

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER UNDER REGULATION 13 (4) OF SEBI (PROCEDURE FOR HOLDING ENQUIRY BY ENQUIRY OFFICER AND IMPOSING PENALTY) REGULATIONS, 2002 AGAINST M/s PRADEEP KAYAN & CO. MEMBER OF CALCUTTA STOCK EXCHANGE.

MO/59/IVD/2/04

1. M/s Pradeep Kayan & Co. is registered with SEBI as a stock broker (hereinafter referred to as 'member') bearing SEBI registration no. INB 030556517 and is a member of Calcutta Stock Exchange (CSE). An inspection of books of accounts, documents and other records of the member was conducted on 03.06.2002. During the inspection, it was found that the member had indulged in off market trades outside the price and order matching mechanism of CSE. The data collected by the inspection team indicated that the broker had indulged in off the floor transactions with the brokers Sanjay Khemani, H C Biyani, Ashok Kumar Poddar, B C Lamboria & Co and Gautam Bajoria. Further, it was observed that the member indulged in fund transfers with brokers like D.K. Singhania and A.K. Poddar, Gautam Bajoria, Sanjay Khemani and H.C. Biyani. It was found that the fund transfers were not backed by any transactions.
2. The findings of the inspection report were forwarded to the member vide letter dated 21.06.02 advising the member to file its comments if any, on the findings of the inspection. The member vide letter dated 12.07.02 replied to the said findings of the inspection report. On not being satisfied with the reply filed by the member an Enquiry officer was appointed vide SEBI's order dated 08.08.2002. The allegations as per the show cause notice dated April 30, 2003 issued by Enquiry Officer are as under:
 - a. That the member carried out transactions with Sanjay Khemani, H C Biyani, Ashok Kumar Poddar, B C Lamboria & Co. and Gautam Bajoria members, CSE, outside the price and order matching mechanism of CSE. By not executing the aforesaid transactions on the trading system of CSE, it was alleged that the same are in violation of SEBI Circular SMDRP/POLICY/CIR-32/99 dated 14th September, 1999 which was notified by CSE to its members vide its notice dated 16th September 1999. Further, it was alleged that such transactions are irregular and are prohibited under Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 and are also in violation of Clause A (1) (4) & (5) of the Code of Conduct as specified in Schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub Brokers) Regulations 1992 and Rule 4(b) of SEBI (Stock Brokers and Sub Brokers) Rules 1992.
 - b. That the member made payments/received funds from other members of CSE, without corresponding transactions in securities. It was therefore alleged that the member carried out business other than that of securities, which is prohibited under Rule 8(1) (f) of Securities Contracts (Regulation) Rules, 1957.
1. The Enquiry Officer submitted his report on 30.09.2003. In his report the EO found that the member indulged in off market deals and lending of funds and recommended suspension of certificate of registration of the member for a period of 6 months.
2. Consequent upon above, in terms of regulation 13(2) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as 'the said regulations') a show cause notice dated 13.10.2003 was issued to the member to show cause as to why the penalty as recommended by the enquiry officer should not be imposed on it. The member was advised to submit its reply, if any, within 15 days of the receipt of the show cause notice failing which it would be presumed that the member has no explanation to offer. The member was also asked to intimate along with the reply whether it desired a personal hearing. The member failed to reply to the said show cause notice.
3. I have carefully examined the facts and circumstances of the case. I have also carefully considered the Enquiry Report. On appreciating the facts and circumstances of the case the findings are as under:

1. I find that the member indulged in off market deals with Shri Sanjay Khemani, Shri H C Biyani, Shri Ashok Poddar, M/s B C Lamboria & Co. and Shri Gautam Bajoria members of CSE as under :

Name of the broker : Sanjay Khemani

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
HFCL	09/02/2000	2001146	BUY	2000	999.80
HFCL	09/02/2000	2001146	BUY	3000	999.10
HFCL	09/02/2000	2001146	BUY	4000	999.50
HFCL	09/02/2000	2001146	BUY	1500	999.30
HFCL	09/02/2000	2001146	BUY	800	1000.70
HFCL	09/02/2000	2001146	BUY	700	1001.70
HFCL	12/02/2000	2001146	SELL	3000	932.20
HFCL	12/02/2000	2001146	SELL	5000	932.20
HFCL	12/02/2000	2001146	SELL	3500	931.70
HFCL	12/02/2000	2001146	SELL	500	931.90
NET AMOUNT PAYABLE AS PER DIFFERENCE STATEMENT Rs. 811100.00					

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
HFCL	22/02/2001	2001147	BUY	24320	779.65
HFCL	22/02/2001	2001147	BUY	16190	782.05
HFCL	22/02/2001	2001147	BUY	10980	788.10
HFCL	22/02/2001	2001147	BUY	12340	790.20
HFCL	22/02/2001	2001147	BUY	17140	784.47
HFCL	22/02/2001	2001147	BUY	8000	791.05

HFCL	22/02/2001	2001147	BUY	11030	786.60
HFCL	16/02/2001	2001147	SELL	10000	1010.30
HFCL	16/02/2001	2001147	SELL	10000	1008.30
HFCL	16/02/2001	2001147	SELL	6900	1002.30
HFCL	16/02/2001	2001147	SELL	8400	999.20
HFCL	16/02/2001	2001147	SELL	4700	991.20

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
HFCL	16/02/2001	2001147	SELL	7800	987.70
HFCL	16/02/2001	2001147	SELL	2200	981.95
HFCL	16/02/2001	2001147	SELL	16000	980.20
HFCL	16/02/2001	2001147	SELL	12000	971.95
HFCL	16/02/2001	2001147	SELL	13500	960.95
HFCL	16/02/2001	2001147	SELL	8500	960.20
GLOBTELE	22/02/2001	2001147	BUY	19870	499.90
GLOBTELE	22/02/2001	2001147	BUY	11130	500.80
GLOBTELE	22/02/2001	2001147	BUY	14000	501.30
GLOBTELE	22/02/2001	2001147	BUY	12500	502.30
GLOBTELE	22/02/2001	2001147	BUY	19000	500.20
GLOBTELE	22/02/2001	2001147	BUY	8500	504.80
GLOBTELE	16/02/2001	2001147	SELL	14400	650.30
GLOBTELE	16/02/2001	2001147	SELL	9980	648.95
GLOBTELE	16/02/2001	2001147	SELL	13090	644.90
GLOBTELE	16/02/2001	2001147	SELL	12500	646.20
GLOBTELE	16/02/2001	2001147	SELL	30	650.20
GLOBTELE	16/02/2001	2001147	SELL	22000	652.20
GLOBTELE	16/02/2001	2001147	SELL	13000	651.30
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT RS 32618388.70					

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
HFCL	08/03/2001	2001149	BUY	28000	389.90
HFCL	08/03/2001	2001149	BUY	16500	390.40
HFCL	08/03/2001	2001149	BUY	22700	389.90
HFCL	08/03/2001	2001149	BUY	14500	392.30
HFCL	08/03/2001	2001149	BUY	19400	392.90
HFCL	08/03/2001	2001149	BUY	11500	392.80
HFCL	08/03/2001	2001149	BUY	19800	394.00
HFCL	08/03/2001	2001149	BUY	20000	394.90
HFCL	08/03/2001	2001149	BUY	7200	396.20
HFCL	02/03/2001	2001149	SELL	26500	740.45
HFCL	02/03/2001	2001149	SELL	28000	740.20
HFCL	02/03/2001	2001149	SELL	25300	738.20
HFCL	02/03/2001	2001149	SELL	19850	735.20
HFCL	02/03/2001	2001149	SELL	19400	732.45
HFCL	02/03/2001	2001149	SELL	15400	731.05
HFCL	02/03/2001	2001149	SELL	25150	730.20
DSQ Soft	08/03/2001	2001149	BUY	30000	250.40
DSQ Soft	08/03/2001	2001149	BUY	27000	251.80

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
DSQ Soft	08/03/2001	2001149	BUY	24000	252.30
DSQ Soft	08/03/2001	2001149	BUY	19000	253.80
DSQ Soft	08/03/2001	2001149	BUY	32000	253.90
DSQ Soft	08/03/2001	2001149	BUY	17000	254.40
DSQ Soft	08/03/2001	2001149	BUY	21000	255.30
DSQ Soft	02/03/2001	2001149	SELL	22000	361.60
DSQ Soft	02/03/2001	2001149	SELL	24400	360.10
DSQ Soft	02/03/2001	2001149	SELL	25500	360.50
DSQ Soft	02/03/2001	2001149	SELL	26000	359.10
DSQ Soft	02/03/2001	2001149	SELL	19000	358.10
DSQ Soft	02/03/2001	2001149	SELL	25000	357.35

DSQ Soft	02/03/2001	2001149	SELL	28100	356.10
GIOBTELE	08/03/2001	2001149	BUY	30000	259.90
GIOBTELE	08/03/2001	2001149	BUY	17800	261.30
GIOBTELE	08/03/2001	2001149	BUY	15400	262.10
GIOBTELE	08/03/2001	2001149	BUY	14400	261.80
GIOBTELE	08/03/2001	2001149	BUY	22400	264.90
GIOBTELE	02/03/2001	2001149	SELL	27500	370.35
GIOBTELE	02/03/2001	2001149	SELL	25000	370.10
GIOBTELE	02/03/2001	2001149	SELL	23500	368.10
GIOBTELE	02/03/2001	2001149	SELL	24000	367.20
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT RS 83589020.00					

Name of the Scrip	Date of transaction	Sett. No	Buy/Sell	Quantity	Price (Rs)
HFCL	28/02/2001	2001148	BUY	7900	535.30
HFCL	28/02/2001	2001148	BUY	6700	536.50
HFCL	28/02/2001	2001148	BUY	4100	536.60
HFCL	28/02/2001	2001148	BUY	2500	535.80
HFCL	28/02/2001	2001148	BUY	5300	537.80
HFCL	28/02/2001	2001148	BUY	6100	538.00
HFCL	28/02/2001	2001148	BUY	5000	539.80
HFCL	28/02/2001	2001148	BUY	3600	540.00
HFCL	28/02/2001	2001148	BUY	3900	540.80
HFCL	28/02/2001	2001148	BUY	4900	541.80
HFCL	23/02/2001	2001148	SELL	2768	816.20
HFCL	23/02/2001	2001148	SELL	1752	816.20
HFCL	23/02/2001	2001148	SELL	3650	816.40
HFCL	23/02/2001	2001148	SELL	9000	814.70
HFCL	23/02/2001	2001148	SELL	1260	812.20

Name of the scrip	Date of transaction	Settlement No	Buy/Sell	Quantity	Price (Rs.)
HFCL	23/2/2001	2001148	SELL	6100	815.20
HFCL	23/2/2001	2001148	SELL	5470	811.20
HFCL	23/2/2001	2001148	SELL	5000	817.20
HFCL	23/2/2001	2001148	SELL	7200	816.70
HFCL	23/2/2001	2001148	SELL	3000	815.70
HFCL	23/2/2001	2001148	SELL	4800	815.60
DSQ Soft	28/2/2001	2001148	BUY	37200	321.70
DSQ Soft	28/2/2001	2001148	BUY	12900	321.00
DSQ Soft	28/2/2001	2001148	BUY	8700	319.70
DSQ Soft	28/2/2001	2001148	BUY	3270	319.90
DSQ Soft	28/2/2001	2001148	BUY	5860	319.40
DSQ Soft	28/2/2001	2001148	BUY	6950	316.90
DSQ Soft	28/2/2001	2001148	BUY	11300	318.60
DSQ Soft	28/2/2001	2001148	BUY	17300	319.00
DSQ Soft	28/2/2001	2001148	BUY	5700	315.90
DSQ Soft	28/2/2001	2001148	BUY	29100	316.40
DSQ Soft	28/2/2001	2001148	BUY	14700	315.70
DSQ Soft	28/2/2001	2001148	BUY	8740	314.90
DSQ Soft	28/2/2001	2001148	BUY	5210	315.10
DSQ Soft	28/2/2001	2001148	BUY	14070	314.70
DSQ Soft	28/2/2001	2001148	BUY	10700	314.40
DSQ Soft	28/2/2001	2001148	BUY	8300	313.90
DSQ Soft	23/2/2001	2001148	SELL	23000	396.30
DSQ Soft	23/2/2001	2001148	SELL	7900	397.50
DSQ Soft	23/2/2001	2001148	SELL	8500	398.10
DSQ Soft	23/2/2001	2001148	SELL	6960	395.90
DSQ Soft	23/2/2001	2001148	SELL	15100	395.10
DSQ Soft	23/2/2001	2001148	SELL	7440	395.70
DSQ Soft	23/2/2001	2001148	SELL	12900	395.10
DSQ Soft	23/2/2001	2001148	SELL	25600	395.30
DSQ Soft	23/2/2001	2001148	SELL	14940	395.20
DSQ Soft	23/2/2001	2001148	SELL	6720	394.90

DSQ Soft	23/2/2001	2001148	SELL	5680	394.50
DSQ Soft	23/2/2001	2001148	SELL	13200	394.20
DSQ Soft	23/2/2001	2001148	SELL	17000	394.10
DSQ Soft	23/2/2001	2001148	SELL	9700	393.90
DSQ Soft	23/2/2001	2001148	SELL	11200	393.60
DSQ Soft	23/2/2001	2001148	SELL	14160	393.10
GLOBAL TELE	23/2/2001	2001148	BUY	9000	333.90
--DO--	28/2/2001	2001148	BUY	2500	333.60
--DO--	28/2/2001	2001148	BUY	7600	334.50
--DO--	28/2/2001	2001148	BUY	5200	334.90

Name of the Scrip	Date of Transaction	Settlement No.	Buy/Sell	Quantity	Price(Rs.)
LOBTELE	2/28/2001	2001148	BUY	3200	335.10
LOBTELE	2/28/2001	2001148	BUY	4100	335.90
LOBTELE	2/28/2001	2001148	BUY	5960	336.40
LOBTELE	2/28/2001	2001148	BUY	2870	336.60
LOBTELE	2/28/2001	2001148	BUY	3750	336.90
LOBTELE	2/28/2001	2001148	BUY	5820	337.10
LOBTELE	2/23/2001	2001148	SELL	7300	502.70
LOBTELE	2/23/2001	2001148	SELL	3700	503.10
LOBTELE	2/23/2001	2001148	SELL	2300	501.20
LOBTELE	2/23/2001	2001148	SELL	2800	503.70
LOBTELE	2/23/2001	2001148	SELL	6900	504.20
LOBTELE	2/23/2001	2001148	SELL	5300	504.70
LOBTELE	2/23/2001	2001148	SELL	4700	505.10
LOBTELE	2/23/2001	2001148	SELL	3400	505.20
LOBTELE	2/23/2001	2001148	SELL	7600	507.20
LOBTELE	2/23/2001	2001148	SELL	6000	507.60

NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT RS. 37782343:00

II. Name of the Broker : H C Biyani

Name of the Scrip	Date of Transaction	Settlement No.	Buy/Sell	Quantity	Price(Rs.)
HFCL	12/26/2000	2001139	BUY	7150	1050.70
HFCL	12/26/2000	2001139	BUY	6700	1048.10
HFCL	12/26/2000	2001139	BUY	4340	1047.20
HFCL	12/26/2000	2001139	BUY	2720	1040.90
HFCL	12/26/2000	2001139	BUY	4150	1043.20
HFCL	12/26/2000	2001139	BUY	3900	1039.40
HFCL	12/26/2000	2001139	BUY	4870	1038.90
HFCL	12/26/2000	2001139	BUY	3760	1038.70
HFCL	12/26/2000	2001139	BUY	6040	1038.40
HFCL	12/26/2000	2001139	BUY	6370	1037.00
HFCL	12/22/2000	2001139	SELL	6500	1266.80
HFCL	12/22/2000	2001139	SELL	7300	1270.80
HFCL	12/22/2000	2001139	SELL	2000	1271.80
HFCL	12/22/2000	2001139	SELL	3900	1269.00
HFCL	12/22/2000	2001139	SELL	8100	1258.80
HFCL	12/22/2000	2001139	SELL	4700	1257.20
HFCL	12/22/2000	2001139	SELL	5970	1250.70
HFCL	12/22/2000	2001139	SELL	3760	1257.30
HFCL	12/22/2000	2001139	SELL	2740	1255.50
HFCL	12/22/2000	2001139	SELL	5030	1254.80

NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT RS. 10960099.00

Name of the Scrip	Date of Transaction	Settlement No.	Buy/Sell	Quantity	Price(Rs.)
HFCL	2/7/2001	2001145	BUY	3700	932.90
HFCL	2/7/2001	2001145	BUY	8190	934.00
HFCL	2/7/2001	2001145	BUY	7400	935.50

HFCL	2/7/2001	2001145	BUY	3870	935.80
HFCL	2/7/2001	2001145	BUY	2940	936.40
HFCL	2/7/2001	2001145	BUY	4230	937.30
HFCL	2/7/2001	2001145	BUY	4670	937.90
HFCL	2/2/2001	2001145	SELL	4745	1072.00
HFCL	2/2/2001	2001145	SELL	5255	1072.40
HFCL	2/2/2001	2001145	SELL	4200	1073.00
HFCL	2/2/2001	2001145	SELL	2920	1074.70
HFCL	2/2/2001	2001145	SELL	3710	1075.90
HFCL	2/2/2001	2001145	SELL	6730	1078.00
HFCL	2/2/2001	2001145	SELL	2900	1079.70
HFCL	2/2/2001	2001145	SELL	4540	1081.50

Name of the Scrip	Date of Transaction	Settlement No.	Buy/Sell	Quantity	Price(Rs.)
HFCL	3/1/2001	2001148	BUY	17370	629.30
HFCL	3/1/2001	2001148	BUY	21720	628.10
HFCL	3/1/2001	2001148	BUY	9100	627.40
HFCL	3/1/2001	2001148	BUY	6880	626.90
HFCL	3/1/2001	2001148	BUY	4530	626.60
HFCL	3/1/2001	2001148	BUY	11780	625.50
HFCL	3/1/2001	2001148	BUY	8130	623.20
HFCL	3/1/2001	2001148	BUY	20490	622.20
HFCL	3/1/2001	2001148	BUY	3170	623.50
HFCL	3/1/2001	2001148	BUY	2470	621.90
HFCL	3/1/2001	2001148	BUY	12860	621.10
HFCL	2/23/2001	2001148	SELL	11700	817.60

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	23.2.2001	2001148	SELL	3530	809.10
HFCL	23.2.2001	2001148	SELL	15300	814.90
HFCL	23.2.2001	2001148	SELL	17650	813.40
HFCL	23.2.2001	2001148	SELL	9640	813.90
HFCL	23.2.2001	2001148	SELL	21430	813.10
HFCL	23.2.2001	2001148	SELL	7900	812.00
HFCL	23.2.2001	2001148	SELL	16380	810.40
HFCL	23.2.2001	2001148	SELL	6340	809.80
HFCL	23.2.2001	2001148	SELL	4720	809.50
HFCL	23.2.2001	2001148	SELL	3910	809.30

NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT

RS.22209475.00

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)	Delivery recd/made on
DSQ	25.1.2001	2001143	BUY	16000	430.10	2/2/2001

1. Name of the Broker : Ashok Kumar Poddar

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	5/7/2000	2001115	BUY	8190	1379.00
HFCL	5/7/2000	2001115	BUY	5430	1379.50
HFCL	5/7/2000	2001115	BUY	7120	1378.20
HFCL	5/7/2000	2001115	BUY	8040	1374.80
HFCL	5/7/2000	2001115	BUY	13080	1377.10
HFCL	5/7/2000	2001115	BUY	3740	1375.80
HFCL	5/7/2000	2001115	BUY	6630	1375.10
HFCL	5/7/2000	2001115	BUY	8740	1375.90
HFCL	5/7/2000	2001115	BUY	7980	1376.30
HFCL	3/7/2000	2001115	SELL	13200	1478.40
HFCL	3/7/2000	2001115	SELL	6540	1479.20
HFCL	3/7/2000	2001115	SELL	9360	1480.40
HFCL	3/7/2000	2001115	SELL	10550	1480.20
HFCL	3/7/2000	2001115	SELL	10710	1479.80
HFCL	3/7/2000	2001115	SELL	9470	1480.80

HFCL	3/7/2000	2001115	SELL	3760	1481.50
HFCL	3/7/2000	2001115	SELL	5360	1481.80
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.7098239.00					

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
GLOBTELE	11/10/2000	2001128	BUY	13550	1009.60
GLOBTELE	11/10/2000	2001128	BUY	8450	1009.90
GLOBTELE	11/10/2000	2001128	BUY	3700	1010.50
GLOBTELE	11/10/2000	2001128	BUY	6800	1011.40
GLOBTELE	11/10/2000	2001128	BUY	4750	1009.90
GLOBTELE	11/10/2000	2001128	BUY	10070	1009.40
GLOBTELE	11/10/2000	2001128	BUY	15000	1009.10
GLOBTELE	11/10/2000	2001128	BUY	10160	1008.70
GLOBTELE	11/10/2000	2001128	BUY	8980	1009.60
GLOBTELE	11/10/2000	2001128	BUY	5540	1010.10
GLOBTELE	29/9/2000	2001128	SELL	7980	1187.50
GLOBTELE	29/9/2000	2001128	SELL	12370	1190.40
GLOBTELE	29/9/2000	2001128	SELL	9180	1189.70
GLOBTELE	29/9/2000	2001128	SELL	7650	1190.50
GLOBTELE	29/9/2000	2001128	SELL	12820	1190.90
GLOBTELE	29/9/2000	2001128	SELL	11070	1191.30
GLOBTELE	29/9/2000	2001128	SELL	8930	1191.10
GLOBTELE	29/9/2000	2001128	SELL	6560	1191.50
GLOBTELE	29/9/2000	2001128	SELL	4080	1191.00
GLOBTELE	29/9/2000	2001128	SELL	6360	1190.80
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS. 15732935.00					

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
SATYAM	21/9/2000	2001126	BUY	8140	484.20
SATYAM	21/9/2000	2001126	BUY	7320	483.40
SATYAM	21/9/2000	2001126	BUY	7150	484.80
SATYAM	21/9/2000	2001126	BUY	6950	482.70
SATYAM	21/9/2000	2001126	BUY	4700	481.60
SATYAM	21/9/2000	2001126	BUY	6740	481.40
SATYAM	21/9/2000	2001126	BUY	9180	482.20
SATYAM	21/9/2000	2001126	BUY	10820	482.60
SATYAM	15/9/2000	2001126	SELL	7650	608.40
SATYAM	15/9/2000	2001126	SELL	6170	609.30
SATYAM	15/9/2000	2001126	SELL	6430	610.70
SATYAM	15/9/2000	2001126	SELL	3740	610.10
SATYAM	15/9/2000	2001126	SELL	4850	609.90
SATYAM	15/9/2000	2001126	SELL	9130	610.00
SATYAM	15/9/2000	2001126	SELL	11050	610.30
SATYAM	15/9/2000	2001126	SELL	6980	610.50
SATYAM	15/9/2000	2001126	SELL	5000	609.80
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.7746191.00					

II. Name of the Broker : B.C. Lamboria & Co.

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	1/3/01	2001148	SELL	7500	764.50
HFCL	28/2/01	2001148	BUY	7500	534.80
GLOB TELE	1/3/01	2001148	SELL	6500	430.40
GLOB TELE	28/2/01	2001148	BUY	6500	329.50
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.2381850.00					

III. Name of the Broker : Gautam Bajoria

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
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HFCL	18/7/2000	2001117	BUY	17540	1349.90
HFCL	18/7/2000	2001117	BUY	11700	1349.50
HFCL	18/7/2000	2001117	BUY	9360	1349.30
HFCL	18/7/2000	2001117	BUY	12170	1349.10
HFCL	18/7/2000	2001117	BUY	8650	1349.90
HFCL	18/7/2000	2001117	BUY	13550	1349.60
HFCL	18/7/2000	2001117	BUY	9200	1349.40
HFCL	18/7/2000	2001117	SELL	17650	1430.10
HFCL	18/7/2000	2001117	SELL	6540	1430.40
HFCL	18/7/2000	2001117	SELL	8100	1431.50
HFCL	18/7/2000	2001117	SELL	14970	1431.10
HFCL	18/7/2000	2001117	SELL	7740	1431.00
HFCL	18/7/2000	2001117	SELL	9970	1430.90
HFCL	18/7/2000	2001117	SELL	9200	1430.60
HFCL	18/7/2000	2001117	SELL	8000	1430.10
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.6666545					

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
SATYAM	31/7/2000	2001119	BUY	6860	2327.90
SATYAM	31/7/2000	2001119	BUY	4730	2327.60
SATYAM	31/7/2000	2001119	BUY	7100	2326.30
SATYAM	31/7/2000	2001119	BUY	5450	2326.20
SATYAM	31/7/2000	2001119	BUY	6190	2325.80
SATYAM	31/7/2000	2001119	BUY	8630	2325.50
SATYAM	31/7/2000	2001119	BUY	6040	2325.30
SATYAM	28/7/2000	2001119	SELL	8350	2541.10
SATYAM	28/7/2000	2001119	SELL	4200	2541.50
SATYAM	28/7/2000	2001119	SELL	7640	2543.00
SATYAM	28/7/2000	2001119	SELL	6170	2542.40
SATYAM	28/7/2000	2001119	SELL	9780	2543.70
SATYAM	28/7/2000	2001119	SELL	8860	2542.10
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.9723964.00					

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	27/9/2000	2001127	BUY	8370	1250.50
HFCL	27/9/2000	2001127	BUY	6210	1250.50
HFCL	27/9/2000	2001127	BUY	2980	1249.40
HFCL	27/9/2000	2001127	BUY	11960	1249.80
HFCL	27/9/2000	2001127	BUY	7800	1249.50
HFCL	27/9/2000	2001127	BUY	12680	1248.70
HFCL	27/9/2000	2001127	BUY	840	1249.45
HFCL	22/9/2000	2001127	SELL	7870	1439.00
HFCL	22/9/2000	2001127	SELL	6520	1441.10
HFCL	22/9/2000	2001127	SELL	3850	1442.50
HFCL	22/9/2000	2001127	SELL	4890	1442.00
HFCL	22/9/2000	2001127	SELL	9740	1441.90
HFCL	22/9/2000	2001127	SELL	5300	1441.50
HFCL	22/9/2000	2001127	SELL	11830	1441.10
HFCL	22/9/2000	2001127	SELL	840	1438.50
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.9733867.00					

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
GLOBTELE	10/10/2000	2001128	BUY	3870	1051.60
GLOBTELE	10/10/2000	2001128	BUY	9850	1051.90
GLOBTELE	10/10/2000	2001128	BUY	6660	1051.40
GLOBTELE	10/10/2000	2001128	BUY	4675	1050.60
GLOBTELE	10/10/2000	2001128	BUY	8100	1050.20
GLOBTELE	10/10/2000	2001128	BUY	7490	1050.40
GLOBTELE	10/10/2000	2001128	BUY	9355	1050.90
GLOBTELE	10/10/2000	2001128	BUY	2000	1052.40
GLOBTELE	29/9/2000	2001128	SELL	10700	1185.10

GLOBTELE	29/9/2000	2001128	SELL	6430	1185.50
GLOBTELE	29/9/2000	2001128	SELL	4750	1185.80
GLOBTELE	29/9/2000	2001128	SELL	5050	1186.00
GLOBTELE	29/9/2000	2001128	SELL	8390	1185.20
GLOBTELE	29/9/2000	2001128	SELL	7680	1186.20
GLOBTELE	29/9/2000	2001128	SELL	7600	1186.30
GLOBTELE	29/9/2000	2001128	SELL	1400	1186.10

NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT

RS.7000577.50

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	16/10/2000	2001129	BUY	11700	1009.40
HFCL	16/10/2000	2001129	BUY	8790	1008.90
HFCL	16/10/2000	2001129	BUY	9180	1008.30
HFCL	16/10/2000	2001129	BUY	7260	1007.90
HFCL	16/10/2000	2001129	BUY	12600	1008.10
HFCL	16/10/2000	2001129	BUY	10470	1009.00
HFCL	13/10/2000	2001129	SELL	6700	1076.40
HFCL	13/10/2000	2001129	SELL	9340	1077.00
HFCL	13/10/2000	2001129	SELL	6870	1077.40
HFCL	13/10/2000	2001129	SELL	4700	1077.70
HFCL	13/10/2000	2001129	SELL	5140	1078.10
HFCL	13/10/2000	2001129	SELL	12650	1078.50
HFCL	13/10/2000	2001129	SELL	14600	1077.90
DSQ	16/10/2000	2001129	BUY	9700	423.40
DSQ	16/10/2000	2001129	BUY	8670	422.80
DSQ	16/10/2000	2001129	BUY	10850	420.60
DSQ	16/10/2000	2001129	BUY	11940	420.30
DSQ	16/10/2000	2001129	BUY	13840	421.10
DSQ	13/10/2000	2001129	SELL	17600	443.20
DSQ	13/10/2000	2001129	SELL	14370	442.90
DSQ	13/10/2000	2001129	SELL	8760	441.70
DSQ	13/10/2000	2001129	SELL	14270	440.90
ZEE	16/10/2000	2001129	BUY	17400	360.10
ZEE	16/10/2000	2001129	BUY	29600	359.60
ZEE	16/10/2000	2001129	BUY	9540	359.20
ZEE	16/10/2000	2001129	BUY	14370	359.00
ZEE	16/10/2000	2001129	BUY	18550	358.60
ZEE	16/10/2000	2001129	BUY	10540	358.30
ZEE	13/10/2000	2001129	SELL	22900	377.60
ZEE	13/10/2000	2001129	SELL	15750	377.90
ZEE	13/10/2000	2001129	SELL	18790	378.10
ZEE	13/10/2000	2001129	SELL	9070	378.30
ZEE	13/10/2000	2001129	SELL	8600	378.60
ZEE	13/10/2000	2001129	SELL	11300	378.80
ZEE	13/10/2000	2001129	SELL	13590	378.50
SATYAM	16/10/2000	2001129	BUY	12850	362.30
SATYAM	16/10/2000	2001129	BUY	4860	362.00
SATYAM	16/10/2000	2001129	BUY	6960	361.70
SATYAM	16/10/2000	2001129	BUY	3270	361.10
SATYAM	16/10/2000	2001129	BUY	9650	361.40
SATYAM	16/10/2000	2001129	BUY	7410	362.00
SATYAM	13/10/2000	2001129	SELL	4900	390.20
SATYAM	13/10/2000	2001129	SELL	7670	390.60
SATYAM	13/10/2000	2001129	SELL	9850	390.80
SATYAM	13/10/2000	2001129	SELL	11090	391.10
SATYAM	13/10/2000	2001129	SELL	6400	390.40
SATYAM	13/10/2000	2001129	SELL	5090	391.50

NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT

RS.8478566.00

Name of the scrip	Date of transaction	Settlement No.	Buy/Sell	Quantity	Price (Rs.)
HFCL	26/12/2000	2001139	BUY	4830	1045.60
HFCL	26/12/2000	2001139	BUY	5760	1047.50

HFCL	26/12/2000	2001139	BUY	6320	1048.00
HFCL	26/12/2000	2001139	BUY	7170	1048.20
HFCL	26/12/2000	2001139	BUY	8090	1047.80
HFCL	26/12/2000	2001139	BUY	2830	1046.90
HFCL	22/12/2000	2001139	SELL	8940	1276.20
HFCL	22/12/2000	2001139	SELL	7690	1277.10
HFCL	22/12/2000	2001139	SELL	4870	1277.60
HFCL	22/12/2000	2001139	SELL	2980	1278.80
HFCL	22/12/2000	2001139	SELL	4790	1277.90
HFCL	22/12/2000	2001139	SELL	5730	1277.40
NET AMOUNT RECEIVABLE AS PER DIFFERENCE STATEMENT					
RS.8041275.00					

5.2 I find that the member admitted the above instances. Enquiry Officer in his report noted the submission of the member that the prices are within the price range permissible under exchange rules and are within the member's network and capital adequacy. SEBI vide Circular dated 14.09.1999 banned all negotiated deals, cross deals etc. which include Off-the-floor transactions also. In the said circular it had been notified that all negotiated deals shall be permitted only if the said deals are executed on the screens of the Exchange i.e. the price and order matching mechanism of the Exchange like any other normal trade. It was explained in the said circular that the above decision was taken as negotiated deals avoid transparency requirement, do not contribute to price discovery and investors do not have benefit of the best possible price and militate against the basic concept of the stock exchanges which are meant to bring together a large number of buyers and sellers in an open manner.

5.3 In view of the above, the member should not have executed off the floor transactions otherwise than through the trading mechanism of the exchange. This is in violation of SEBI Circular SMDRP/ Policy/CIR-32/99 dated 14/09/1999. Infact, CSE notified the SEBI circular 14.09.99 on the off market trades to its members vide its notice dated 16.09.99.

5.4 Further, I find from the above instances that the quantity and value of such transactions are also quite high. Off market deals do not lend transparency and distort the true price discovery process in the regular market since the investors would not be aware of the large scale unauthorized transactions taking place outside the market system which if executed on the screen based system would have an impact on the demand and supply of the shares and consequently on the prices. Conducting such off market transactions outside the price order mechanism of the exchange is, therefore, a serious irregularity which is in violation of SEBI Circular dated 14/9/1999. Such transactions also attracts Regulation 4(a) and (b) of SEBI (Prohibition of Fraudulent and unfair Trade Practices Relating to Securities Markets) Regulations, 1995. Such deals are also in violation of item 4 & 5 of clause A of Code of Conduct read with regulation 7 of Broker Regulations.

Regulation 4 (a) and (b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995, provides that:

No person shall -

(a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;

(b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;

Item 4 & 5 of clause A of Code of Conduct read with regulation 7 of Broker Regulations.

III. Malpractices : A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stock-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

IV. Compliance with statutory requirements : A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.

5.5 I find that the member received and paid funds to fellow brokers of the Exchange as under without there being corresponding transactions in securities.

No.	Broker	Date	Paid/Recd	Amount
1	SANJAY KHEMANI	12/09/00	Paid	14900000.00
2	SANJAY KHEMANI	21/10/00	Recd	20000000.00
3	HC BIYANI	31/1/01	Paid	13700000.00
4	HC BIYANI	6/1/01	Recd	16300000.00
5	HC BIYANI	21/2/01	Paid	17000000.00
6	GAUTAM BAJORIA	12/09/00	Paid	10000000.00
7	GAUTAM BAJORIA	30/10/00	Recd	3400000.00
8	AK PODDAR	21/07/00	Recd	8350000.00
9	GAUTAM BAJORIA	13/12/00	Paid	2900000.00
10	GAUTAM BAJORIA	30/8/00	Paid	9200000.00

11	AK PODDAR	16/6/00	Paid	6700000.00
12	AK PODDAR	06/07/00	Recd	8050000.00
13	DK SINGHANIA	03/08/00	Recd	1000000.00
14	SANJAY KHEMANI	03/08/00	Recd	3150000.00
15	DK SINGHANIA	27/7/00	Recd	1700000.00
16	DK SINGHANIA	20/7/00	Recd	1500000.00
17	DK SINGHANIA	20/7/00	Recd	1500000.00
18	AK PODDAR	23/11/00	Recd	1150000.00
19	DK SINGHANIA	5/7/00	Paid	7700000.00
20	DK SINGHANIA	28/6/00	Paid	2200000.00
21	DK SINGHANIA	23/6/00	Recd	6100000.00

5.6 I find that the member received substantial amounts and also paid substantial amounts to the fellow brokers as can be seen from the above table without there being corresponding transactions in securities. I have also noted that the member admitted that it received funds and made payments to others as shown above.

Rule 8(1) (f) of SC(R) Rules, 1957 reads as under:-

Qualifications for membership of a recognized stock exchange

The rules relating to admission of members of a stock exchange seeking recognition shall inter alia provide that:-

1. No person shall be eligible to be elected as a member if –

(f) he is engaged as principal or employee in any business other than that of a securities except as a broker or agent not involving any personal financial liability unless he undertakes on admission to sever his connection with such business.

Provided that the SEBI may, for reasons sufficient in the opinion of the said (Board) permit a recognized stock exchange to suspend the enforcement of this clause for a specified period on condition that the applicant is not associated with or is a member of a subscriber to or shareholder or debenture holder in or connected through a partner or employee with any other organization, institution, association, company or corporation in India where forward business of any kind whether in goods or commodities or otherwise is carried on or in not engaged as a principal or employee in any such business;

5.7 I find that in the absence of corresponding transactions in securities for such huge flow of funds in crores of rupees between the member and others the member had violated Rule 8(1)(f) of SC (R) Rules, 1957.

1. In view of the above, I find that by indulging in off market deals the member violated SEBI Circular No.SMDRP/Policy/Cir-32/99 dated September 14, 1999 which prohibits all negotiated deals unless such deals are executed on the screen of the exchange in the price and order matching mechanism of the exchange. Such transactions also attracts Regulation 4(a) and (b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 1995 and also item 4 & 5 of Clause A of the Code of Conduct as specified in Schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub-Brokers) Regulations 1992. Further, I find that the member received funds and made payments to other fellow members and as a consequence violated rule 8 (1) (f) of SC (R) Rules 1957.
2. I have no hesitation to agree with the findings of the enquiry officer that the member indulged in large scale off the floor transactions which interfere with fair and smooth functioning of price discovery mechanism of the exchange. The said acts of the member militate against the very concept of a stock exchange which draws large number of investors before it to deal in a transparent atmosphere. Further, the member received substantial amounts and also paid substantial amounts to the fellow brokers without there being corresponding transactions in securities. Such practices shake confidence of investors in securities market. The violations cannot be taken lightly particularly when the same are in the nature of disturbing the equilibrium of the market and hindering the interest of investors and the development of capital market.
3. I am satisfied that this is a fit case to impose major penalty suspending the registration of the member. Therefore, in exercise of the powers conferred upon me by Section 19 of SEBI Act, 1992 read with sub-regulation (4) of Regulation 13 of the said Regulations, I hereby suspend the certificate of registration of M/s Pradeep Kayan & Co. for a period of six months.
4. This order shall come into force after 3 weeks from the date of the order.

Place: Mumbai

Date: 9th Feb., 2004

A K BATRA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA