delhi Stock Exchange Ltd (hereinafter referred to as **'DSE'**) and were also listed at Uttar Pradesh Stock Exchange (hereinafter referred to as **'UPSE'**). The trading in the scrip of the company was investigated due to sharp price rise and trading in heavy volumes in the scrip during the investigation period.

2. During the investigation period the scrip was trade for 138 days. It was observed that the price of the scrip opened at Rs 8.90 on March 27, 2009 and moved to a high of 80.15 on August 12, 2009 and closed at 73.70 on August 12, 2009 with an average volume of 5,258 shares per day. There were no trades executed in the scrip of RCFL at DSE and UPSE during the investigation period.

3. Investigation observed that a group of connected/related clients entered into transactions with each other and executed synchronized trades and circular/reversal trades and created artificial volume. Further these connected clients also executed trades at a price higher than last traded price (LTP) and contributed to new high price and thus created artificial price rise in the scrip. It was observed that Mr. Sanjeev Agarwal (hereinafter referred to as the **Noticee**) traded through the broker M/s. MTL Shares & Stock ltd. It was alleged that the Noticee executed reversal/circular trade, executed trades at a price higher than LTP and contributed to new high price and thus manipulated the scrip.

4. It was therefore alleged that the Noticee violated Regulation 3, 4(1), 4(2)(a), (b), (e), and (g) of SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003.

APPOINTMENT OF ADJUDICATING OFFICER

5. I was appointed as Adjudicating Officer vide order dated March 24, 2011 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 committed by the Noticee.

6. Show Cause Notice No. EAD-6/BM/VRP/19850/2011 dated June 21, 2011 (hereinafter referred to as **"SCN"**) was issued to the Noticee under rule 4(1) of the Rules to show cause as to why an inquiry should not be held against the Noticee and penalty be not imposed under section 15HA of SEBI Act for the alleged violation specified in the said SCN. The SCN was duly acknowledged by the Noticee.

7. It was alleged in the SCN that the Noticee contributed to new high price, entered into trades at a higher price than the last traded price in the scrip and also executed reversal/circular trades thereby created artificial volumes in the scrip of RCFL and manipulated the price of the scrip which led to manipulative, fraudulent and unfair trade in the scrip during the investigation period.

8. The Noticee vide letter dated August 12, 2011requested for the following documents:

- Reasonable grounds of believe on the basis of which Board has passed an order of investigation
- Written order of the Board for Investigation
- Investigation Report alongwith annexures.

Noticee was informed that the proceedings before the undersigned was adjudication proceeding and the appointment order of the Board was already forwarded with the SCN as also the relevant documents and the annexures on the basis of which the charges were framed in the SCN. Noticee was also advised to submit his reply to the SCN.

9. In order to conduct an inquiry as per Rule 4 (3) of the Rules, the Noticee was granted an opportunity of hearing on 26.12.2011 at SEBI, NRO, Delhi however on the request of the Noticee the hearing was postponed. Second opportunity of hearing was granted on 15.02.2012 at SEBI, NRO, Delhi vide notice dated 16.01.2012 Mr. Pushp Raj Sigh Authorised Representative of the Noticee appeared and submitted that he will file reply to the SCN by 10.04.2012.

10. The Noticee vide its reply vide letter dated 10.04.2012, denied the charges levelled against it in the SCN inter alia stating as follows:

(1) The allegations contained in the show cause notice are only on the presumption.

(2) As stated in the notice, I have purchased 53,891 shares at an average price of Rs. 37.88 and sold 41,605 shares at an average price of Rs. 40.65. The volume of my total purchase is 0.73% of total shares of the company and volume of the sale is 0.57% of total shares of the company, which is very low quantity and not considerable.

(3) All my trades are through stock exchange.

(4) I am an investor and do not know about the technicalities of the share market but only know jobbing is permitted by stock exchange which has done by me.

(5) This Learned Authority in the notice admitted that I have executed only 10 trades which can be said to be contributed in new high price of Rs. 9.40 though there are 656 trades of the applicant as shown in para 7 of the notice, which is only 1.52% of total trades.

(6) At para no. 19 of judgement of M/s Priyanshi Securities Services Ltd. which is on internet, it has stated that, "It has executed trades at a price higher than the LTP in 21 instances out of total 584 instances and allegedly contributed to a price rise of Rs. 9.15." and at para no. 20 stated that "such small number of trades cannot influence the price in the scrip of Rich Capital and Financial Services Ltd." it has also stated at the same para 20 that, "To Sustain the serious charges of market manipulation high level of evidences are required."

(7) The price of any share can never be increase in violation of circuit limit fixed by the stock exchange, and trading within the circuit limit how violated the provisions of law, I could not understand.

(8) The Bombay Stock Exchange for trading in shares has maintain a very high level security check and no one can know that who is the opposite party of his order/trade.

(9) The so many buy/sell orders placed by the noticee got executed with pending orders for example trades of noticee dated 29-05-2009, 30-06-2009 18-06-2009, 21-07-2009, 28-07-2009, 15-06-2009 and 16-06-2009.

(10) If a person desired to purchase or sell 1000 shares of a particular company then he will simply place the order for 1000 shares but for the purchase/sell of 1000 shares though there is one order but trades could be more than one it may be 10-20-30 or even more, therefore, calculation on the basis of trades would not show the actual and clear picture.

In consideration of above the noticee requested to drop the proceedings initiated against him

Subsequent to the hearing vide letter dated 18.04.2012 the Noticee was provided with the copy of the order log pertaining to his orders placed during the investigation period and was advised to offer his comments by 26.04.2012. The Noticee vide his letter dated 26.04.2012 submitted as under:

1. I am returning the copy of order log as given by you upon which I have marked through highlighter my trades.

2. As per order log, I have traded only 49,598 shares out of which I have purchased only 25,254 shares and sold 24,344 shares.

3. The average purchase price as calculated by yourself in your SCN is Rs. 37.88 and average sale price is Rs. 40.65.

4. The calculation of overall gain according to order log of average price will be as under:-

(a) Total purchase as per order log 25,254 shares worth Rs. 9,56,621.52.

(b) Total purchase as per order log 24,344 shares worth Rs, 9,89,583.60

(c) Difference of value of total sold shares i.e., 24,344 shall be worth Rs 67432.88.

CONSIDERATION OF ISSUES AND FINDING

11. I have carefully examined the SCN, the reply of the Noticee and other materials available on record. I observe that the allegations in the SCN were as follows:

a. On analyzing the new high price it was observed that the Noticee alongwith connected entities appeared as buyers in 50 trades out of 130 such trades and contributed to 35.85 to the total price rise of 71.25 out of these 50 trades Noticee executed 10 trades and contributed to 9.40 to the price rise of 35.85.

b. LTP analysis revealed that the Noticee alongwith the connected entities bought shares at a price higher than the last traded price (LTP) in the scrip on 287 instances out of total 584 instances and contributed 153.27 out of total cumulative increase in trade price to LTP of 313.49. Out of these 287 instances the Noticee executed 61 trades and contributed 33.72 out of total cumulative increase of 153.27 contributed by the said group.

c. Noticee executed reversal/circular trades with connected entities thereby created artificial volumes in the scrip of RCFL and manipulated the price of the scrip which led to manipulative, fraudulent and unfair trade in the scrip during the investigation period.

In view of the above it was alleged that the Noticee violated Regulations 3, 4(1), 4(2)(a), (b), (e), and (g) of SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003.

FINDINGS

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

a) Whether the Noticee was connected to the entities in the group as alleged?
b) Whether the Noticee executed reversal/circular trade and influenced the price of the scrip through new high price and last traded price (LTP)?
c) Whether the Noticee violated regulation 3, 4(1), 4(2) (a), (b), (e), and (g) of SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003 in the scrip of RCFL?
d) Does the violations, if any, on the part of the Noticee attract monetary penalty under sections 15 HA respectively of SEBI Act?
e) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

13. I now proceed to deal with the findings in connection with the role of the Noticee in the creation of artificial volume and price which led to the alleged manipulation in the scrip RCFL during the investigation period.

14. Before moving forward, it will be appropriate to refer to the relevant provisions of PFUTP regulation which reads as under:

SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003:

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 thereunder;

(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 thereunder.

4. <u>Prohibition of manipulative, fraudulent and unfair trade practices</u>

(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;

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

(g) entering into a transaction in securities without intention of performing it;

15. It was observed that Noticee traded through the broker M/s. MTL Shares & Stock Brokers Ltd and its gross purchase was 53,891 which amounted to 11.92% of the total market and his gross sales were 41,605 which amounted to 9.20 % of the total market volume.

16. Investigation observed that a group of clients who were connected to each other were the major clients dealing in the scrip during the investigation period. The basis of connection was observed as follows:

Client Name	**Member Name**	**Basis of connection**
Big Brokers House Stocks Limited	MTL Share & Stock Brokers Ltd. (952)	They have a common address viz. G-12 First Floor Anand Niketan, New Delhi 110021. Also, Director of Big Brokers House Stocks Ltd viz. Shashwat Agarwal (PAN ABUPA2590C) is also the Chairman of RCFL. Therefore connected to the RCFL.
Rich Udyog Network Limited	Shriam Financial Pvt.Ltd. (3039)	
Sanjeev Agarwal	MTL Share & Stock Brokers Ltd. (952)	From the KYC of Big Broker House Stocks Ltd., Sanjeev Agarwal and Rajeev Agarwal are the sons of Krishna Kumar Agarwal. Rajeev Agarwal and Shashwat Agarwal (CMD of RCFL) are Directors of Big Broker House Stocks Limited. It was observed that Sanjeev Agarwal is also promoter of Big Broker Stocks Ltd. Therefore these entities are connected to RCFL.
Ashesh Agarwal	UPSE Securities Ltd. (298)	It was observed from the KYC of Ashesh Agarwal and Shashwat Agarwal that the name of father for both the entities is Sharat Chandra Agarwal. Therefore connected to each other.
Sanjay Agarwal	UPSE Securities Ltd. (298)	From the KYC it was observed that he is the introducer of Ashesh Agarwal.
Vasundhara Cap. & Sec. Ltd.	Prabhat Financial Services Ltd. (3073)	They have a common address viz. 16/19 A Civil Lines, Kanpur, Uttar Pradesh. Also, from KYC, it is observed that Subodh Agarwal, Director of Big Brokers House Stocks Limited is also having the same address. Further, the registered office address of the company till May 5, 2007 was also 16/19 A Civil Lines, Kanpur, Uttar Pradesh.
Litmus Investments Limited	Prabhat Financial Services Ltd. (3073)	

Paramjeet Singh	Prabhat Financial Services Ltd. (3073)	Transferred shares in off Market to Vasundhara Cap. & Sec. Ltd.
Rajendra Kaur	Prabhat Financial Services Ltd. (3073)	
Priyanshi Securities Limited	Prabhat Financial Services Ltd. (3073)	Deepa Mittal, Director of Priyanshi Securities Limited, and one Arvind Mittal who transferred shares in off market to Vasundhara Cap. & Sec. Ltd. have common address viz. 26/34 Birhana Road Kanpur. Further, from the KYC of Deepa Mittal, it is observed that her husband's name is Arvind Mittal.
Adinath Shares And Commodities Private Limited	Prabhat Financial Services Ltd. (3073)	Transferred shares in off Market to Vasundhara Cap. & Sec. Ltd.
Shri Narain Mishra	Bakliwal Financial Services Ltd. (164)	Have same Telephone No. as Adinath Shares and Commodities Private Limited i.e. 3912853
Megha Aromatics Pvt. Ltd.	Prabhat Financial Services Ltd. (3073)	Anil Kumar Kaya and Simmi Kaya (Directors of Megha Aromatics Pvt. Ltd.) have transferred shares in off market to Adinath Shares and Commodities Private Limited.
Gaurav Singh	Prabhat Financial Services Ltd. (3073)	Although prima facie no connection of Gaurav Singh with this group could be established, it was observed that he had traded through common trading member viz. Prabhat Financial Services Ltd. Moreover, his orders also were placed from the same location as that of other entities of the group viz. Megha Aromatics Pvt. Ltd. were placed i.e. "Satyam", 4/276, Parwati Bagla Road, Kanpur, U.P.
Rupali Mehrotra	Prabhat Financial Services Ltd. (3073)	Transferred shares in off Market to Adinath Shares and Commodities Private Ltd.
Rekha Chawla	Prabhat Financial Services Ltd. (3073)	Have common Telephone no. with Paramjeet Singh, Rajendra Kaur and Rupali Mehrotra viz. 3073793

17. I would first discuss on the alleged connection among the entities. From the documents available before me I observe that Noticee, Rich Udyog, Ashesh Agarwal, Big Broker House Stocks Limited, Vaundhara Capital and Litmus Investments Ltd are connected to each other through common directorship, common address etc. Adinath Shares is connected to Vasundhara, Megha Aromatics and Rupali Mehrotra through off market transfers. Adinath is also found connected to Shri Narain Mishra as they have common telephone number. Apart from the same there is nothing before me to show connection of the Adinath with the other entities in the group. Similarly Megha Aromatics is found connected to the Adinath through off market transfers, apart from the same there is nothing before me to show that Megha is connected to the other entities in the group. Parmjeet Singh is found connected to Rajendra Kaur as they are relatives as observed

from letter dated 22.06.2010 addressed to Investigation Department. Further they are connected to Vasundhara Capital through off market transfers. Apart from the above there is nothing before me to show their connection with the other entities in the group. With respect to Priyanshi, and Gaurav I do not find conclusive evidence of connection among themselves and other entities in the group. Rekha Chawla is found connected to Paramjeet Singh, Rajinder Kaur and Rupali Mehrotra through common telephone number but is not found connected to any other entities in the group as observed from the documents available before me. Thus from above it can be concluded that Noticee, Rich Udyog, Big Brokers House Stocks Ltd, Ashesh Agarwal, Vaundhara Capital and Litmus Investments Ltd are only being considered connected to each other, other relationships are not being considered due to lack of connections.

18. It was alleged that the Noticee, Big Broker House Stocks Limited, Ashesh Agarwal, Priyanshi Securities, Rekha Chawla, Megha Aromatics Pvt. Ltd., Gaurav Singh and Rich Udyog Network Ltd while dealing through their respective brokers appeared as buyers in 50 trades out of 130 such trades and contributed □ 35.85 to the total price rise of □ 71.25 during the investigation period i.e. 50.32% of the total price rise. Out of the above 50 trades the Noticee executed 10 such trades and contributed to □ 9.40 to the price rise of □ 35.85 by the group.

19. Further while analysing the last traded price it was alleged that the connected entities mainly bought shares at a price higher than the last traded price (LTP) in the scrip on 287 instances out of 584 instances and contributed □ 153.27 out of cumulative rise of □ 313.49.

20. I would now discuss on the alleged role of the Noticee in manipulation in the scrip of RCFL.

As elaborated above Noticee was found connected to Rich Udyog, Ashesh Agarwal, Big Broker House Stocks Limited, Vaundhara Capital and Litmus Investments Ltd. On analyzing the new high price it was observed that the Noticee alongwith the connected

entities Rich Udyog, Ashesh Agarwal, Big Broker House Stocks Limited appeared as buyers in number of trades and contributed to price rise in the scrip during the investigation period. The details of the trades executed by the Noticee and other connected entities are given below:

Broker Name (Code)	Client Name (Code)	No. days traded in respect of NHP	No. of Trades	Contribution in new price established (□)
MTL Share & Stock Brokers Ltd. (952)	Big Brokers House Stocks Limited. (HMFF20)	16	23	20.20
	Sanjeev Agarwal (HMFF4)	07	10	9.40
UPSE Securities Ltd. (298)	Ashesh Agarwal (A111)	05	6	1.95
Shriam Financial Pvt. Ltd. (3039)	Rich Udyog Network Limited. (E2)	01	1	0.30
Total			**40**	**31.85**

It was observed that out of the total price rise of □ 71.25 the connected entities alongwith the Noticee contributed to price rise of □ 31.85 during the investigation period i.e. 44.70% of the total price rise. Further it was observed that the Noticee executed 10 such trades and contributed □ 9.50 to the price rise of □ 31.85 by the connected entities during the period of investigation. The details of such trades abstracts from the order log and trade log are as given below:

Trade Date	Trade Time	Buy Member Name	Buy Client Code	Quantity	Price	LTP	% of LTP	NHP	NHP Diff	% of NHP Diff	Buy Order No	Sell Member Name	Sell Order No	Order Time	Buy Order Time	Sell Order Time	Buy Order Qty.	Sell Order Qty.	Buy Order Rate	Sell Order Rate	Time Diff.	Qty Diff.	Rate Diff.
03-06-2009	14:19:12	MTL SHARE & STOCK BROKERS	HMFF4	50	24.45	0.45	1.88	24.45	0.40	1.66	1500010603312 3	THE OMNISCIENT SECURITIES	2000011702815 0	14:19:11	14:19:11	13:53:44	50	50	24.45	24.45	0:25:28	0	0
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	200	25.5	0.5	2.00	25.50	0.50	2.00	1400004202597 5	ADROIT FINANCIAL SERVICES	1300003800539 1	13:57:55	13:57:55	10:12:08	2000	200	25.65	25.5	3:45:47	1800	0.15
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	50	25.6	0.1	0.39	25.60	0.10	0.39	1400004202597 5	THE OMNISCIENT SECURITIES	2300004300291 1	13:57:55	13:57:55	10:05:35	2000	50	25.65	25.6	3:52:20	1950	0.05
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	100	25.65	0.05	0.20	25.65	0.05	0.20	1400004202597 5	SMC GLOBAL SECURITIES LTD	1200004100189 1	13:57:55	13:57:55	9:55:06	2000	100	25.65	25.65	4:02:48	1900	0
13-07-2009	11:06:42	MTL SHARE & STOCK BROKERS	HMFF4	50	37.2	0.25	0.68	37.20	0.25	0.68	1800003900897 0	PRABHAT FINANCIAL SERVICE	1200004000195 9	11:06:41	11:06:41	10:04:41	50	500	37.2	37.4	1:02:01	450	0.2

17-07-2009	10:00:48	MTL SHARE & STOCK BROKERS	HMFF4	20	43.4	1.5	3.58	43.40	1.50	3.58	1200004300126 3	PRATIBHUTI VINIYOG LTD.	23000044002209	10:00:48	10:00:48	9:59:43	20	200	43.4	43.4	0:01:05	180	0
24-07-2009	15:29:45	MTL SHARE & STOCK BROKERS	HMFF4	100	50.35	0.35	0.70	50.35	0.35	0.70	1500003303808 38	MANSUKH STOCK BROKERS LTD	17000038017160	15:29:45	15:29:45	11:42:28	100	250	50.35	50.35	3:47:16	150	0
31-07-2009	9:56:32	MTL SHARE & STOCK BROKERS	HMFF4	20	60.2	1.3	2.21	60.20	1.30	2.21	1300004000024 3	ADROIT FINANCIAL SERVICES	15000036001523	9:55:54	9:55:54	9:56:32	20	100	60.2	60.2	0:00:37	80	0
31-07-2009	9:57:57	MTL SHARE & STOCK BROKERS	HMFF4	100	61.8	1.6	2.66	61.80	1.60	2.66	1700004000133 2	MANSUKH STOCK BROKERS LTD	20000043000197	9:57:57	9:57:57	9:55:05	100	100	61.8	61.8	0:02:52	0	0
07-08-2009	9:56:40	MTL SHARE & STOCK BROKERS	HMFF4	50	78.35	3.35	4.47	78.35	3.35	4.47	1300003700163 2	SMC GLOBAL SECURITIES LTD	20000041000532	9:56:40	9:56:40	9:55:04	50	100	78.35	78.5	0:01:35	50	0.15

21. Further on further analyzing the trade and order and order log the role of the Noticee in contributing to new high price vis –a-vis the market were observed as follows:

Summary of NHP Trades executed by Sanjeev Agarwal Vis-à-vis Market

	Sanjeev Agarwal as Buyer									Market					
	All Trades by Sanjeev Agarwal		NHP by Sanjeev Agarwal							NHP by All Clients			Trading by All Clients		
Trade Date	No. of Trades	Quantity Traded	No. of Trades Executed at NHP	Sum of Diff NHP to Prev NHP	New High Price Range		Minimum Quantity Traded at NHP	Maximum Quantity Traded at NHP	No. of Trades with Counterparty Connected entities	Counter party Connected Clients	No. of Trades Executed at NHP	Sum of Diff NHP to Prev NHP	Contribution by HMFF4 to the market	Minimum Price	Maximum Price	Quantity Traded
03-06-2009	12	2100	1	0.4	24.45	24.45	50	50	0	Others	1	0.4	100%	23.5	24.45	2200
04-06-2009	9	2019	3	0.65	25.5	25.65	50	200	0	Others	4	1.20	54%	25	25.65	3469
13-07-2009	9	2800	1	0.25	37.2	37.2	50	50	0	Others	3	1.10	23%	36.05	37.45	6750
17-07-2009	10	2520	1	1.5	43.4	43.4	20	20	0	Others	1	1.50	100%	41.15	43.4	12716
24-07-2009	3	220	1	0.35	50.35	50.35	100	100	0	Others	2	1.35	26%	47.75	50.35	6930
31-07-2009	3	170	2	2.9	60.2	61.8	20	100	0	Others	2	2.90	100%	60.2	61.8	4670
07-08-2009	21	1000	1	3.35	78.35	78.35	50	50	0	Others	2	3.40	99%	71.3	78.4	21079
Total	**67**	**10829**	**10**	**9.40**					**0**		**15**	**11.85**	**79%**			**57814**

22. The integrated trade and order log giving the details of his trades as also the order log pertaining to the new high price and LTP was given to the Noticee as annexures to the SCN and vide subsequent letter dated April 18, 2012. It was observed from the above

table that during the period 03.06.2009 to 07.08.2009 there were total 15 instances where trades were executed at new high price (NHP) wherein the contribution of the Noticee was in 10 instances and most of the days Noticee contributed 100% to the price rise of the day. It was also observed that the price during the period rose from 23.5 on 03.06.2009 to 78.4 on 07.08.2009 i.e. by 54.9 and the contribution of the Noticee was 9.4 to the price rise during the period i.e. 17%. During the period of investigation price rose by 71.25 and the contribution of the Noticee alongwith the connected entities to the price rise was 31.85 i.e. 44.70% of the total price rise. Noticee in his reply has not denied the relationship with the connected entities hence Noticee's role cannot be taken in isolation and has to be considered alongwith the other connected entities. Thus Noticee alongwith the connected entities were instrumental in influencing the price through new high price.

23. It was alleged that the out of the 584 instances of LTP variation, Noticee alongwith the connected entities Ashesh Agarwal, Big Brokers House Stocks Limited, Vaundhara Capital, Litmus Investments Ltd and Rich Udyog Network Ltd executed trades at a price higher than the LTP in 248 instances and contributed to price rise during the investigation period. The details of such trades by the Noticee along with the connected entities are as given below:

Name of Broker	**Name of Client (code)**	**No. of trades executed at higher price to Last traded price.**	**Cumulative increase in trade Price to Last traded Price ()**
MTL SHARE & STOCK BROKERS LTD.	Big Brokers House Stocks Ltd. (HMFF20)	139	89.3
	Sanjeev Agarwal (HMFF4)	61	33.72
UPSE SECURITIES LTD.	Ashesh Agarwal (A111)	43	15.2
PRABHAT FINANCIAL SERVICES LTD	Vasundhara Capital & Sec. Ltd.(K051)	3	0.8
	Litmus Investments Limited (K658)	1	0.05
SHRIAM FINANCIAL PVT. LTD.	Rich Udyog Network Ltd. (E2)	1	0.9
Total		***248***	***139.97***

24. It was further observed that out of these 248 instances by the connected entities Noticee contributed in 61 instances and contributed to cumulative price rise of 33.72. The details of such abstracts of trades executed by the Noticee is as follows:

Trade Date	Trade Time	Buy Member Name	Buy Client Code	Quantity	Price	LTP	% of LTP	NHP	NHP Diff	% of NHP Diff	Buy Order No	Sell Member Name	Sell Order No	Buy Order Time	Sell Order Time	Buy Order Qty.	Sell Order Qty.	Buy Order Rate	Sell Order Rate	Time Diff.	Qty Diff.
26-05-2009	13:06:24	MTL SHARE & STOCK BROKERS	HMFF4	100	21.98	1.83	9.08	21.98	0.00	0.00	1300004800191927	PREMA. SINGHAL	1100004100191947	13:06:24	10:03:47	100	650	21.98	21.98	3:02:37	550
28-05-2009	10:12:57	MTL SHARE & STOCK BROKERS	HMFF4	200	21.94	1.04	4.98	22.99	0.00	0.00	1400004200517474	THE OMNISCIENT SECURITIES	1700005800127373	10:12:57	10:05:07	200	100	21.94	21.94	0:07:50	100
28-05-2009	13:38:15	MTL SHARE & STOCK BROKERS	HMFF4	170	21.75	0.85	4.07	22.99	0.00	0.00	1200004300891414	PRABHAT FINANCIAL SERVICE	1200004100281777	12:31:15	13:38:14	200	170	21.75	21.75	1:06:59	30
29-05-2009	10:49:27	MTL SHARE & STOCK BROKERS	HMFF4	50	22.75	1	4.60	22.99	0.00	0.00	1200004100500560	THE OMNISCIENT SECURITIES	1500003601284444	10:10:49	10:49:27	200	50	22.75	22.75	0:38:38	150
29-05-2009	11:16:37	MTL SHARE & STOCK BROKERS	HMFF4	200	22.9	0.15	0.66	22.99	0.00	0.00	1200004200940990	PRABHAT FINANCIAL SERVICE	2200004300662727	11:13:10	10:26:02	200	500	22.9	22.99	0:47:09	300
29-05-2009	14:47:21	MTL SHARE & STOCK BROKERS	HMFF4	50	22.5	0.5	2.27	22.99	0.00	0.00	1400004202938248	ICICI SECURITIES LIMITED	1600003302244848	14:47:21	12:50:41	500	50	22.9	22.5	1:56:40	450
29-05-2009	14:47:23	MTL SHARE & STOCK BROKERS	HMFF4	50	22.9	0.4	1.78	22.99	0.00	0.00	1400004202938248	PRABHAT FINANCIAL SERVICE	2200004302767979	14:47:21	14:47:22	500	50	22.9	22.4	0:00:02	450
02-06-2009	11:21:11	MTL SHARE & STOCK BROKERS	HMFF4	50	23.75	0.25	1.06	24.05	0.00	0.00	1200004300743939	VSE STOCK SERVICES LTD.	1200004102189898	11:04:13	11:21:11	50	100	23.75	23.7	0:16:58	50
02-06-2009	13:51:43	MTL SHARE & STOCK BROKERS	HMFF4	50	23.9	0.4	1.70	24.05	0.00	0.00	1100004002325252	ADROIT FINANCIAL SERVICES	2100004301547272	13:51:43	11:29:36	200	50	24	23.9	2:22:06	150
02-06-2009	13:51:43	MTL SHARE & STOCK BROKERS	HMFF4	150	24	0.1	0.42	24.05	0.00	0.00	1100004002325252	PRABHUDAS LILLADHER PVT.	2300004301444343	13:51:43	11:16:33	200	1000	24	24	2:35:10	800
02-06-2009	15:29:27	MTL SHARE & STOCK BROKERS	HMFF4	100	24	0.5	2.13	24.05	0.00	0.00	1900004305301616	PRABHUDAS LILLADHER PVT.	2300004301444343	15:29:27	11:16:33	200	1000	24	24	4:12:54	800
03-06-2009	11:21:17	MTL SHARE & STOCK BROKERS	HMFF4	100	24	0.1	0.42	24.05	0.00	0.00	1500010601096969	PRABHUDAS LILLADHER PVT.	2100007900709696	11:21:17	10:19:08	100	1000	24	24	1:02:09	900

03-06-2009	14:18:05	MTL SHARE & STOCK BROKERS	HMFF4	500	24	0.5	2.13	24.05	0.00	0.00	1500010603300006	PRABHUDAS LILLADHER PVT.	2100007900709696	14:18:04	10:19:08	504	1000	24	24	3:58:56	496
03-06-2009	14:19:12	MTL SHARE & STOCK BROKERS	HMFF4	50	24.45	0.45	1.88	24.45	0.40	1.66	1500010603312323	THE OMNISCIENT SECURITIES	2000011702815050	14:19:11	13:53:44	50	50	24.45	24.45	0:25:28	0
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	200	25.5	0.5	2.00	25.50	0.50	2.00	1400004202597575	ADROIT FINANCIAL SERVICES	1300003800539191	13:57:55	10:12:08	2000	200	25.65	25.5	3:45:47	1800
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	50	25.6	0.1	0.39	25.60	0.10	0.39	1400004202597575	THE OMNISCIENT SECURITIES	2300004300291111	13:57:55	10:05:35	2000	50	25.65	25.6	3:52:20	1950
04-06-2009	13:57:55	MTL SHARE & STOCK BROKERS	HMFF4	100	25.65	0.05	0.20	25.65	0.05	0.20	1400004202597575	SMC GLOBAL SECURITIES LTD	1200004100189191	13:57:55	9:55:06	2000	100	25.65	25.65	4:02:48	1900
05-06-2009	10:49:44	MTL SHARE & STOCK BROKERS	HMFF4	500	26	0.1	0.39	26.50	0.00	0.00	1500003601433232	PRABHUDAS LILLADHER PVT.	1400004201058282	10:49:44	10:28:43	500	750	26	26	0:21:01	250
15-06-2009	11:13:44	MTL SHARE & STOCK BROKERS	HMFF4	20	25.85	0.1	0.39	26.95	0.00	0.00	1400004201659999	KOTAK SECURITIES LTD.	1800004001089393	11:13:44	10:58:49	200	20	25.85	25.85	0:14:56	180
16-06-2009	14:22:25	MTL SHARE & STOCK BROKERS	HMFF4	500	27.4	0.2	0.74	27.55	0.00	0.00	1300003802577979	ADROIT FINANCIAL SERVICES	1500003600982424	14:22:25	10:44:07	500	500	27.4	27.4	3:38:19	0
17-06-2009	12:31:09	MTL SHARE & STOCK BROKERS	HMFF4	500	28.55	0.05	0.18	28.65	0.00	0.00	1500003603032929	MTL SHARE & STOCK BROKERS	1100005200182222	12:30:15	12:31:09	500	500	28.55	28.55	0:00:54	0
22-06-2009	15:22:31	MTL SHARE & STOCK BROKERS	HMFF4	100	31.25	0.05	0.16	31.60	0.00	0.00	2000004301645050	MTL SHARE & STOCK BROKERS	1700003904112222	15:22:14	15:22:31	100	100	31.25	31.25	0:00:17	0
22-06-2009	15:28:12	MTL SHARE & STOCK BROKERS	HMFF4	100	31.35	0.1	0.32	31.60	0.00	0.00	2000004301684242	MTL SHARE & STOCK BROKERS	1700003904190101	15:27:50	15:28:12	100	150	31.35	31.3	0:00:21	50
23-06-2009	10:27:21	MTL SHARE & STOCK BROKERS	HMFF4	50	31.5	0.2	0.64	31.60	0.00	0.00	1200004100890101	PRABHUDAS LILLADHER PVT.	2000004100722525	10:27:20	10:17:33	50	500	31.5	31.5	0:09:47	450
24-06-2009	14:07:02	MTL SHARE & STOCK BROKERS	HMFF4	160	30	0.05	0.17	32.30	0.00	0.00	1500004700384040	SHAREKHAN LTD.	1500003602295555	14:07:01	13:05:35	160	200	30	30	1:01:26	1840
26-06-2009	13:13:31	MTL SHARE & STOCK BROKERS	HMFF4	30	29.7	0.7	2.41	32.30	0.00	0.00	1100004101664040	PROGRESSIVE SHARE BROK	1700004001945959	13:13:30	12:50:31	30	300	29.7	29.7	0:22:59	270

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26-06-2009	13:15:12	MTL SHARE & STOCK BROKERS	HMFF4	100	29.75	0.05	0.17	32.30	0.00	0.00	140000420240 92	PRABHUDAS LILLADHER PVT.	220000440243 48	13:15:12	12:50:06	100	500	29.75	29.75	0:25:06	400
29-06-2009	10:16:45	MTL SHARE & STOCK BROKERS	HMFF4	50	30	0.1	0.33	32.30	0.00	0.00	110000390050 12	RELIANCE SECURITIES LIMIT	120000400028 46	10:16:45	10:04:22	50	100	30	30	0:12:23	50
30-06-2009	15:20:29	MTL SHARE & STOCK BROKERS	HMFF4	100	31.25	1	3.31	32.30	0.00	0.00	160000330299 23	TRUSTED SHARES & INVESTME	210000430088 12	15:20:29	10:48:27	100	1000	31.25	31.5	4:32:01	900
07-07-2009	10:39:20	MTL SHARE & STOCK BROKERS	HMFF4	20	33	1.75	5.60	35.00	0.00	0.00	120000410086 67	JSEL SECURITIES LTD.	150000360071 18	10:39:20	10:16:43	20	200	33	33	0:22:37	180
07-07-2009	13:32:55	MTL SHARE & STOCK BROKERS	HMFF4	20	33	1	3.13	35.00	0.00	0.00	220000440218 78	JSEL SECURITIES LTD.	150000360071 18	13:32:55	10:16:43	20	200	33	33	3:16:12	180
10-07-2009	10:28:43	MTL SHARE & STOCK BROKERS	HMFF4	50	35.9	0.15	0.42	36.35	0.00	0.00	170000400058 63	MPSE SECURITIES LTD.	150000360037 52	10:28:43	10:10:20	50	100	35.9	35.9	0:18:23	50
13-07-2009	11:06:42	MTL SHARE & STOCK BROKERS	HMFF4	50	37.2	0.25	0.68	37.20	0.25	0.68	180000390089 70	PRABHAT FINANCIAL SERVICE	120000400019 59	11:06:41	10:04:41	50	500	37.2	37.4	1:02:01	450
13-07-2009	12:09:16	MTL SHARE & STOCK BROKERS	HMFF4	70	37	0.75	2.07	37.20	0.00	0.00	180000390135 00	PRABHAT FINANCIAL SERVICE	120000400019 59	12:09:16	10:04:41	70	500	37	37.4	2:04:35	430
16-07-2009	10:25:52	MTL SHARE & STOCK BROKERS	HMFF4	100	40.25	0.5	1.26	41.80	0.00	0.00	210000410063 53	DAWNAY DAY AV SECURITIES	200000380088 08	10:25:32	10:25:51	100	256	40.25	39.5	0:00:20	156
16-07-2009	10:28:45	MTL SHARE & STOCK BROKERS	HMFF4	94	39.95	0.45	1.14	41.80	0.00	0.00	230000410078 71	DAWNAY DAY AV SECURITIES	200000380091 93	10:27:05	10:28:45	100	200	39.95	39.85	0:01:40	100
16-07-2009	15:19:45	MTL SHARE & STOCK BROKERS	HMFF4	50	40.95	0.05	0.12	41.80	0.00	0.00	110000390326 73	PRABHAT FINANCIAL SERVICE	120000370269 90	15:19:45	13:24:37	150	500	40.95	40.95	1:55:08	350
16-07-2009	15:21:32	MTL SHARE & STOCK BROKERS	HMFF4	96	41.5	0.55	1.34	41.80	0.00	0.00	230000410378 72	SHCIL SERVICES LTD.	140000370089 10	15:21:32	10:29:35	150	96	41.5	41.5	4:51:57	54
17-07-2009	10:00:48	MTL SHARE & STOCK BROKERS	HMFF4	20	43.4	1.5	3.58	43.40	1.50	3.58	120000430012 63	PRATIBHUTI VINIYOG LTD.	230000440022 09	10:00:48	9:59:43	20	200	43.4	43.4	0:01:05	180
20-07-2009	13:17:14	MTL SHARE & STOCK BROKERS	HMFF4	25	44	0.05	0.11	44.50	0.00	0.00	150000360206 61	STANDARD CHARTERED-STCI C	160000330122 41	13:17:13	11:01:50	25	200	44	44	2:15:23	175

20-07-2009	15:29:37	MTL SHARE & STOCK BROKERS	HMFF4	200	44.05	0.45	1.03	44.50	0.00	0.00	1100004002496 2	MTL SHARE & STOCK BROKERS	1500003603363 1	15:29:19	15:29:37	200	200	44.05	44.05	0:00:17	0
21-07-2009	15:23:46	MTL SHARE & STOCK BROKERS	HMFF4	250	45.2	0.15	0.33	45.90	0.00	0.00	1900004104680 16	UPSE SECURITIES LTD.	2100004303781 9	15:16:01	15:23:45	1000	500	45.2	45.2	0:07:44	500
22-07-2009	15:20:11	MTL SHARE & STOCK BROKERS	HMFF4	300	46.5	0.5	1.09	47.30	0.00	0.00	1200004102348 1	SPFL SECURITIES LIMITED	1500003301488 9	15:20:10	11:55:16	500	300	46.5	45.9	3:24:55	200
23-07-2009	10:38:29	MTL SHARE & STOCK BROKERS	HMFF4	100	47.9	0.85	1.81	49.00	0.00	0.00	2100004300464 0	SMC GLOBAL SECURITIES LTD	1100004100205 0	10:38:28	9:58:31	100	400	47.9	48.9	0:39:57	300
24-07-2009	15:29:45	MTL SHARE & STOCK BROKERS	HMFF4	100	50.35	0.35	0.70	50.35	0.35	0.70	1500003303804 38	MANSUKH STOCK BROKERS LTD	1700003801716 0	15:29:45	11:42:28	100	250	50.35	50.35	3:47:16	150
28-07-2009	15:27:50	MTL SHARE & STOCK BROKERS	HMFF4	600	54.1	0.1	0.19	54.60	0.00	0.00	2200004403830 6	MTL SHARE & STOCK BROKERS	1300003804444 6	15:26:33	15:27:50	600	600	54.1	54.1	0:01:17	0
31-07-2009	9:56:32	MTL SHARE & STOCK BROKERS	HMFF4	20	60.2	1.3	2.21	60.20	1.30	2.21	1300004000024 3	ADROIT FINANCIAL SERVICES	1500003600152 3	9:55:54	9:56:32	20	100	60.2	60.2	0:00:37	80
31-07-2009	9:57:57	MTL SHARE & STOCK BROKERS	HMFF4	100	61.8	1.6	2.66	61.80	1.60	2.66	1700004000133 2	MANSUKH STOCK BROKERS LTD	2000004300019 7	9:57:57	9:55:05	100	100	61.8	61.8	0:02:52	0
04-08-2009	10:10:45	MTL SHARE & STOCK BROKERS	HMFF4	50	66.2	0.2	0.30	67.90	0.00	0.00	2200004400127 7	SEEMA SECURITIES PVT. LTD	2200004300534 0	10:03:46	10:10:45	50	100	66.2	66	0:06:59	50
06-08-2009	12:40:23	MTL SHARE & STOCK BROKERS	HMFF4	1	75	1	1.35	75.00	0.00	0.00	1900004402602 1	PREMA. SINGHAL	1400004201704 2	12:40:23	12:39:36	1	10	75	75	0:00:47	9
06-08-2009	12:41:26	MTL SHARE & STOCK BROKERS	HMFF4	9	75	0.7	0.94	75.00	0.00	0.00	1900004402614 7	PREMA. SINGHAL	1400004201704 2	12:41:26	12:39:36	9	10	75	75	0:01:50	1
06-08-2009	14:57:00	MTL SHARE & STOCK BROKERS	HMFF4	5	74.95	0.6	0.81	75.00	0.00	0.00	1900004404177 5	K.M.JAIN STOCK BROKERS PV	1200004203243	14:57:00	14:49:25	5	250	74.95	74.95	0:07:35	245
07-08-2009	9:56:40	MTL SHARE & STOCK BROKERS	HMFF4	50	78.35	3.35	4.47	78.35	3.35	4.47	1300003700163 2	SMC GLOBAL SECURITIES LTD	2000004100053 2	9:56:40	9:55:04	50	100	78.35	78.5	0:01:35	50
07-08-2009	12:01:06	MTL SHARE & STOCK	HMFF4	25	73.5	1.4	1.94	78.40	0.00	0.00	1600002801411 4	RELIGARE SECURITIES	1300003701850 5	11:59:40	12:01:06	25	100	73.5	73.5	0:01:26	75

		BROKERS										LIMIT									
07-08-2009	14:18:49	MTL SHARE & STOCK BROKERS	HMFF4	40	71.75	0.45	0.63	78.40	0.00	0.00	1100004001857	SPFL SECURITIES LIMITED	2200430017801	14:18:49	12:52:54	40	100	71.75	71.75	1:25:55	60
10-08-2009	9:59:48	MTL SHARE & STOCK BROKERS	HMFF4	1	72	0.75	1.05	78.40	0.00	0.00	1500003700123	CHIMANLAL MANEKLAL SECURI	1200410034119	9:58:51	9:59:48	200	1	72	72	0:00:57	199
10-08-2009	10:13:02	MTL SHARE & STOCK BROKERS	HMFF4	700	72.9	0.9	1.25	78.40	0.00	0.00	1900004301008	BONANZA PORTFOLIO LIMITED	2000430027117	10:13:02	10:06:55	2000	700	73	72.9	0:06:07	1300
10-08-2009	10:13:02	MTL SHARE & STOCK BROKERS	HMFF4	99	72.95	0.05	0.07	78.40	0.00	0.00	1900004301008	SMC GLOBAL SECURITIES LTD	1200450008895	10:13:02	9:56:01	2000	100	73	74	0:17:01	1900
10-08-2009	10:13:02	MTL SHARE & STOCK BROKERS	HMFF4	100	73	0.05	0.07	78.40	0.00	0.00	1900004301008	ICICI SECURITIES LIMITED	1600330033352	10:13:02	10:00:16	2000	100	73	73	0:12:46	1900
10-08-2009	10:25:58	MTL SHARE & STOCK BROKERS	HMFF4	50	73.1	0.1	0.14	78.40	0.00	0.00	1900004301284	WALLFORT FINANCIAL SERVIC	1600330082030	10:25:58	10:20:10	50	50	73.1	73.1	0:05:47	0
11-08-2009	10:15:17	MTL SHARE & STOCK BROKERS	HMFF4	10	78.5	0.45	0.58	78.55	0.00	0.00	1200004300616	SPFL SECURITIES LIMITED	1600330061114	10:15:16	10:11:50	10	20	78.5	78.5	0:03:27	10

25. From the order log and trade log it was observed that during the investigation the Noticee in all executed 356 trades for 53891 shares out of which 61 trades for 7,785 shares were at a higher price than the last traded price and the cumulative increase in price to the last traded price was □ 33.72. It was further observed that out of the total 61 trades of LTP instances of the Noticee 06 instances were executed with the counter parties who were connected viz, Big Brokers House Stocks Ltd (5 trades) and Ashesh Agarwal (1trade). The cumulative price increase by the trades of the Noticee and the connected entities was observed to be □ 139.97 out of total cumulative rise of □ 313.49 through LTP i.e. 44.6%.

26. Thus from the above analysis of the order flow and the trade logs it is observed that the Notice along with the related/connected entities played a substantial role in increasing the price. This coupled with the uncanny co-incidence that the orders were getting matched in many cases with the connected entities only. The pattern of trading clearly brings out

the ominous role played by the Noticee with its connected entities in influencing the price in the scrip.

27. It was alleged that the Noticee, Mr. Ashesh Agarwal and Big Brokers House Stocks Ltd entered into reversal/circular trades for 35 days out of the 86 trading days for 82,142 shares during the investigation which accounted for 25.72% of the total trades of 3,19,302 shares during the above 35 days. The above clients bought and sold shares during the investigation period as follows:

Name of Client & client Code	No. of Traded Days	No. of Trades	Total Buy Qty	No. of Traded Days	No. of Trades	Total Sell Qty	% of Total Gross Mkt. Volume
The Big Brokers House Stock Ltd.	37 days	611	1,01,796	28 days	214	37,765	15.43%
The Noticee Sanjeev Agarwal	41 days	356	53,891	40 days	300	41,605	10.56%
Ashesh Agarwal	34 days	219	47,400	21 days	90	36,845	9.31%
Total			2,03,087			1,16,215	35.30%

28. Details of circular/reversal trades by the Noticee alongwith the connected entities are as tabulated below:

Buy Client Name (Code)	**Sell Client Name (Code)**			
	Ashesh Agarwal (A111)	Sanjeev Agarwal (HMFF4)	Big Brokers House Stock Ltd. (HMFF20)	**Total**
Big Brokers House Stock Ltd. (HMFF20)	20692	8416	250	**29358**
Ashesh Agarwal (A111)	-	20270	8700	**28970**
The Noticee Sanjeev Agarwal (HMFF4)	10394	-	13420	**23814**
Total	**31086**	**28686**	**22370**	**82142**

29. It is observed from the extract of the Trade and Order Log of the scrip that the reversal of trades mostly used to happen on the same day for the same quantity contributing to artificial volumes.

30. The Noticee had engaged in complete reversal/circular of trades where the counter party clients were the connected entities Big Brokers House Stocks Ltd and Sanjeev Agarwal in the scrip of RCFL on 28/05/09, 29/05/09, 12/06/09,15/06/09,16/06/09, 17/06/09, 18/06/09, 19/06/09, 22/06/09, 24/06/09, 25/06/09, 29/06/09, 30/06/09, 02/07/09, 06/07/09, 07/07/09, 09/07/09, 10/07/09, 13/07/09, 14/07/09, 15/07/09, 16/07/09, 17/07/09, 20/07/09, 21/07/09, 23/07/09, 24/07/09, 27/07/09, 28/07/09, 29/07/09, 30/07/09, 31/07/09, 06/08/09, 10/08/09 and 12/08/09.

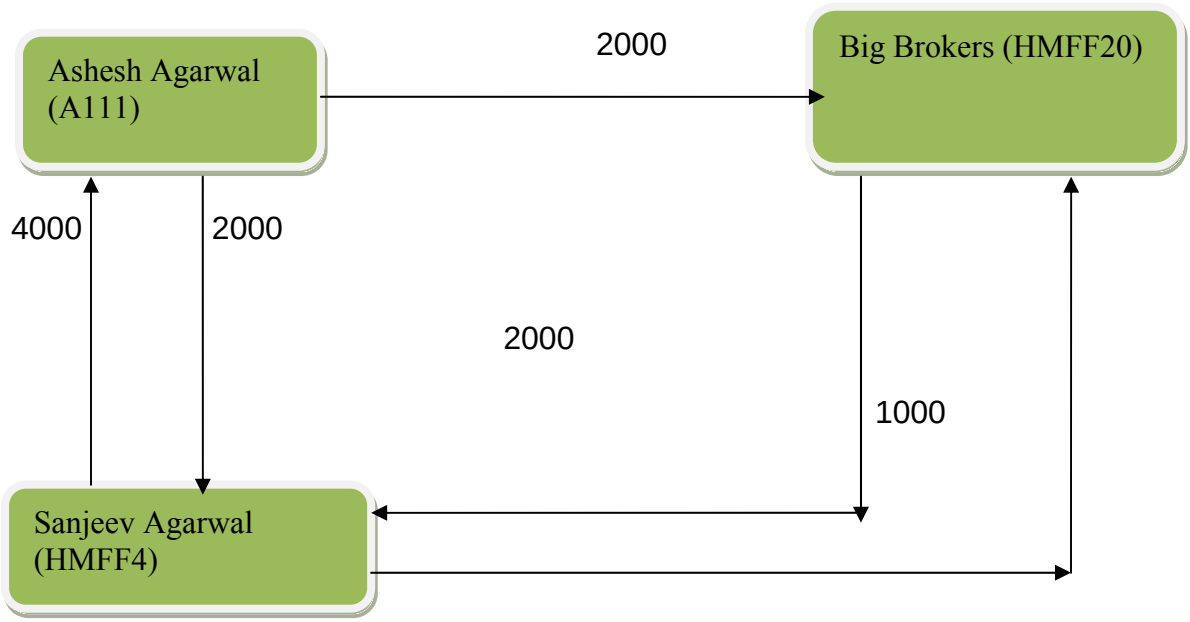
Few instances of such reversal/circular of trades executed among the Noticee, Big Brokers House Stocks Ltd and Sanjeev Agarwal on 15.06.2009, 16.06.2009 and 19.06.2009 are as given below in tabular form and Pictorial diagram:

Reversal/circular of trades executed on 15.06.2009

Trade Date	Trade Time	Traded Quantity	Traded Price	Buy Member Name	Buy Client Code	Sell Member Name	Sell Client Code	Buy Order Time	Sell Order Time	Buy Order Qty.
6/15/2009	12:34:23	1000	26.3	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	12:34:23	12:32:51	2000
6/15/2009	12:34:23	1000	26.35	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	12:34:23	12:31:04	2000
6/15/2009	14:23:10	2000	26.3	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:23:10	14:21:10	2000
6/15/2009	13:57:05	1000	26.35	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	13:57:05	13:43:50	1000
6/15/2009	13:57:23	1000	26.35	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	13:57:22	13:43:50	1000
6/15/2009	11:15:01	100	26.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	11:15:00	11:14:35	100
6/15/2009	11:15:11	100	26.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	11:15:11	11:14:35	100
6/15/2009	11:15:20	100	26.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	11:15:19	11:14:35	100
6/15/2009	11:15:28	200	26.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	11:15:28	11:14:35	200
6/15/2009	11:15:37	500	26.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	11:15:37	11:14:35	500
6/15/2009	13:00:36	500	26.35	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	13:00:36	12:59:17	500
6/15/2009	13:00:55	500	26.35	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	13:00:54	12:59:17	500
6/15/2009	13:01:05	1000	26.35	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	13:01:04	12:59:17	1000
6/15/2009	12:13:04	100	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	12:13:03	12:12:46	100
6/15/2009	12:13:13	400	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	12:13:12	12:12:46	400
6/15/2009	15:20:48	500	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	12:41:42	15:20:48	500
6/15/2009	15:22:45	20	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	12:41:42	15:22:45	500
6/15/2009	15:22:45	480	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	11:24:18	15:22:45	1000

6/15/2009	15:23:09	20	26.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	11:24:18	15:23:08	1000
6/15/2009	15:23:09	480	26.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	12:41:28	15:23:08	1000

15/06/2009

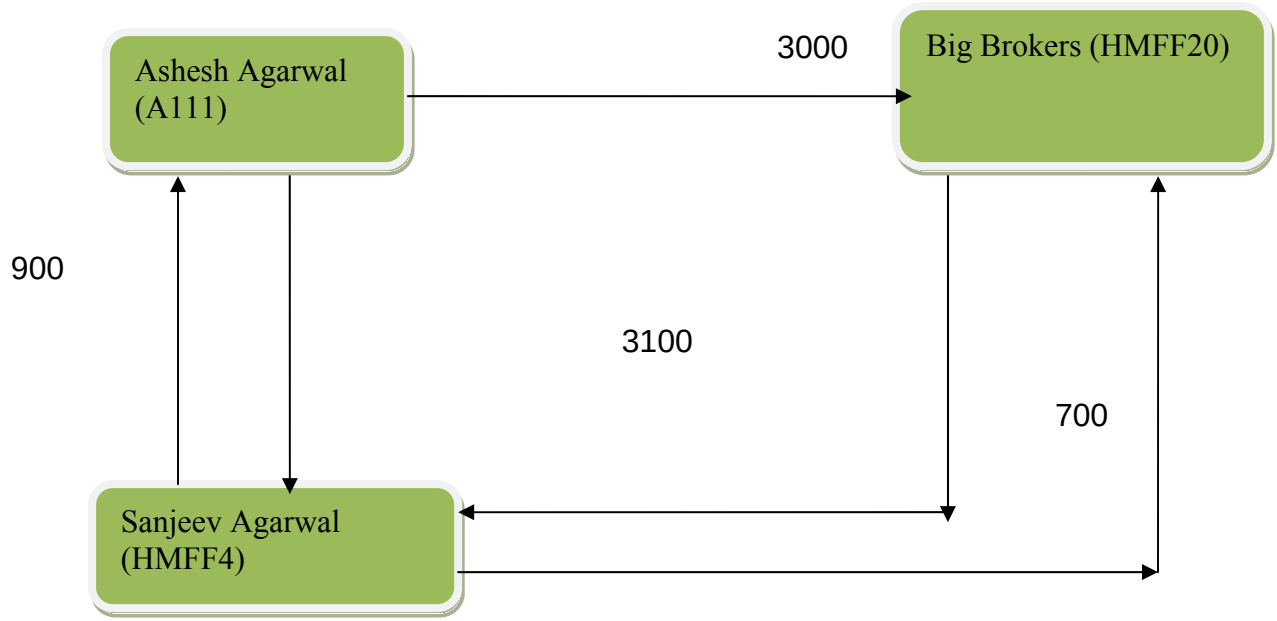


Reversal/circular of trades executed on 16.06.2009

Trade Date	Trade Time	Traded Quantity	Traded Price	Buy Member Name	Buy Client Code	Sell Member Name	Sell Client Code	Buy Order Time	Sell Order Time	Buy Order Qty.	Sell Order Qty.	B C R
6/16/2009	14:18:03	400	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:18:02	4000	400	
6/16/2009	14:18:14	1000	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:18:14	4000	1000	
6/16/2009	14:18:31	1000	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:18:30	4000	1000	
6/16/2009	14:18:46	400	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:18:46	4000	400	
6/16/2009	14:18:59	1000	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:18:58	4000	1000	
6/16/2009	14:19:11	100	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:19:11	4000	100	
6/16/2009	14:19:19	100	27.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	14:17:13	14:19:19	4000	100	
6/16/2009	13:58:08	1500	27.3	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	13:58:07	13:56:06	2000	1500	
6/16/2009	13:58:08	500	27.35	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	13:58:07	13:55:57	2000	1500	

6/16/2009	13:58:32	1000	27.35	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	13:58:32	13:55:57	1000	1500	
6/16/2009	10:04:21	50	26.75	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF20	10:04:20	10:03:14	50	200	
6/16/2009	10:25:10	200	27	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	10:25:10	10:15:21	700	200	
6/16/2009	10:25:10	200	27.25	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	10:25:10	10:12:26	700	200	
6/16/2009	10:25:10	200	27.5	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	10:25:10	10:18:46	700	200	
6/16/2009	10:25:10	100	27.55	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF4	10:25:10	10:15:10	700	200	
6/16/2009	10:35:46	200	27.1	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	10:35:46	10:31:56	200	1000	
6/16/2009	10:35:53	200	27.1	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	10:35:53	10:31:56	200	1000	
6/16/2009	10:36:03	500	27.1	MTL SHARE & STOCK BROKERS	HMFF4	UPSE SECURITIES LTD.	A111	10:36:02	10:31:56	500	1000	
6/16/2009	14:55:43	300	27.3	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:43:02	14:55:42	300	300	
6/16/2009	15:09:44	250	27.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:39:28	15:09:43	250	1000	
6/16/2009	15:09:44	250	27.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:39:38	15:09:43	250	1000	
6/16/2009	15:09:44	500	27.25	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:39:50	15:09:43	500	1000	
6/16/2009	15:10:11	200	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:38:36	15:10:11	200	1500	
6/16/2009	15:10:11	400	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:38:55	15:10:11	400	1500	
6/16/2009	15:10:11	400	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:39:09	15:10:11	400	1500	
6/16/2009	15:10:11	300	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:41:39	15:10:11	300	1500	
6/16/2009	15:10:11	200	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:42:17	15:10:11	400	1500	
6/16/2009	15:12:45	200	27.2	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	14:42:17	15:12:45	400	200	
6/16/2009	15:29:02	100	27.4	MTL SHARE & STOCK BROKERS	HMFF4	MTL SHARE & STOCK BROKERS	HMFF20	15:29:01	15:28:49	100	100	

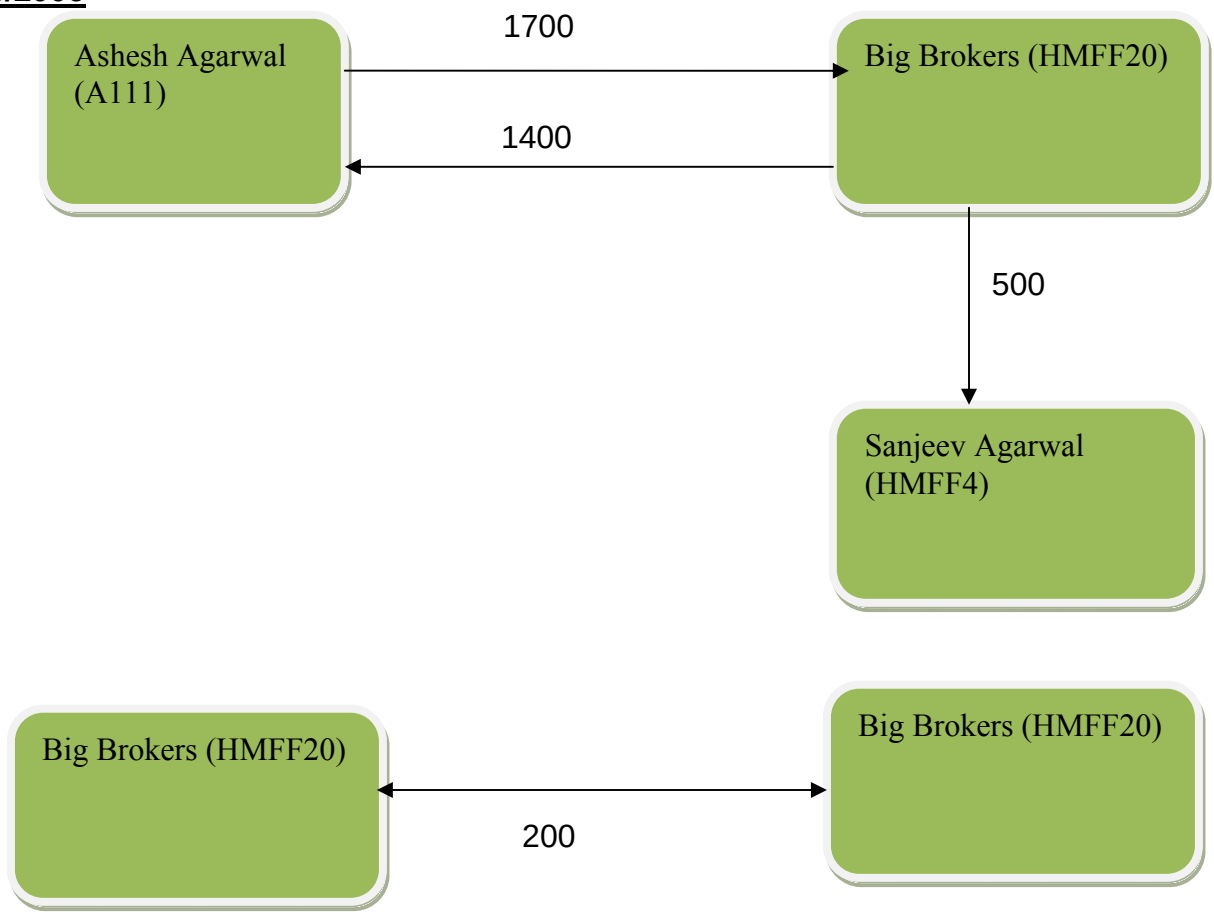
16/06/2009



Reversal/circular of trades executed on 19.06.2009

Trade Date	Trade Time	Traded Quantity	Traded Price	Buy Member Name	Buy Client Code	Sell Member Name	Sell Client Code	Buy Order Time	Sell Order Time	Buy Order Qty.	Sell Order Qty.	
6/19/2009	15:23:11	1000	30.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF20	15:06:56	15:23:11	1900	1000	
6/19/2009	15:23:26	400	30.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF20	15:06:56	15:23:26	1900	400	
6/19/2009	15:23:47	200	30.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	15:06:56	15:23:47	1900	200	
6/19/2009	15:24:13	200	30.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	15:06:56	15:24:12	1900	200	
6/19/2009	15:26:02	100	30.2	UPSE SECURITIES LTD.	A111	MTL SHARE & STOCK BROKERS	HMFF4	15:06:56	15:26:02	1900	100	
6/19/2009	11:21:43	500	29.65	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	10:27:27	11:21:43	500	500	2
6/19/2009	14:58:05	500	30.5	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	14:58:05	14:57:40	500	1200	3
6/19/2009	14:58:17	700	30.5	MTL SHARE & STOCK BROKERS	HMFF20	UPSE SECURITIES LTD.	A111	14:58:16	14:57:40	700	1200	3
6/19/2009	15:22:18	200	30.3	MTL SHARE & STOCK BROKERS	HMFF20	MTL SHARE & STOCK BROKERS	HMFF20	15:22:18	15:21:51	200	229	

19/06/2006



31. The above pattern of circular/reversal trades continued for 35 days from 28.05.2009 to12.08.2009 out of 86 trading days during the investigation period and their circular/reversal trades constituted 25.72% (82142 shares) of total traded shares i.e

319302 shares for 35 days. In all the transactions it was observed that there was a time difference of few seconds and the price at which the buy orders and sell orders were placed were matching in almost all the cases with the same counterparties. The above pattern of trading which continued for a number of days and did not happen in one or two occasions are proof enough to establish the existence of reversal/circular of trades. The fact that such transactions took place repeatedly over a period of time and with the same set of counterparties who were connected to the Noticee reinstates the fraudulent nature of such trades. Such trades are meant only to increase the volumes on the screen of the exchange which generates investor interest. It is on such account of trades and increase in volumes that the lay investors get trapped. Therefore the Noticee has undoubtedly created artificial volume in the scrip, thereby creating an artificial demand in the scrip and creating false or misleading appearance of trading in the securities market with respect of the scrip. It can thus be conclusively said that the Noticee executed reversal/circular trades and indulged in non-genuine or fraudulent transactions in the scrip of RCFL.

32. In the light of facts and circumstances of the present case, it becomes necessary to quote the judgment of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT'), in the case of Ashok K Chaudhary v SEBI, (Appeal No 69 of 2008), dated November 5, 2008, the Hon'ble SAT observed that "such large number of reverse trades cannot take place through the mechanism of the system. These have obviously been manipulated. Moreover, reverse trades are fictitious trades meant to increase volumes on the screen of the trading system as there is no change of beneficial ownership in the traded shares".

Further in case of Galaxy Broking Ltd V SEBI (Appeal No.3 of 2010) dated January 29, 2010 Hon'ble SAT observed that "It is a clear instance of reverse trades which cannot happen on the trading system unless the client and the brokers are in league with each other. This is not a solitary instance. There are several such trades executed by the appellant".

33. I have noted the submission made by the Noticee. Noticee in its reply denied all the charges. Noticee has stated that he was unaware of the counter parties but has not denied

the relationship/connection brought out in the SCN. The Noticee in its reply dated 10.04.2012 has submitted he had purchased 53,891 shares at an average price of □ 37.88 and sold 41,605 shares at an average price of □ 40.65 which was very low quantity and not considerable. In his subsequent reply Noticee said that a per the order log he purchased 25254 shares and sold 24344 shares. It is observed that the Noticee has not taken into account his entire trading but only those for which he placed the orders at new high price and the orders which were placed at a price higher than LTP. During the adjudication proceedings Noticee requested to provide written order of the board for investigation and investigation report. The Noticee was informed that the relevant portion of the investigation report and relevant documents in respect of the Noticee on the basis on which the charges have been framed was already forwarded to him along with the SCN. At this juncture it becomes necessary to quote the judgment of the Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT'), in the case of Mayrose Capfin Private Limited V/s. Securities and Exchange Board of India (Appeal No. 20 of 2012) dated 30.03.2012, The Hon'ble SAT observed that "The principles of natural justice require that the inquiry officer should make available such document and material to the delinquent on which reliance is being placed in the inquiry. It is not necessary for the inquiry officer to make available all the material that might have been collected during the course of investigation but has not been relied upon for proving charge against the delinquent. No prejudice can, therefore, be said to have been caused to the appellant on this count". All the relevant documents in respect of the Noticee on the basis on which the charges were framed was forwarded to him along with the SCN and vide letter dated 17.04.2012 and thus the principle of natural justice was met with. Hence the submissions made by the Noticee is not accepted.

34. In the light of the above facts, I am of the firm belief that the Noticee alongwith the connected entities created artificial volume in the market by executing reversal/circular trades and also influenced the price of the scrip by placing new high prices and placing buy orders at a price higher than the LTP. I therefore find the Noticee guilty of violating

the provisions of Regulation 3, 4(1), 4(2)(a), (b), (e) and (g) of SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003.

35. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that "once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow".

36. Thus, the aforesaid violations by the Noticee makes it 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."

37. While determining the quantum of penalty under section 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."

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 Noticee. Further the amount of loss to an investor or group of investors also cannot be quantified on the basis of available facts and data. Suffice to state that keeping in mind the practices indulged in by the Noticee, gains per se were made by the Noticee in that he 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. The greater the liquidity, the 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 were substantial number of such trades, hence the default was repetitive in nature.

ORDER

38. After taking into consideration all the facts and circumstances of the case, I impose a penalty of 7,00,000/- (Rupees Seven lakh only) under section 15HA on the Noticee which will be commensurate with the violations committed by him.

39. 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 Shri. Suresh Gupta, Chief General Manager, Investigations Department-05, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

40. 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 :31.07.2012
Place: Mumbai

BARNALI MUKHERJEE
ADJUDICATING OFFICER