

SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTION UNDER SECTION 11 B OF SEBI ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 1995 AGAINST M/S NEWFIN FINANCIAL SERVICES PVT LTD.

CO/104/ISD/08/2003

1.0 BACKGROUND

1.1 On observing sudden spurt in the trading volumes in the scrip of M/s Zodiac Clothing Company Ltd. (Zodiac) National Stock Exchange (NSE) conducted investigations into the trading in the scrip from July 05, 2000 to August 22, 2000 and submitted its report to SEBI on January 10, 2001. It was observed in the NSE report that M/s. Vivenasri Financial Services Ltd. was the major net seller and M/s. Harsh Pranav Securities Pvt. Ltd. and M/s. Newfin Financial Services Pvt. Ltd. were major net buyers during the said period. It was also observed that these clients were associated with one another.

1.2 NSE conducted another investigations into the trading in the scrip of Zodiac for the period October 25, 2000 to February 27, 2001. In its report submitted to SEBI on April 30, 2002, NSE observed that the three clients M/s. Vivenasri Financial Services Ltd. (VFSL), M/s. Newfin Financial Services Pvt. Ltd. (NFSPL) and M/s. Harsh Pranav Securities Pvt. Ltd. (HPSPL) were the major traders in the scrip during the said period and they have executed structured deals and cross deals within themselves.

2.0 INVESTIGATION BY SEBI

2.1 In light of the findings of the aforesaid investigations conducted by NSE, Securities And Exchange Board of India (hereinafter referred to as the SEBI) conducted its own investigation into the affairs related to buying, selling and dealings in the shares of Zodiac for alleged market manipulation in the scrip during July 05, 2000 to February 27, 2001.

3.0 FINDINGS OF INVESTIGATION BY SEBI

1. During the period from July 05, 2000 to February 27, 2001 (hereinafter referred to as the "relevant period") the scrip of Zodiac clocked a volume of 4,05,551 shares on BSE and 14,55,151 shares on NSE.
2. During the said period, the closing price of the scrip touched a low of Rs. 68.60 on August 04, 2000 and a high of Rs. 95.00 on September 12, 2000 on BSE whereas at NSE the scrip touched the lowest price of Rs. 67.40 on August 08, 2000 and a high of Rs. 96.15 on September 06, 2000.
3. On the basis of the trading details obtained from M/s. Newfin Financial Services Pvt. Ltd. (NFSPL) having its registered office at 411, Kubera Towers, Narayanguda, Hyderabad, 500 029, it is observed that NFSPL had purchased 1,26,000 shares of Zodiac from the market before July 2000 i.e. prior to the relevant period. Further NFSPL has done trading in the scrip of Zodiac on NSE and BSE during the relevant period. The details of the trading done by NFSPL are as under :

Sr. No	Broker	EX	Gross Purchase	Gross Sale	Gross Volume	Net Pur / (Net Sales)
1	Shalibhadra Securities Ltd.	NSE	238567	0	238567	238567
2	Soni Securities Ltd.	NSE	49100	41000	90100	8100
3	Canara Securities Ltd.	BSE	26000	13000	39000	13000
	Canara Securities Ltd.	NSE	10750	23750	34500	-13000
4	Integrated Master Sec Pvt Ltd.	BSE	0	69000	69000	-69000
5	Mahavir Investment & Consultancy	BSE	52000	0	52000	52000
6	Kantilal Chhaganlal Securities Pvt. Ltd.	BSE	9000	0	9000	9000
7	Sanghavi Investments & Consultancy	BSE	0	1100	1100	-1100
	Total	BSE	87000	83100	170100	3900
	Total	NSE	298417	64750	363167	233667
	Grand Total BSE + NSE		385417	147850	533267	237567

3.4 It was also noted that NFSPL has entered into following off market deals with its another group company namely M/s Vivenasri Financial Services Ltd. (VFSL) :

Off Market Deals Done by NFSPL with its group company VFSL					
Sr. No.	Date	Name of the Company	Rate (Rs.)	Purchase Qty	Sale Qty
1	3/7/2000	Vivenasri Financial Services Ltd	72.10	46279	

2	11/7/2000	Vivenasri Financial Services Ltd	85.00		110000
3	15/7/2000	Vivenasri Financial Services Ltd	76.00		5900
4	29/8/2000	Vivenasri Financial Services Ltd	90.00		44000
5	30/8/2000	Vivenasri Financial Services Ltd	90.00		6000
6	5/9/2000	Vivenasri Financial Services Ltd	87.35		25000
7	29/9/2000	Vivenasri Financial Services Ltd	83.00		300
8	1/11/2000	Vivenasri Financial Services Ltd	75.30		39400
9	8/11/2000	Vivenasri Financial Services Ltd	81.10		71
10	16/11/2000	Vivenasri Financial Services Ltd	76.40		37675
		Total		46279	268346
		Net Off Market Sales			222067

3.5 From the above, it is observed that during the relevant period NFSPL bought 3,85,417 shares and sold 1,47,850 shares from the market making net market purchases of 2,37,567 shares. Further NFSPL bought 46,279 shares from VFSL and sold 2,68,346 shares to VFSL in off deals during the relevant period making net off market sales of 2,22,067 shares.

6. From the details gathered during the investigations, it was observed that NFSPL, alongwith VFSL and HPSPL are having common directors and are thus associate entities and therefore stated hereinabove as one group.

3.7 Following are the details of trading done by NFSPL, VFSL and HPSPL as a group :

Sr. No	Client	Market / Offmarket	Gross Purchases	Gross Sales	Net Purchase / (Net Sale)
1	Newfin Financial Services Pvt. Ltd.	NSE	298417	64750	233667
		BSE	87000	83100	3900
		Total BSE + NSE	385417	147850	237567
		Off Market	46279	268346	-222067
		Total of market & off market	431696	416196	15500
2	Vivenasri Financial Services Ltd.	BSE	189175	206550	-17375
		NSE	411120	1327907	-916787
		Total BSE + NSE	600295	1534457	-934162
		Off Market	960371	46279	914092
		Total of market & off market	1560666	1580736	-20070
3	Harsh Pranav Securities Pvt. Ltd	NSE	810381	0	810381
		Off Market	0	692025	-692025
		Total of market & off market	810381	692025	118356

3.8 From price volume data of the scrip of Zodiac it is observed that the total market volume traded on BSE and NSE was of 18,60,702 shares (4,05,551 shares on BSE and 14,55,151 shares on NSE) during the relevant period. Out of this, NFSPL along with VFSL and HPSPL had purchased a total number of 17,96,093 shares of Zodiac, which account for 96.53% of shares traded. Further, this group sold a total number of 17,00,507 shares of Zodiac which account for 91.39% of shares traded on BSE and NSE. As a matter of fact NFSPL's group has a gross turnover of 34,96,600 shares on BSE and NSE which account for 93.96% of the gross turnover of NSE and BSE (37,21,404 shares) in the scrip of Zodiac.

9. From the order log-trade log details in the scrip of Zodiac, it is observed that NFSPL had executed structured deals on NSE and BSE and cross deal on NSE where the counter party client was one of NFSPL's group company. Some of the structured deals are given below :

a) On July 11, 2000 on BSE, NFSPL sold through M/s Integrated Master Securities Ltd (IMSL) 12,000 shares @ Rs.75.54 of Zodiac by way of structured deal. The counter party was VFSL which bought these shares through JGA Shah Share Brokers Pvt Ltd (member BSE) as shown below.

Structured Deals between VFSL and NFSPL on July 11, 2000 on BSE

TradeNo	MemberCode	Qty	Price	Buy Or Sell	Time	Counter Party Code	Client Code	
9	D0202	500	77.5	B	12:02:32 PM	D0780	Y	VF (b)
9	D0780	500	77.5	S	12:02:32 PM	D0202	V045	NF (s)
11	D0202	300	77.5	B	12:28:49 PM	D0780	Y	VF (b)
11	D0780	300	77.5	S	12:28:49 PM	D0202	V045	NF (s)
14	D0202	800	76.1	B	12:37:34 PM	D0780	Y	VF (b)
14	D0780	800	76.1	S	12:37:34 PM	D0202	N024	NF (s)
15	D0202	100	77.5	B	12:41:43 PM	D0780	Y	VF (b)
15	D0780	100	77.5	S	12:41:43 PM	D0202	V045	NF (s)
16	D0202	500	77.5	B	12:41:43 PM	D0780	Y	VF (b)
16	D0780	500	77.5	S	12:41:43 PM	D0202	V045	NF (s)
17	D0202	200	77.5	B	12:41:43 PM	D0780	Y	VF (b)
17	D0780	200	77.5	S	12:41:43 PM	D0202	V045	NF (s)
22	D0202	300	76.8	B	12:58:49 PM	D0780	Y	VF (b)
22	D0780	300	76.8	S	12:58:49 PM	D0202	N024	NF (s)
23	D0202	300	76.8	B	12:58:49 PM	D0780	Y	VF (b)
23	D0780	300	76.8	S	12:58:49 PM	D0202	N024	NF (s)
24	D0202	300	76.8	B	12:58:49 PM	D0780	Y	VF (b)
24	D0780	300	76.8	S	12:58:49 PM	D0202	N024	NF (s)
25	D0202	300	76.8	B	12:58:49 PM	D0780	Y	VF (b)
25	D0780	300	76.8	S	12:58:49 PM	D0202	N024	NF (s)
26	D0202	100	76.8	B	12:58:49 PM	D0780	Y	VF (b)
26	D0780	100	76.8	S	12:58:49 PM	D0202	N024	NF (s)
27	D0202	200	76.1	B	1:23:51 PM	D0780	Y	VF (b)
27	D0780	200	76.1	S	1:23:51 PM	D0202	N024	NF (s)
28	D0202	100	76.1	B	1:23:51 PM	D0780	Y	VF (b)
28	D0780	100	76.1	S	1:23:51 PM	D0202	N024	NF (s)
39	D0202	800	75.5	B	2:06:29 PM	D0780	Y	VF (b)
39	D0780	800	75.5	S	2:06:29 PM	D0202	N024	NF (s)
40	D0202	400	75.9	B	2:09:58 PM	D0780	Y	VF (b)
40	D0780	400	75.9	S	2:09:58 PM	D0202	N024	NF (s)
41	D0202	400	75.9	B	2:09:58 PM	D0780	Y	VF (b)
41	D0780	400	75.9	S	2:09:58 PM	D0202	N024	NF (s)
42	D0202	400	75.9	B	2:09:58 PM	D0780	Y	VF (b)
42	D0780	400	75.9	S	2:09:58 PM	D0202	N024	NF (s)
43	D0202	400	75.9	B	2:09:58 PM	D0780	Y	VF (b)
43	D0780	400	75.9	S	2:09:58 PM	D0202	N024	NF (s)
44	D0202	100	75.9	B	2:09:58 PM	D0780	Y	VF (b)
44	D0780	100	75.9	S	2:09:58 PM	D0202	N024	NF (s)
46	D0202	400	75.9	B	2:24:24 PM	D0780	Y	VF (b)
46	D0780	400	75.9	S	2:24:24 PM	D0202	N024	NF (s)
47	D0202	400	75.9	B	2:24:24 PM	D0780	Y	VF (b)
47	D0780	400	75.9	S	2:24:24 PM	D0202	N024	NF (s)
48	D0202	300	75.9	B	2:24:24 PM	D0780	Y	VF (b)
48	D0780	300	75.9	S	2:24:24 PM	D0202	N024	NF (s)
53	D0202	100	75.6	B	2:38:25 PM	D0780	Y	VF (b)
53	D0780	100	75.6	S	2:38:25 PM	D0202	N024	NF (s)
56	D0202	100	75.8	B	3:10:35 PM	D0780	Y	VF (b)
56	D0780	100	75.8	S	3:10:35 PM	D0202	N024	NF (s)
57	D0202	300	75.8	B	3:10:35 PM	D0780	Y	VF (b)
57	D0780	300	75.8	S	3:10:35 PM	D0202	N024	NF (s)
58	D0202	300	75.8	B	3:10:35 PM	D0780	Y	VF (b)
58	D0780	300	75.8	S	3:10:35 PM	D0202	N024	NF (s)

59	D0202	300	75.8	B	3:10:35 PM	D0780	Y	VF (b)
59	D0780	300	75.8	S	3:10:35 PM	D0202	N024	NF (s)
60	D0202	300	75.8	B	3:10:35 PM	D0780	Y	VF (b)
60	D0780	300	75.8	S	3:10:35 PM	D0202	N024	NF (s)
61	D0202	300	75.8	B	3:10:35 PM	D0780	Y	VF (b)
61	D0780	300	75.8	S	3:10:35 PM	D0202	N024	NF (s)
62	D0202	200	75.8	B	3:10:35 PM	D0780	Y	VF (b)
62	D0780	200	75.8	S	3:10:35 PM	D0202	N024	NF (s)
66	D0202	100	75.8	B	3:19:45 PM	D0780	Y	VF (b)
66	D0780	100	75.8	S	3:19:45 PM	D0202	N024	NF (s)
67	D0202	300	75.8	B	3:19:45 PM	D0780	Y	VF (b)
67	D0780	300	75.8	S	3:19:45 PM	D0202	N024	NF (s)
68	D0202	600	75.8	B	3:23:19 PM	D0780	Y	VF (b)
68	D0780	600	75.8	S	3:23:19 PM	D0202	N024	NF (s)
70	D0202	1400	75.6	B	3:23:19 PM	D0780	Y	VF (b)
70	D0780	1400	75.6	S	3:23:19 PM	D0202	N024	NF (s)
71	D0202	100	75.5	B	3:23:19 PM	D0780	Y	VF (b)
71	D0780	100	75.5	S	3:23:19 PM	D0202	N024	NF (s)

It may be mentioned here that N024 was the client code of NFSPL and 19902 was the client code of VFSL.

b) On October 25, 2000, 24,050 shares of Zodiac were traded on NSE only. Out of these, 23,750 shares were traded by way of Structured deal. NFSPL sold through Canara Securities (member NSE) while HPSPL bought through SSL. The deals took place @ Rs. 73.40-50 as shown below :

Day Date	Trade Number	Trade Qty	Trade Price	Buy TM Name	Buy Client Name	Sell TM Name	Sell Client Name
25-Oct-00	200010250273980	10000	73.50	Shalibhadra Sec. Ltd.	Harsh	Canara S	Newfin
25-Oct-00	200010250275244	10000	73.40	Shalibhadra Sec. Ltd.	Harsh	Canara S	Newfin
25-Oct-00	200010250276591	3750	73.40	Shalibhadra Sec. Ltd.	Harsh	Canara S	Newfin

c) On November 10, 2000, 25,010 shares of Zodiac traded on NSE. NFSPL bought 24,910 shares of the said scrip through SSL and VFSL sold 24,910 shares of the said scrip through SSL by entering into cross deal @ Rs. 79.00 -81.00 as shown below :

Day Date	Trade Number	Trade Time	Trade Qty	Trade Price	Buy TM Name	Buy Client Name	Sell TM Name	Sell Client Name
10-Nov-00	200011100665405	15:24:39	15000	81.00	Shalibhadra Sec. Ltd.	Newfin	Shalibhadra Sec. Ltd.	Viv
10-Nov-00	200011100675449	15:28:05	9910	79.00	Shalibhadra Sec. Ltd.	Newfin	Shalibhadra Sec. Ltd.	Viv

It was observed that NFSPL's aforesaid trades in the said scrip executed within its group companies viz. VFSL and HPSPL by way of structured deals and cross deal had hampered the true price discovery mechanism of the market price of the said scrip.

3.10 NFSPL was thus found to be a party to the irregular trades as aforesaid which were not intended to effect the transfer of beneficial ownership but were intended to operate only as a device to cause fluctuations in the market. These trades were not genuine trade transactions and hence it was noted that NFSPL created a false and misleading appearance of trading in the scrip in violation of the provisions of Regulation 4 (a), (b), (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as the "said Regulations").

3.11 From the transactions details and demat details submitted by NFSPL and its other group companies viz. VFSL and HPSPL it is observed that NFSPL along with its two group companies was also involved in circular trading in the scrip of Zodiac in the following manner :

a) Circular Trading between NFSPL, VFSL and HPSPL during SN 48 of NSE.

(i) During the settlement no 48 (from November 23 to November 28, 2000), a total no. of 59,443 shares were traded at NSE. Out of this, 49,006 shares were traded on November 23, 2000 and 10,300 shares on November 28, 2000. While on November 24, and November 27, 2000 only 12 and 125 shares were traded.

NFSPL received 34930 shares from Shalibhadra Securities Ltd. (SSL) on November 22, 2000 for the purchases done during the SN 46 of NSE. On November 23, 2000 NFSPL sold 34,900 shares to VFSL in off market transaction. In the demat statement of NFSPL 34,900 shares are debited to HDFC Bank Ltd. for client Id 10466221 which is the client Id of VFSL. From the demat statement of VFSL, it is found that VFSL received 34,900 from HDFC Bank Ltd. from client Id 10464234. This client Id is of NFSPL.

(ii) This means VFSL purchased and received 34900 shares from NFSPL (and 7000 shares from HPSPL totaling to 41,900 shares) in off market transaction on 23 November 2000.

(iii) On November 23, 2000 VFSL sold 25,000 shares through Integrated Master Securities Ltd. (IMSL) on NSE. On the same day i.e. on November 23, 2000, another 15,000 shares were sold and purchased by NFSPL through SSL. NFSPL purchased another 8100 shares @ Rs. 78.72 through Sony Securities Ltd. on NSE on November 23, 2000. HPSPL purchased 17,000 shares @ Rs. 79.59 through SSL on NSE on November 23, 2000.

(iv) From the demat statement of VFSL it is observed that 25,000 shares are debited on November 23, 2000 for SN 48 of NSE by IMSL. Further, from the demat statement of NFSPL 8100 shares are credited by Sony Securities on December 18, 2000 for SN 48 of NSE. Further, on December 20, 2000 NFSPL sold 8100 shares to VFSL (Client Id 10466221) in off market transaction. From the demat statement of HPSPL 8100 shares are credited by SSL on December 06, 2000 for SN 48 of NSE and on December 07, 2000 HPSPL sold 17075 shares @ Rs. 78.00 to VFSL(client Id 10466221) in off market transaction.

(v) In the demat account of VFSL it is observed that VFSL has received 17,075 shares on December 07, 2000 from HDFC Bank Ltd. client Id. 12482988 (client Id of HPSPL) and 8100 shares on December 20, 2000 from HDFC Bank Ltd. client Id. 10464234 (client Id of NFSPL).

b) Circular Trading done between your company and VFSL during SN 45 of NSE.

(i) During the settlement no 45 (from November 01 to November 07, 2000) a total no. of 41,720 shares were traded at NSE. Out of this, 30200 shares were traded on November 01, 2000 and 9,700 shares were traded on November 02, 2000.

On November 01, 2000 NFSPL sold 39400 shares of ZCCL at the rate of Rs. 75.30 to VFSL in off market transaction. On the same day VFSL sold on NSE 30,000 shares and on November 02, 2000 sold 9400 shares at an average rate of Rs. 73.68 through IMSL and the same were purchased by NFSPL through SSL.

(ii) From the demat account statement maintained by VFSL with HDFC Bank Ltd. it is seen that 30,000 shares were debited to IMSL on November 01, 2000 for NSE settlement no. 34. It is observed that IMSL has taken one day in advance 9400 shares from VFSL which VFSL has traded on NSE through it on November 02, 2000.

(iii) NFSPL was maintaining demat account with HDFC Bank Ltd. having client Id no. 10464234. From the demat statement it is observed that 39,400 shares purchased by NFSPL from VFSL during SN 34 of NSE were received by it on November 15, 2000 (38,000 shares) and on November 17, 2000 (1,400 shares) through SSL. These 38,000 shares received by NFSPL from VFSL on November 15, 2000 and 1,400 shares received from VFSL on November 17, 2000 were again sold to VFSL in off market deal - 38,000 shares on November 16, 2000 and 1,400 shares on November 17, 2000 at average rate of Rs. 76.40. It was observed that trades executed within its group companies have resulted in circular trading in the scrip of Zodiac and have hampered the true price discovery mechanism of the market price of the scrip. It was also observed that aforesaid trades executed within the group companies have resulted in circular trading in the scrip of Zodiac and have created volumes in the scrip. Further, it is observed that these trades were not intended to effect the transfer of beneficial ownership but intended to operate only as a device to cause fluctuations in the market thereby reflecting the prices of the scrip which were based on non genuine trade transactions and hence created a false and misleading appearance of trading in the scrip by trading among your group companies through different set of brokers.

3.12 NFSPL was thus found to be a party to the irregular trades as aforesaid which were not intended to effect the transfer of beneficial ownership but were intended to operate only as a device to cause fluctuations in the market. These trades were not genuine trade transactions and hence it was noted that the Broker created a false and misleading appearance of trading in the scrip in violation of the provisions of Regulation 4 (a), (b), (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as the "said Regulations").

4.0 SHOW CAUSE NOTICE

1. On the basis of the aforesaid finding of the Investigations conducted by SEBI, a detailed show cause notice dated April 28, 2003, was issued to M/s.Newfin Financial Services Pvt Ltd.

4.2 Vide said show cause notice NFSPL was directed to show cause as to why appropriate direction under Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 read with Section 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, including restraining it from accessing the securities market and prohibiting it from buying, selling or dealing in the securities market in any manner whatsoever for a particular period should not be passed.

5.0 REPLY TO THE SHOW CAUSE NOTICE AND PERSONAL HEARING :

1. NFSPL did not submitted its reply to the show cause notice. However, when in compliance to the principle of Natural Justice, before taking a final view in the matter, a personal hearing was granted to NFSPL on 09.07.03, its representatives apart from making oral submissions, also filed their reply to the show cause notice dt. April 28, 2003.

6.0 SUBMISSIONS MADE IN THE PERSONAL HEARING :

1. Shri P V Muralikrishna, Director, VFSL and HPSPL AND Shri GS Sridhar, Director NFSPL (hereinafter referred to as representatives of HPSPL) appeared for the personal hearing and made oral submissions before me. During the submissions while admitting of indulging in cross and structured deals and also doing circular trading among its group companies as alleged, they submitted that the same was done as it required some liquid cash for its business. They however undertook that such acts of omissions and commissions shall not be repeated in future.

6.2 It was further submitted that their aforesaid acts did not resulted in any wrongful loss to any of the investor in the securities market as there was no unusual movement in the price of the scrip of Zodiac during the relevant period on account of the trades done by them as detailed in the show cause notice. On this basis, it was prayed by the representative to drop the proceedings.

6.3 Vide their reply to the show cause notice submitted during the personal hearing, they submitted as under :

- a. The trading pattern, volumes and the price range in Zodiac during the relevant period and the equivalent periods preceding and succeeding the relevant period on both the exchanges are as follows :

Month	BSE			NSE		
	Volume	High	Low	Volume	High	Low
Preceding 8 months	1400		136	8800	154	130
Nov' 1999	26700	155	140	40900	213	140
Dec' 1999	11400	208	143	18000	194	145
Jan' 2000	36200	194	110	20000	150	110
Dec' 2000	8500	152	88	12600	116	90
Mar' 2000	9000	120	71	11000	99	75
Apr' 2000	4300	100	65	19000	90	69
May' 2000	15800	89	71	14100	101	70
June' 2000		102				
Total volumes	113300	208	65	144400	213	69
Relevant 8 month period						
July' 2000	70300	85	69	78300	90	65
Aug' 2000	191650	95	68	108281	95	67
Sept' 2000	3304	95	76	79024	100	75
Oct' 2000	25983	79	71	185687	79	69
Nov' 2000	27261	87	75	361008	83	70
Dec' 2000	50413	83	73	205759	83	70
Jan' 2001	27300	81	69	239750	81	67
Feb' 2001	9340	79	70	197342	77	65
Total volumes	405551	95	68	1455151	100	65
LESS						
Volumes of VFSL group	276175			1392657		
Volumes of others	129376	95	68	62494	100	65
Succeeding 8 months						
Mar'2001		68	41	94005	68	
Apr'2001	35892	44	32	107855	45	39
May'2001	35626	51	35	45242	50	31
June'2001	15583	52	43	12180	50	36
July'2001	1360	52	44	7939	52	45

Aug'2001	17079	50	42	17224	48	42
Sept'2001	10682	44	37	7753	46	42
Oct'2001	10285	46	40	2758	45	38
	5783					37
Total volumes	132290	68	32	294956	68	31

- b. There was no major change in the involvement of the general investing / trading public in the trading of the said scrip on account of the volumes said to be created by NFSPL. The investors had not been affected by the said transactions carried out by NFSPL. The transactions of NFSPL had not influenced the investing / trading decisions of the investors nor had they induced the investors to invest in the said scrip.
- c. The price movement remained unaffected either during the relevant period or during the succeeding period. The transactions of NFSPL had not hampered the true price discovery mechanism of the market price of the scrip.
- d. The bids or offers of NFSPL were made only at the prevailing prices without any variation therefrom.
- e. None of the transactions of NFSPL were intended to operate only as a device to inflate, depress or cause fluctuations in the market price of the said scrip.
- f. NFSPL has not indulged in any acts or transactions which resulted in wrongful reflection of prices of the scrip.

7.0 CONSIDERATION OF SUBMISSIONS AND FINDINGS :

1. I have carefully considered the findings of the investigation report, charges levied vide show cause notice, replies received by SEBI and submissions made during the personal hearing.

7.2 In view of the admissions of guilt and other submissions made on behalf of NFSPL during the personal hearing, as aforesaid, I find that NFSPL had indulged in the structured and cross deals as per the findings of the Investigation conducted by SEBI. Further, I find that the aforesaid trades of NSFPL executed within its group companies have resulted in circular trading in the scrip of Zodiac and have hampered the true price discovery mechanism of the market price & has created artificial volumes in the scrip.

7.3 By entering in to the aforesaid transactions of buying/selling of the shares of Zodiac which were not intended to effect the transfer of beneficial ownership but intended to operate only as a device to cause fluctuations in the market price which was based on non-genuine transactions, NSFPL was instrumental in creating a false and misleading appearance of trading in the scrip of Zodiac Clothing Company Ltd.

7.4 The submission of NSFPL that their aforesaid transactions did not result in any wrongful loss to any of the investor and also there was no unusual movement in the price of the scrip does not absolve them from the wrongdoings which were per-se illegal. It is well established principle of law that indulging in an act which is illegal per-se and not permitted by law, makes the person liable to be punished for the violation of law, irrespective of fact whether the act of omission and commission in question had resulted in any loss or not.

7.5 I therefore find that M/s. Newfin Financial Services Pvt. Ltd. created a False and misleading appearance of trading in the scrip in violation of the provisions of Regulation 4 (a), (b), (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 (hereinafter referred to as the "said Regulations") and therefore I am of the view that HPSPL is not a fit and proper person which may be allowed to continue in the securities market in order to maintain the sanctity and integrity of the market.

8.0 ORDER

8.1 Having regard to the above I, in exercise of the powers conferred upon me under Section 4(3) of the SEBI Act, 1992, read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 1995 and Section 11(4)(b) and 11B of SEBI Act, 1992, hereby prohibit M/s. Newfin Financial Services Pvt. Ltd. from buying, selling and dealing in securities, in any manner, directly or indirectly, for a period of five years.

8.2 This order shall come into force with immediate effect.

G.N. BAJPAI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

Date : 25th August, 2003

Place : Mumbai