

SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER
ORDER UNDER SECTION 11(4) OF THE SEBI ACT, 1992
IN THE MATTER OF N KHEMANI & Co., MEMBER OF CALCUTTA STOCK
EXCHANGE

CO/202/MRD/02/2004

1. M/s N Khemani & Co. is a member of the Calcutta Stock Exchange and is registered with SEBI as a stock broker with Registration No. INB031085815.
2. The Securities and Exchange Board of India (hereinafter referred to as SEBI) initiated investigation against Shri Ketan Parekh and some entities associated with him (hereinafter referred to as KP Group) and also some brokers of the Calcutta Stock Exchange (hereinafter referred to as the CSE) including M/s N Khemani (hereinafter referred to as the broker) for alleged market manipulation. During the course of investigation, SEBI prima facie found that several lapses and violations have been found committed by the broker, which resulted in market manipulation.
3. A show cause notice dated November 7, 2002 was issued to the broker, stating the alleged lapses and violations, to show cause as to why appropriate directions should not be issued under sections 11 and 11B of the SEBI Act, 1992 restraining him from trading or dealing in securities market pending completion of investigations. The main allegations in the Show cause notice are interalia as under :
 - (1) That the broker by transacting in huge volumes of off the floor transactions organized a parallel stock exchange for the purpose of assisting in, entering into or performing contracts in Securities and also by concealing

these off the floor transactions, appears to have acted in violation of Section 19(1) of the Securities Contract Regulations Act, 1956.

- (2) That by concealing the dealings of the clients including the KP Group and by giving wrong declarations to CSE, the broker avoided compliance with the prudential exposure limits and margin requirements of CSE prevailing during the relevant period and thereby, interfered with the fair and smooth functioning of the market in violation of Regulation 4(b) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 1995.
- (3) Violation of Regulation 7 of SEBI (Stock Brokers & Sub Brokers) Regulations, 1992 read with Clause A (1, 4 &5) of Code of Conduct stipulated in Schedule II of the said Regulations.
4. Opportunity of hearing was given to the broker twice on 30.11.2002 and 18.12.2002. The broker failed to avail the opportunity of hearing. After carefully considering the submissions of the broker made vide letters dated 18.11.2002 and 17.12.2002, an interim order dated 21.01.2003 was passed debarring the broker from associating with securities market activities and dealing in securities market till the completion of investigation and enquiry. During the said period, the broker was directed not to buy, sell or deal in the securities market directly or indirectly.
5. SEBI vide order dated 15.11.02 appointed an Enquiry Officer to enquire into the alleged violations of -
 - (i) Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995;
 - (ii) Rule 4 (b) of SEBI (Stock Brokers and Sub Brokers) Rules, 1992, Regulation 17(1)(k) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 and regulation 7 of the Regulations read with

clauses A(1), (4) & (5) of the Code of Conduct stipulated in Schedule II of the Regulations;

- (iii) Section 19 (1) of the Securities Contracts (Regulation) Act, 1956;
- (iv) CSE's Notice dated 16th September, 1999 and CSE's bye-laws 332 and 334 (iii);
- (v) Violation of SEBI Circular:-

(a) SMDRP/Policy/Cir-32/99 dated September 14th, 1999 on negotiated deals, off-the-floor transactions, synchronized deals, cross deals etc,

6. The Enquiry Officer after conducting the enquiry according to the procedure laid down in the SEBI (Procedure for holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as the "Enquiry Regulations") submitted his report dated 18.06.2003 recommending a penalty of suspension of the certificate of registration for a period of two years.

7. After submission of the said Enquiry Report, a show cause notice dated July 03, 2003 as per Sub Regulation (2) of Regulation 13 of Enquiry Regulations was issued to the broker. The broker replied vide his letter dated 17.07.2003 to the said show cause notice making, *inter-alia*, the following submissions.

7.1 The broker submitted that it had not been provided with the relevant documents and further that it doesn't know as to how the figures of buying value of Rs.32,49,35,189.00 and selling value of Rs.32,58,39,928.00 = turnover of Rs. 65,07,75,117.00 has been arrived at. Further, the broker stated that the said figures have been worked out as a result of investigation carried out by SEBI and the data furnished by it and the data only reflected the debit and credit and it did not contain the separate value of off floor transaction not reported. The figure ought to have been worked

out by comparing the data furnished by it and the figures obtained or supplied by CSE. Hence, the broker stated that, it is absolutely necessary to know the data obtained from CSE in this regard to ascertain the anomaly / discrepancy, if any.

7.2 The broker submitted that though the Enquiry Report contains a mechanical reproduction of its contentions, it does not deal with the contentions to conclusively prove the alleged violation. The Enquiry Report also does not state or mention the documents relied by the Enquiry Officer to hold that the broker is in violation of the Act, Regulation or the Circulars mentioned therein. The broker further submitted that neither the show cause notice nor the enquiry report shows how this figure is arrived at. It is also silent as to the documents relied upon to arrive at this figure. Even the Tables provided in the show cause notice and the Enquiry Report do not reveal how these figures are arrived at.

7.3 The broker stated that the data furnished by it contained inter alia, the client ledger account reflecting the transactions of debit and credit. It appears that the debit and credit are interpreted as buying and selling or vice versa. With regard to the alleged off floor transaction, the broker submitted that the same amounts to the compulsory carry forward on account of book closure and market Badla done in the CSE, which are not accountable to off floor deals as elaborated by the following chart.:

Settl No.	Qty., Share & Rate	Sale Value	Buy Value
2001123	65679, HFCL, @ 1434.70	94229661.00	103187416.00
	127872, Zee, @522.70	66838694.00	64915668.00
2001124	55679, HFCL,@ 1627.60	90623140.00	87266436.00
	127872, Zee,@543.50	69498432.00	64915668.00
	Total	321189927.00	320285188.00

7.4 The broker submitted that the above can also be verified from (a) The Delivery and receipt Instruction received from CSE for the settlement

numbers referred above and (b) the Carry Forward Badla Sheet (Badla Break up Report for Settlements) from CSE Association Ltd. The broker alleged that both the documents, though produced by the broker along with the Reply dated 17.12.2002, was blatantly overlooked by the Enquiry Officer, without offering any reason.

7.5 The broker admittedly stated that it has not carried any off floor transaction apart from a transaction of 2000 shares of HFCL, as shown below :

BOUGHT		
Date	Qty, Share & Value	Buy Value
29.1.01	2000, HFCL, @ 1265	2530000.00
SOLD		
1.2.01	2000, HFCL, @ 1060	2120000.00
	TOTAL	4650000.00

7.6 The broker submitted that the off floor transaction of 2000 shares of HFCL valued at Rs.25,30,000.00 is merely 0.016% of its total turnover from the starting till date. The broker stated that the above remained to be reported by mistake, which was unintentional error should not be made a ground to penalize it who has always made timely payment, margin and all other obligations of a broker.

7.7 The broker submitted that the Enquiry Officer has come to the conclusion that the total off market deals came to Rs.65.07 crores by adding the total buy value of Rs.32.49 crores and total sale value of Rs.32.58 crores with the admitted off floor transaction of Rs.46.5 lakhs (32.49 crores + 46.5 lakhs = 65.07 crores). Thus the broker stated that the above tables show that the off floor deals comes to just Rs.46.5 lakhs, which is admitted by the broker.

7.8 With regard to the alleged violation of Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities market) Regulations, the broker submitted the acts of the broker does not fall

under any of the clauses (a) to (d) of the said regulation and with regard to SEBI (Stock Brokers and Sub Brokers) Rules and Regulations, 1992 and the code of conduct, the broker submitted that it has maintained high standards of integrity, promptitude and fairness in the conduct of the business and has honoured all the deals and thereby proved beyond doubt that it has more than adequate capital, which is fully commensurate with its financial soundness.

7.9 With regard to Section 19 (1) of the Securities Contracts (Regulation) Act, 1956, the broker submitted that out of the alleged off floor transaction, only two remained to be reported to the CSE. This was an unintentional mistake due to oversight, which was never repeated. With regard to the alleged violation of SEBI Circular No.SMDRP/POLICY/CIR-32/99 dated 14.9.1999, the broker submitted that the said circular deals with negotiated deals, which was not entered into by the broker and moreover, there is no finding in the Enquiry Report, which conclusively proves that it has entered into such deals.

7.10 The broker submitted that the concerned Authorities sealed its Office and hence they could not receive the letters intimating the hearing dates. But the letters sent to the residential address was duly received. The broker further stated that though the present address was provided, the Enquiry Officer did not intimate any hearings, and proceeded to complete the enquiry and submit the Report. The broker submitted that this very act of the Enquiry officer is violative of natural principals and fair trial.

7.11 The broker submitted that the recommended penalty of 2 years suspension of registration in the Report against it is unreasonable and unfair. The quantum of the off floor transaction as alleged, forms an insignificant part of the total volume of the transactions. The broker further stated that as there is no intentional and / or deliberate violation of the regulations, the recommended penalty therefore has no nexus with the offence if any, which the broker denies.

8. Subsequently, an opportunity of hearing was given to the broker on 20.10.2003. Ms. Sony Jose George, Mr. Advait Sethna, Ms. Geeta Mathur and Mr. Sugata Gosh of Singhania & Co. attended the hearing and made submissions. On request, 7 days time was given to file their written submissions containing the submissions made during the hearing. The broker vide letter dated 27.10.2003 furnished its reply. Most of the submissions were reiterating its earlier submissions made vide letter dated 18.07.2003. The submission in addition, *inter-alia*, are as follows:

(1) The broker stated that it has been the consistent case of N. Khemani that the transactions mentioned as off floor by the Enquiry Officer is not so, but are compulsory carry forward transactions on account of book closure and market badla done in the CSE. In evidence the broker had produced the documents generated by the CSE Association Ltd.:

- i. The Delivery and Receipt Instruction for settlement nos. 2001123 and 2001124 (Final Receipt Statement and Member wise daily margin position Report) and
- ii. The Carry Forward Badla Sheet (Badla Break Up Report For Settlements)

(2) The broker stated the above documents will reveal the relevant details of the transactions such as the Settlement Number, Scrip, Book Closure Date, Quantity, Member Name, Delivery Number, Rate, Value etc. The details mentioned in the document correspond to the transactions mentioned by SEBI as off the Floor. Moreover, since the CSE itself has generated these documents, the trades cannot be termed as Off the Floor as the primary requirement to term any transaction to be Off Floor is that it has to be done outside CSE system.

(3) Further, at the time of inspection on 18th August 2003, the broker stated that it was provided with the individual transactions which are considered to be Off Floor by SEBI. The reason stated for considering these trades as Off Floor was that the trade IDs of these transactions was not available in the data provided by N. Khemani to SEBI. The broker further submitted

that these transactions being carry forward trades, the Trade IDs will be available in the previous settlement from which these trades were carry forwarded.

- i. The broker stated that the alleged Off Floor transactions are of 01.09.2000 and 08.09.2000. In the previous settlement dates, i.e. 25.08.2000 and 01.09.2000, the Trade IDs of these transactions can be identified from those settlement dates.
 - ii. The Trade IDs so identified from the previous settlement, the date of trade and the settlement number along with the data provided by the SEBI at the time of inspection was produced as "Exh. D". The broker stated that the column No.1 to 10 has been retained as they were provided by SEBI (as Exh. C) and column No.11 has been inserted and the same provides the corresponding Trade ID of the transactions.
 - iii. The broker stated that now that the Trade IDs of the transactions found to be Off Floor by SEBI are also available with SEBI, these trades cannot be termed as Off floor.
 - iv. The broker admitted that it has done Off Floor transaction of 2000 shares of HFCL, (the last four trades in Exh. C and D). The transaction of 2000 shares of HFCL amounts to merely 0.016% of the total turnover. That the above remained to be reported by mistake, which was unintentional. The broker further stated that that this was unintentional and one time error should not be made a ground to penalize it who has always made timely payment, margin and its obligations as broker.
 - v. The broker stated that a combined reading of Exh. A, B and D will reveal that these transactions were done through CSE only. In these circumstances, the broker requested that the penalty of suspension of two years may be set aside.
9. I have carefully considered the Enquiry Report and the submissions made by the broker before me and vide letters dated 18.07.2003 and 27.10.2003. My findings are as under:

9.1 Regarding the submission of the member that it has not been provided any material data to which it is legally entitled and that the enquiry cannot go beyond the show cause notice and the show cause notice dated 11.12.2002 was deficient in as much as the same did not disclose the material facts relating to the charges enumerated in the Enquiry Report, I find no merit in the submissions of the member. An Enquiry Officer was appointed vide order dated 15.11.2002. The findings as per regulations/allegations was furnished with the showcause notice dated 11.12.2002 containing detailed charges and allegations. It also cited the instances of violations and also gave particulars and details of transactions such as off market deals, matching transactions etc. The Enquiry Officer in the course of the proceedings gave several opportunities of personal hearing. After the submission of the Enquiry Report dated 18.6.2003, a show cause notice dated 3.07.2003 was issued to the broker, enclosing a copy of the Enquiry report, seeking comments of the broker on the findings of the Enquiry Officer. Subsequently, the broker was given an opportunity of personal hearing before me on 20.10.2003. In all the aforesaid instances, the broker never appeared in person to explain its case.

9.2 Further, the data collected from the broker on which SEBI relied to pass interim order dated 21.01.2003 was provided to the broker vide SEBI letter dated 05.12.2002. Also, as requested by the broker the inspection of documents that were relied upon by the Enquiry Officer were provided on 18.08.2003 to the broker. Therefore, there is no truth in the submissions of the broker that he was not provided with any material or the enquiry was conducted beyond the scope of show cause notice.

9.3 I find that the broker traded on behalf of Ketan Parekh entities on a large scale. The total trades of the broker categorized according to groups viz., the brokers(self) & its group entities, Ketan Parekh & his entities and Other clients and the groupwise trade details are as below:

	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	%
Self & Group	3827927	3827927	1919687969	1931455945	3851143914	23.62

Entities						
KP entities	10659596	9906494	6398177893	5555099627	11953277519	73.32
Other clients Outside CSE	0	377102	0	321189928	321189928	1.97
Other clients at CSE	253129	253129	86361007	90301516	176662522	1.08
Total trades	14740652	14364652	8404226868	7898047016	16302273884	100.00

9.4 It is seen from the above table that Ketan Parekh entities constitutes 73.32% of total trades done by the broker during 2000-2001 and the Self and group entities constitutes only 23.62% of the total trades done by the broker during 2000-2001. Further the clients' trades (other than self and Ketan Parekh's group trades) were only 1.08% at CSE and 1.97% outside CSE by way of off-the floor transactions during 2000-2001.

9.5 I find scripwise trading details of Ketan Parekh and his associate group/entities in 2000-01 through the broker are as under:

SCRIP	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	%
HIMAFUTU	2206184	1708826	2956590287	2221605395	5178195682	43.32
Zee TV	4425237	4169493	1523866293	1416210095	2940076388	24.60
GLOBAL TELE	537947	537947	556338262	559511158	1115849420	9.34
SILVERLINE	1497999	1497999	480497513	472796722	953294236	7.98
SATYAM	837209	837209	330276184	328202482	658478665	5.51
SQRDSOFT	365520	365520	222575216	231328727	453903943	3.80
R I L	518000	518000	184054408	183085230	367139638	3.07
ITC Ltd	86000	86000	77621265	76626300	154247565	1.29
PENTASOFT	75000	75000	33607500	34416814	68024314	0.57
Tata Tea	110500	110500	32750965	31316705	64067670	0.54
Total	10659596	9906494	6398177893	5555099627	11953277519	100.00

It may be seen from the above table that Ketan Parekh and his group/associate entities had done considerable trades in HFCL, Zee TV, Global Tele, Silverline & Satyam having 43.32%, 24.60%, 9.34%, 7.98% & 5.51% respectively of the total volume of his trades of Rs.1195.33 crores.

9.6I find settlement wise trading details of Ketan Parekh and his associate group/entities during 2000-01 through the broker for all scrips are as below :-

SCRIP	SETT DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	B_RATE	S_RATE
GLOBAL TELE	01-09-00	14381	14381	19486424	20416513	135501	141969
GLOBAL TELE	08-09-00	67854	67854	101966851	110363120	150274	162648
GLOBAL TELE	15-09-00	45000	45000	67948154	59801500	150996	132892
GLOBAL TELE	13-10-00	48178	48178	50773585	54350062	105387	112811
GLOBAL TELE	10-11-00	75000	75000	82860211	82423025	110480	109897
GLOBAL TELE	17-11-00	20000	0	21333000	0	106665	000
GLOBAL TELE	17-11-00C	0	20000	0	21408000	000	107040
GLOBAL TELE	24-11-00	25000	20466	26665000	22165735	106660	108305
GLOBAL TELE	24-11-00C	20000	24534	21463400	25439305	107317	103690
GLOBAL TELE	01-12-00	0	20000	0	22298000	000	111490
GLOBAL TELE	01-12-00C	24534	4534	25501821	51111178	103945	112730
GLOBAL TELE	08-12-00	5466	10000	6503706	11339000	118985	113390
GLOBAL TELE	08-12-00C	4534	0	5124554	0	113025	000
GLOBAL TELE	12-01-01	40000	0	25819000	0	64548	000
GLOBAL TELE	12-01-01C	0	40000	0	26220000	000	65550
GLOBAL TELE	19-01-01C	40000	40000	26288568	29324000	65721	73310
GLOBAL TELE	26-01-01C	40000	25000	29395440	17102500	73489	68410
GLOBAL TELE	02-02-01	6500	10000	4271150	6730570	65710	67306
GLOBAL TELE	02-02-01C	25000	21500	17146500	14136250	68586	65750
GLOBAL TELE	09-02-01	0	21500	0	13671650	000	63589
GLOBAL TELE	09-02-01C	21500	15000	14170650	9598500	65910	63990
GLOBAL TELE	16-02-01	0	15000	0	7612250	000	50748
GLOBAL TELE	16-02-01C	15000	0	9620250	0	64135	000
HIMAFUTU	14-07-00	30000	0	41665707	0	138886	000
HIMAFUTU	14-07-00C	0	30000	0	41643000	000	138810
HIMAFUTU	21-07-00	55000	85000	74931996	104838500	136240	123339
HIMAFUTU	21-07-00C	30000	0	41769993	0	139233	000
HIMAFUTU	28-07-00	55000	55000	76377842	75267500	138869	136850
HIMAFUTU	04-08-00	29000	64000	43644573	85673114	150499	133864
HIMAFUTU	04-08-00C	35000	0	48093850	0	137411	000
HIMAFUTU	11-08-00	50000	30000	72402387	45822500	144805	152742
HIMAFUTU	11-08-00C	0	20000	0	30414000	000	152070
HIMAFUTU	18-08-00	50000	45000	77220799	72293000	154442	160651
HIMAFUTU	18-08-00C	20000	11000	30496531	17232600	152483	156660
HIMAFUTU	25-08-00	55000	321	86145868	460924	156629	143590
HIMAFUTU	25-08-00C	11000	0	17553800	0	159580	000
HIMAFUTU	01-09-00	0	10000	0	16459000	000	164590
HIMAFUTU	01-09-00O	65679	0	103187416	0	157109	000
HIMAFUTU	08-09-00	45000	75679	76216058	128606272	169369	169937
HIMAFUTU	08-09-00C	0	25000	0	42847500	000	171390
HIMAFUTU	08-09-00O	55679	0	87266436	0	156731	000
HIMAFUTU	15-09-00	127260	77260	196455863	117588854	154374	152199
HIMAFUTU	15-09-00C	25000	0	42969432	0	171878	000
HIMAFUTU	22-09-00	255000	0	350002882	0	137256	000
HIMAFUTU	20-10-00	70000	35000	79786855	40670288	113981	116201
HIMAFUTU	20-10-00C	0	35000	0	40393500	000	115410
HIMAFUTU	26-10-00	36000	36000	47221316	45588600	131170	126635
HIMAFUTU	26-10-00C	35000	35000	40502872	45892000	115722	131120
HIMAFUTU	03-11-00C	35000	35000	46013250	47988500	131466	137110
HIMAFUTU	10-11-00	10000	10000	13248000	12659023	132480	126590
HIMAFUTU	10-11-00C	35000	35000	48111850	46588500	137462	133110
HIMAFUTU	17-11-00	46000	60000	59848423	75881500	130105	126469
HIMAFUTU	17-11-00C	35000	21000	46710590	28081200	133459	133720
HIMAFUTU	24-11-00	30000	21000	41703000	28757400	139010	136940
HIMAFUTU	24-11-00C	21000	30000	28153230	41664000	134063	138880
HIMAFUTU	01-12-00	32000	30000	48438662	43952161	151371	146507
HIMAFUTU	01-12-00C	30000	32000	41765042	48675200	139217	152110

SCRIP	SETT DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	B_RATE	S_RATE
HIMAFUTU	08-12-00	14000	5000	21991966	7804500	157085	156090
HIMAFUTU	08-12-00C	32000	31000	48801052	47780300	152503	154130
HIMAFUTU	15-12-00	79000	85000	104319733	116101285	132050	136590
HIMAFUTU	15-12-00C	31000	25000	47910533	31285000	154550	125140
HIMAFUTU	22-12-00	67566	65566	83277777	76681475	123254	116953
HIMAFUTU	22-12-00C	25000	40500	31382727	49786650	125531	122930
HIMAFUTU	29-12-00	28500	31500	36716168	42500880	128829	134923
HIMAFUTU	29-12-00C	40500	34000	49944670	45719800	123320	134470
HIMAFUTU	05-01-01C	34000	34000	45858100	38647800	134877	113670
HIMAFUTU	12-01-01	30000	30000	32624770	32563700	108749	108546
HIMAFUTU	12-01-01C	34000	34000	38753400	39701800	113981	116770
HIMAFUTU	19-01-01	10000	9000	12725000	11213000	127250	124589
HIMAFUTU	19-01-01C	34000	35000	39803022	44877000	117068	128220
HIMAFUTU	26-01-01	60000	85000	64449407	99051829	107416	116532
HIMAFUTU	26-01-01C	35000	0	44983442	0	128524	000
HIMAFUTU	02-02-01	115000	45000	116340500	44080069	101166	97956
HIMAFUTU	02-02-01C	0	48000	0	48801600	000	101670
HIMAFUTU	09-02-01	35000	38000	34917338	37166673	99764	97807
HIMAFUTU	09-02-01C	48000	45000	48913910	44874000	101904	99720
HIMAFUTU	16-02-01	0	45000	0	37029400	000	82288
HIMAFUTU	16-02-01C	45000	0	44972250	0	99938	000
ITC Ltd	15-12-00	75000	75000	69004965	68010000	92007	90680
ITC Ltd	02-02-01	11000	11000	8616300	8616300	78330	78330
PENTASOFT	25-08-00	75000	75000	33607500	34416814	44810	45889
R I L	07-07-00	150000	150000	54852324	55929000	36568	37286
R I L	14-07-00	200000	200000	72642853	71400000	36321	35700
R I L	21-07-00	50000	50000	17479430	16630000	34959	33260
R I L	04-08-00	100000	100000	33390000	33490430	33390	33490
R I L	10-11-00	18000	18000	5689800	5635800	31610	31310
SATYAM	28-07-00	10000	10000	24605550	24465941	246056	244659
SATYAM	01-09-00	50000	50000	30494225	30973000	60988	61946
SATYAM	22-09-00	30823	30823	14588198	14494820	47329	47026
SATYAM	26-10-00	100000	46175	34145262	15907288	34145	34450
SATYAM	26-10-00C	0	53825	0	18548095	000	34460
SATYAM	03-11-00	0	53825	0	19481792	000	36195
SATYAM	03-11-00C	53825	0	18599767	0	34556	000
SATYAM	01-12-00	270000	270000	96913600	93091169	35894	34478
SATYAM	08-12-00	100000	100000	39644653	39453266	39645	39453
SATYAM	22-12-00	50000	50000	15292500	15216221	30585	30432
SATYAM	29-12-00	159279	159279	50884902	51600244	31947	32396
SATYAM	02-02-01	6641	0	2549480	0	38390	000
SATYAM	02-02-01C	0	6641	0	2551472	000	38420
SATYAM	09-02-01	0	6641	0	2419175	000	36428
SATYAM	09-02-01C	6641	0	2558047	0	38519	000
SILVERLINE	14-07-00	55300	55300	22961680	24030332	41522	43454
SILVERLINE	25-08-00	262141	262141	102405805	104823571	39065	39987
SILVERLINE	01-09-00	75000	75000	31477500	29871955	41970	39829
SILVERLINE	22-09-00	211207	162000	81144201	59171645	38419	36526
SILVERLINE	22-09-00C	0	49207	0	17891665	000	36360
SILVERLINE	29-09-00	75793	125000	24580654	45822407	32431	36658
SILVERLINE	29-09-00C	49207	0	17937224	0	36453	000
SILVERLINE	19-01-01	50000	50000	11304580	11601667	22609	23203
SILVERLINE	26-01-01	190000	190000	49358410	48231700	25978	25385
SILVERLINE	02-02-01	309017	125000	83562177	31515024	27041	25212
SILVERLINE	02-02-01C	0	184017	0	46574703	000	25310
SILVERLINE	09-02-01	0	147700	0	36505390	000	24716
SILVERLINE	09-02-01C	184017	36317	46699834	9042933	25378	24900
SILVERLINE	16-02-01	0	36317	0	7713731	000	21240
SILVERLINE	16-02-01C	36317	0	9065450	0	24962	000
SQRDSOFT	08-09-00	125000	125000	90314000	94745100	72251	75796
SQRDSOFT	15-09-00	114500	114500	68754553	73418531	60048	64121
SQRDSOFT	29-09-00	101020	101020	52305887	52105097	51778	51579
SQRDSOFT	03-11-00	25000	25000	11200776	11060000	44803	44240
Tata Tea	02-02-01	31500	0	9320850	0	29590	000
Tata Tea	02-02-01C	0	31500	0	9349200	000	29680

SCRIP	SETT DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	B_RATE	S_RATE
Tata Tea	09-02-01	7500	0	2240250	0	29870	000
Tata Tea	09-02-01C	31500	39000	9374085	11536200	29759	29580
Tata Tea	16-02-01	1000	40000	251500	10431305	25150	26078
Tata Tea	16-02-01C	39000	0	11564280	0	29652	000
Zee TV	07-07-00	157424	157424	68979544	80779703	43818	51313
Zee TV	14-07-00	25000	25000	13040000	12880090	52160	51520
Zee TV	21-07-00	171000	171000	73633953	74326228	43061	43466
Zee TV	28-07-00	105568	205568	47960006	88320494	45430	42964
Zee TV	28-07-00C	100000	0	45061500	0	45062	000
Zee TV	04-08-00	0	50000	0	21039000	000	42078
Zee TV	04-08-00C	50000	0	21243000	0	42486	000
Zee TV	11-08-00	200000	85000	78514192	34692000	39257	40814
Zee TV	11-08-00C	0	115000	0	46333500	000	40290
Zee TV	18-08-00	163872	187000	70250126	89999437	42869	48128
Zee TV	18-08-00C	115000	91872	46461956	45816566	40402	49870
Zee TV	25-08-00	96000	60000	48728836	29454000	50759	49090
Zee TV	25-08-00C	91872	0	46661033	0	50789	000
Zee TV	01-09-00	127872	0	64915668	0	50766	000
Zee TV	08-09-00	25000	150000	13970000	82807717	55880	55205
Zee TV	08-09-00C	0	2872	0	1562081	000	54390
Zee TV	08-09-00O	127872	0	64915668	0	50766	000
Zee TV	15-09-00	100000	102872	51976337	44708557	51976	43460
Zee TV	15-09-00C	2872	0	1566848	0	54556	000
Zee TV	29-09-00	45000	45000	20258600	18211500	45019	40470
Zee TV	26-10-00	57500	0	17825000	0	31000	000
Zee TV	26-10-00C	0	57500	0	17652500	000	30700
Zee TV	03-11-00	0	57500	0	18727750	000	32570
Zee TV	03-11-00C	57500	0	17704038	0	30790	000
Zee TV	17-11-00	172000	0	48057600	0	27940	000
Zee TV	17-11-00C	0	172000	0	48830800	000	28390
Zee TV	24-11-00	0	10000	0	2874988	000	28750
Zee TV	24-11-00C	172000	162000	48970120	45441000	28471	28050
Zee TV	01-12-00	120000	130000	34551673	37114205	28793	28549
Zee TV	01-12-00C	162000	152000	45564717	49962400	28126	32870
Zee TV	08-12-00C	152000	152000	50104280	49658400	32963	32670
Zee TV	15-12-00	119885	111885	35669780	31684278	29753	28319
Zee TV	15-12-00C	152000	160000	49805240	44592000	32767	27870
Zee TV	22-12-00	35000	25000	9726500	6902500	27790	27610
Zee TV	22-12-00C	160000	170000	44746490	47362000	27967	27860
Zee TV	29-12-00C	170000	170000	47525297	44710000	27956	26300
Zee TV	05-01-01	0	125000	0	32240010	000	25792
Zee TV	05-01-01C	170000	45000	44862118	11214000	26389	24920
Zee TV	12-01-01	215000	50000	48815900	11303500	22705	22607
Zee TV	12-01-01C	45000	210000	11248200	47691000	24996	22710
Zee TV	19-01-01	90000	122000	22077000	32611038	24530	26730
Zee TV	19-01-01C	210000	178000	47827500	49697600	22775	27920
Zee TV	26-01-01	117500	230500	30679765	59964050	26110	26015
Zee TV	26-01-01C	178000	25000	49830833	6202500	27995	24810
Zee TV	02-02-01	55500	70000	13280050	16671750	23928	23817
Zee TV	02-02-01C	25000	10500	6220000	2504250	24880	23850
Zee TV	09-02-01	12000	0	2900400	0	24170	000
Zee TV	09-02-01C	10500	62500	2511075	15187500	23915	24300
Zee TV	16-02-01	0	62500	0	14479205	000	23167
Zee TV	16-02-01C	62500	0	15225450	0	24361	000

9.7 I find settlementwise delivery details of Panther Fincap with the broker during 2000-2001 are as under:

Date	SETT NO	Narration	Qnty	Scrip	Rate	Debit	Credit
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Date	SETT NO	Narration	Qty	Scrip	Rate	Debit	Credit
01-09-00	F2001122	DLVD	590	HIMACHAL	1565.10	923409.00	0.00
01-09-00	F2001122	DLVD	1100	HIMACHAL	1566.10	1722710.00	0.00
01-09-00	F2001122	DLVD	50	HIMACHAL	1567.00	78350.00	0.00
01-09-00	F2001122	DLVD	2311	HIMACHAL	1567.10	3621568.10	0.00
01-09-00	F2001122	DLVD	100	HIMACHAL	1567.20	156720.00	0.00
01-09-00	F2001122	DLVD	150	HIMACHAL	1567.60	235140.00	0.00
01-09-00	F2001122	DLVD	85	HIMACHAL	1568.10	133288.50	0.00
01-09-00	F2001122	DLVD	1000	HIMACHAL	1568.90	1568900.00	0.00
01-09-00	F2001122	DLVD	500	HIMACHAL	1569.00	784500.00	0.00
01-09-00	F2001122	DLVD	8114	HIMACHAL	1569.10	12731677.40	0.00
29-09-00	F2001126	DLVD	28140	HIMACHAL	1510.50	42505470.00	0.00
29-09-00	F2001126	DLVD	1500	HIMACHAL	1518.50	2277750.00	0.00
29-09-00	F2001126	DLVD	2050	HIMACHAL	1520.50	3117025.00	0.00
29-09-00	F2001126	DLVD	2500	HIMACHAL	1522.50	3806250.00	0.00
29-09-00	F2001126	DLVD	100	HIMACHAL	1525.40	152540.00	0.00
29-09-00	F2001126	DLVD	20352	HIMACHAL	1525.50	31046976.00	0.00
29-09-00	F2001126	DLVD	10	HIMACHAL	1526.50	15265.00	0.00
29-09-00	F2001126	DLVD	50	HIMACHAL	1527.50	76375.00	0.00
29-09-00	F2001126	DLVD	1500	HIMACHAL	1529.50	2294250.00	0.00
29-09-00	F2001126	DLVD	2500	HIMACHAL	1530.30	3825750.00	0.00
29-09-00	F2001126	DLVD	16298	HIMACHAL	1530.50	24944089.00	0.00
16-10-00	F2001127	DLVD	800	HIMACHAL	1343.50	1074800.00	0.00
16-10-00	F2001127	DLVD	250	HIMACHAL	1344.40	336100.00	0.00
16-10-00	F2001127	DLVD	1693	HIMACHAL	1344.50	2276238.50	0.00
16-10-00	F2001127	DLVD	500	HIMACHAL	1345.30	672650.00	0.00
16-10-00	F2001127	DLVD	1500	HIMACHAL	1345.40	2018100.00	0.00
16-10-00	F2001127	DLVD	13666	HIMACHAL	1345.50	18387603.00	0.00
16-10-00	F2001127	DLVD	500	HIMACHAL	1347.40	673700.00	0.00
16-10-00	F2001127	DLVD	1461	HIMACHAL	1347.50	1968697.50	0.00
16-10-00	F2001127	DLVD	200	HIMACHAL	1347.70	269540.00	0.00
16-10-00	F2001127	DLVD	449	HIMACHAL	1348.50	605476.50	0.00
16-10-00	F2001127	DLVD	5000	HIMACHAL	1349.00	6745000.00	0.00
16-10-00	F2001127	DLVD	62	HIMACHAL	1349.30	83656.60	0.00
16-10-00	F2001127	DLVD	100	HIMACHAL	1349.40	134940.00	0.00
16-10-00	F2001127	DLVD	2535	HIMACHAL	1349.50	3420982.50	0.00
16-10-00	F2001127	DLVD	1050	HIMACHAL	1350.20	1417710.00	0.00
16-10-00	F2001127	DLVD	3214	HIMACHAL	1350.30	4339864.20	0.00
16-10-00	F2001127	DLVD	2725	HIMACHAL	1350.40	3679840.00	0.00
16-10-00	F2001127	DLVD	39295	HIMACHAL	1350.50	53067897.50	0.00
16-10-00	F2001127	DLVD	2500	HIMACHAL	1375.40	3438500.00	0.00
16-10-00	F2001127	DLVD	12480	HIMACHAL	1375.50	17166240.00	0.00
16-10-00	F2001127	DLVD	49	HIMACHAL	1377.50	67497.50	0.00
16-10-00	F2001127	DLVD	4060	HIMACHAL	1378.50	5596710.00	0.00
16-10-00	F2001127	DLVD	2500	HIMACHAL	1378.90	3447250.00	0.00
16-10-00	F2001127	DLVD	10	HIMACHAL	1379.30	13793.00	0.00
16-10-00	F2001127	DLVD	7834	HIMACHAL	1379.50	10807003.00	0.00
16-10-00	F2001127	DLVD	10100	HIMACHAL	1380.00	13938000.00	0.00
16-10-00	F2001127	DLVD	2000	HIMACHAL	1380.20	2760400.00	0.00
16-10-00	F2001127	DLVD	15900	HIMACHAL	1380.30	21946770.00	0.00
16-10-00	F2001127	DLVD	3500	HIMACHAL	1380.40	4831400.00	0.00
16-10-00	F2001127	DLVD	26166	HIMACHAL	1380.50	36122163.00	0.00
16-10-00	F2001127	DLVD	10	HIMACHAL	1381.50	13815.00	0.00
16-10-00	F2001127	DLVD	200	HIMACHAL	1383.50	276700.00	0.00
16-10-00	F2001127	DLVD	1000	HIMACHAL	1384.40	1384400.00	0.00
16-10-00	F2001127	DLVD	5176	HIMACHAL	1384.50	7166172.00	0.00
16-10-00	F2001127	DLVD	5000	HIMACHAL	1384.90	6924500.00	0.00
16-10-00	F2001127	DLVD	11000	HIMACHAL	1385.00	15235000.00	0.00
16-10-00	F2001127	DLVD	500	HIMACHAL	1385.10	692550.00	0.00
16-10-00	F2001127	DLVD	3000	HIMACHAL	1385.20	4155600.00	0.00
16-10-00	F2001127	DLVD	13000	HIMACHAL	1385.30	18008900.00	0.00
16-10-00	F2001127	DLVD	10600	HIMACHAL	1385.40	14685240.00	0.00
16-10-00	F2001127	DLVD	43415	HIMACHAL	1385.50	60151482.50	0.00
22-12-00	F2001137	DLVD	931	HIMACHAL	1569.10	1460832.10	0.00
22-12-00	F2001137	DLVD	175	HIMACHAL	1570.10	274767.50	0.00
22-12-00	F2001137	DLVD	50	HIMACHAL	1570.30	78515.00	0.00

Date	SETT NO	Narration	Qnty	Scrip	Rate	Debit	Credit
22-12-00	F2001137	DLVD	347	HIMACHAL	1570.90	545102.30	0.00
22-12-00	F2001137	DLVD	1270	HIMACHAL	1571.10	1995297.00	0.00
22-12-00	F2001137	DLVD	35	HIMACHAL	1571.30	54995.50	0.00
22-12-00	F2001137	DLVD	23	HIMACHAL	1571.60	36146.80	0.00
22-12-00	F2001137	DLVD	250	HIMACHAL	1571.80	392950.00	0.00
22-12-00	F2001137	DLVD	2000	HIMACHAL	1571.90	3143800.00	0.00
22-12-00	F2001137	DLVD	4919	HIMACHAL	1572.10	7733159.90	0.00
04-01-01	F2001139	RECD	13500	HIMACHAL	1183.30	0.00	15974550.00
04-01-01	F2001140	DLVD	3500	HIMACHAL	1279.60	4478600.00	0.00
09-02-01	F2001144	DLVD	5000	GLOBAL TELE	734.89	3674450.00	0.00
09-02-01	F2001144	DLVD	10000	GLOBAL TELE	734.90	7349000.00	0.00
09-02-01	F2001144	DLVD	300	HIMACHAL	1077.10	323130.00	0.00
09-02-01	F2001144	DLVD	9700	HIMACHAL	1077.60	10452720.00	0.00
09-02-01	F2001144	DLVD	25000	ZEE TELE	251.50	6287500.00	0.00
09-02-01	F2001144	DLVD	15000	ZEE TELE	252.20	3783000.00	0.00
16-02-01	F2001145	DLVD	22000	HIMACHAL	1013.20	22290400.00	0.00
22-02-01	F2001146	RECD	40000	ZEE TELE	243.00	0.00	9720000.00
22-02-01	F2001146	RECD	9000	GLOBAL TELE	635.60	0.00	5720400.00
22-02-01	F2001146	RECD	6000	GLOBAL TELE	636.10	0.00	3816600.00
				Total		560375251.40	35231550.00

9.8 It is observed that the broker had transacted around Rs.385 crores which is around 23.62% of his total trades during 2000-2001. The segmentwise trades viz., carry forward transactions, trades done at CSE and trade done outside the CSE trading system (off-the floor) details are given below:

SELF + KHEMANI GROUP TRADES

TYPE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	PERCENTAGE
Carry Forward	3500	3500	5336625	5322450	10659075	0.28
CSE Trades	3820427	3820427	1909701344	1921483495	3831184839	99.48
Off the Floor	4000	4000	4650000	4650000	9300000	0.24
Grand Total	3827927	3827927	1919687969	1931455945	3851143914	100

It is seen from the above table that the broker had done 99.76% of his self & his group trades at CSE and around 0.24% only at outside CSE trading System by way of off-the floor transactions during 2000-2001.

9.9 I find the scripwise trading details of the broker and his associate group/entities in 2000-01 are as under:

SCRIP	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	%
HIMAFUTU	318507	318507	388752227	400439505	789191732	20.49
R I L	1079000	1079000	379492879	375645965	755138843	19.61
Zee TV	882702	882702	308582219	309360613	617942832	16.05
SATYAM	485478	485478	271043390	271818829	542862219	14.10

SCRIP	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	%
GLOBAL TELE	255074	255074	266096458	267465966	533562424	13.85
SILVERLINE	555500	555500	154667371	156059693	310727064	8.07
ITC Ltd	75000	75000	66731790	66892987	133624777	3.47
SQRDSOFT	94800	94800	51577444	50931771	102509215	2.66
PENTASOFT	81866	81866	32744192	32840617	65584808	1.70
Total	3827927	3827927	1919687969	1931455945	3851143914	100.00

It may be seen from the above table that the broker and its group/associate entities had done considerable trades in HFCL, Relinace, Zee TV, Satyam, Global Tele & Silverline having 20.49%, 19.61%, 16.05%, 14.10%, 13.85% & 8.07% respectively of the total volume of his trades of Rs.385.11 crores.

9.10 I find the settlement wise trading details of the broker and his associate group/entities in 2000-01 for all scrips are as below:

SCRIP	SETT DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	AV B RATE	AV S RATE
GLOBAL TELE	21-07-00	55000	55000	58543669	58135000	1064.43	1057.00
GLOBAL TELE	01-09-00	25000	25000	33748407	35375000	1349.94	1415.00
GLOBAL TELE	26-10-00	25000	25000	27070388	27425000	1082.82	1097.00
GLOBAL TELE	03-11-00	33654	33654	37954404	37896336	1127.78	1126.06
GLOBAL TELE	15-12-00	101420	101420	98680190	98518230	972.99	971.39
GLOBAL TELE	02-02-01	15000	15000	10099400	10116400	673.29	674.43
HIMAFUTU	21-07-00	30000	30000	38267208	41433062	1275.57	1381.10
HIMAFUTU	11-08-00	10000	0	14478400	0	1447.84	0.00
HIMAFUTU	11-08-00C	0	3500	0	5322450	0.00	1520.70
HIMAFUTU	18-08-00	10000	13500	15249603	21225900	1524.96	1572.29
HIMAFUTU	18-08-00C	3500	0	5336625	0	1524.75	0.00
HIMAFUTU	20-10-00	10000	5000	11195498	5816500	1119.55	1163.30
HIMAFUTU	26-10-00	25000	25000	30195887	31655500	1207.84	1266.22
HIMAFUTU	03-11-00	25000	25000	33125000	34085394	1325.00	1363.42
HIMAFUTU	17-11-00	25000	25000	31613560	32428516	1264.54	1297.14
HIMAFUTU	08-12-00	1	10001	1545	15611546	1544.90	1561.00
HIMAFUTU	15-12-00	50000	50000	67180000	67141339	1343.60	1342.83
HIMAFUTU	22-12-00	10000	0	11070000	0	1107.00	0.00
HIMAFUTU	29-12-00	0	3500	0	4476850	0.00	1279.10
HIMAFUTU	19-01-01	40000	48000	50785710	60491482	1269.64	1260.24
HIMAFUTU	26-01-01O	4000	4000	4650000	4650000	1162.50	1162.50
HIMAFUTU	02-02-01	20000	10000	20109000	10075000	1005.45	1007.50
HIMAFUTU	09-02-01	56006	66006	55494192	66025967	990.86	1000.30
ITC Ltd	15-12-00	50000	50000	44944290	45330000	898.89	906.60
ITC Ltd	22-12-00	25000	25000	21787500	21562987	871.50	862.52
PENTASOFT	18-08-00	31866	31866	14444680	14370617	453.29	450.97
PENTASOFT	03-11-00	50000	50000	18299512	18470000	365.99	369.40
R I L	07-07-00	50000	50000	18198628	18618609	363.97	372.37
R I L	14-07-00	10000	10000	3644900	3549000	364.49	354.90
R I L	21-07-00	199000	199000	69767885	67236285	350.59	337.87
R I L	04-08-00	225000	225000	75080000	75329497	333.69	334.80
R I L	11-08-00	250000	250000	84644000	84427560	338.58	337.71
R I L	18-08-00	50000	50000	16714950	16900013	334.30	338.00
R I L	01-09-00	205000	205000	74504534	72649000	363.44	354.39
R I L	09-02-01	90000	90000	36937982	36936000	410.42	410.40

SCRIP	SETT DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	AV B RATE	AV S RATE
SATYAM	07-07-00	7732	7732	25325722	24986606	3275.44	3231.58
SATYAM	28-07-00	15000	15000	36975000	36952000	2465.00	2463.47
SATYAM	18-08-00	90000	90000	50606930	51260940	562.30	569.57
SATYAM	01-09-00	91746	91746	55817273	56720225	608.39	618.23
SATYAM	01-12-00	81000	81000	29250120	28989900	361.11	357.90
SATYAM	15-12-00	200000	200000	73068345	72909158	365.34	364.55
SILVERLINE	14-07-00	60000	60000	25028000	26065000	417.13	434.42
SILVERLINE	01-09-00	32500	32500	13672423	13004159	420.69	400.13
SILVERLINE	29-09-00	25000	25000	8957500	9175000	358.30	367.00
SILVERLINE	19-01-01	178000	178000	40198894	40948535	225.84	230.05
SILVERLINE	26-01-01	160000	160000	41207016	40722000	257.54	254.51
SILVERLINE	02-02-01	100000	100000	25603538	26145000	256.04	261.45
SQRDSOFT	04-08-00	44800	44800	27565271	27264271	615.30	608.58
SQRDSOFT	29-09-00	25000	25000	12822587	12600000	512.90	504.00
SQRDSOFT	03-11-00	25000	25000	11189586	11067500	447.58	442.70
Zee TV	07-07-00	10000	10000	4541735	4926000	454.17	492.60
Zee TV	14-07-00	160090	160090	81199585	80212749	507.21	501.05
Zee TV	21-07-00	90000	90000	38244660	37654000	424.94	418.38
Zee TV	18-08-00	35000	35000	17499640	16089392	499.99	459.70
Zee TV	25-08-00	6450	6450	3337385	3341745	517.42	518.10
Zee TV	29-09-00	30000	30000	13531596	13539000	451.05	451.30
Zee TV	01-12-00	200000	200000	56817751	59132020	284.09	295.66
Zee TV	15-12-00	51162	51162	15215463	15210463	297.40	297.30
Zee TV	22-12-00	75000	75000	20806500	21007500	277.42	280.10
Zee TV	19-01-01	50000	50000	13357915	13467245	267.16	269.34
Zee TV	26-01-01	100000	100000	26065000	26908000	260.65	269.08
Zee TV	02-02-01	75000	75000	17964990	17872500	239.53	238.30

9.11 The Enquiry Officer had found that that member has indulged in off the floor transaction in violation of SEBI circular No.SMDRP/POLICY/CIR-32/99 dated September 14, 1999 in scrips of Global Tele, Himachal Futuristic, ITC, RIL Satyam, Silverline, Zee TV etc., stating that the broker had around 4 % of his total transactions as Off-the- floor transactions in the year 2000-2001. The Enquiry Report shows that most of these trades are entered with clients who are brokers of the CSE or other Stock Exchanges.

9.12 The break-up details of total clients (excluding self & Khemani group and Ketan Parekh & his group) trades at CSE and outside CSE as appearing in the brokers books during 2000-2001 as given in the Enquiry report are as below:

OTHER THAN KETAN PAREKH & GROUP AND KHEMANI GROUP TRADES

TYPE	B_QNTY	S_QNTY	B_VALUE	S_VALUE	TURNOVER	PERCENTAGE
CSE Trades	253129	253129	86361007	90301516	176662522	35.48
Off the Floor	0	377102	0	321189928	321189928	64.52

Grand Total	253129	630231	86361006.8	411491444	497852451	100
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Name of the persons and their scripwise & Settlementwise trade details of the off-the-floor transactions done by parties other than the broker (self) & its group and Ketan Parekh & his group entities during 2000-2001:

client	SCRIP	SETTL DATE	B_QNTY	S_QNTY	B_VALUE	S_VALUE
CHANDRAVADAN DESAI	HFCL	08-09-000	0	55679	0	90623140
CHANDRAVADAN DESAI	Zee TV	08-09-000	0	127872	0	69498432
PANKAJ D SHAH	HFCL	01-09-000	0	65679	0	94229661
RELIANCE SH & ST BR	Zee TV	01-09-000	0	127872	0	66838694

9.13 The broker stated that the data furnished by it contained interalia, the client ledger account reflecting the transactions of debit and credit. It appears that the debit and credit are interpreted as buying and selling or vice versa. With regard to the alleged off floor transaction, the broker submitted that the same amounts to the compulsory carry forward on account of book closure and market Badla done in the CSE, which are not accountable to off floor deals as elaborated by the following chart.:

Settl No.	Qty., Share & Rate	Sale Value	Buy Value
2001123	65679, HFCL, @ 1434.70	94229661.00	103187416.00
	127872, Zee, @522.70	66838694.00	64915668.00
2001124	55679, HFCL,@ 1627.60	90623140.00	87266436.00
	127872, Zee,@543.50	69498432.00	64915668.00
	Total	321189927.00	320285188.00

9.14 The broker submitted that the above can also be verified from (a) The Delivery and receipt Instruction received from CSE for the settlement numbers referred above and (b) the Carry Forward Badla Sheet (Badla Break up Report for Settlements) from CSE Association Ltd. The broker alleged that both the documents, though produced by the

broker along with the Reply dated 17.12.2002, was not considered by the Enquiry Officer.

9.15 I find that the broker vide its letter dated 27.10.2003 submitted that the alleged off-the-floor transactions are of 01.09.2000 and 08.09.2000 that was provided by SEBI to the broker. I find that SEBI alleged the transactions as off-the-floor as the trade ID's of these transactions was not available in the data provided by the broker to SEBI. In this regard, I find that the broker submitted that these transactions being carry forward trades, the Trade ID's will be available in the previous settlement from which these trades were carry forwarded. The broker provided the trade ID's identified from the previous settlement except for the transaction of 2000 shares of HFCL which the broker admitted as off-the-floor transactions.

client	QUANTITY	RATE	MKT_RATE	PURC_SALE	Value
PANKAJ D. SHAH	65679	1434.70	0.00	P	94229661.30
RELIANCE SHARE & STOCK BR	127872	522.70	0.00	P	66838694.40
Panther Fincap & Manageme	20	1591.10	1591.00	S	31822.00
Panther Fincap & Manageme	421	1592.10	1592.00	S	670274.10
Panther Fincap & Manageme	5	1592.10	1592.00	S	7960.50
Panther Fincap & Manageme	500	1592.10	1592.00	S	796050.00
Panther Fincap & Manageme	100	1592.10	1592.00	S	159210.00
Panther Fincap & Manageme	1000	1592.10	1592.00	S	1592100.00
Panther Fincap & Manageme	1000	1592.10	1592.00	S	1592100.00
Panther Fincap & Manageme	1000	1592.10	1592.00	S	1592100.00
Panther Fincap & Manageme	980	1592.10	1592.00	S	1560258.00
Panther Fincap & Manageme	1000	1592.10	1592.00	S	1592100.00
Panther Fincap & Manageme	100	1592.10	1592.00	S	159210.00
Panther Fincap & Manageme	1400	1592.10	1592.00	S	2228940.00
Panther Fincap & Manageme	1000	1592.10	1592.00	S	1592100.00
Panther Fincap & Manageme	3891	1592.10	1592.00	S	6194861.10
Panther Fincap & Manageme	200	1442.10	1442.00	S	288420.00
Panther Fincap & Manageme	1000	1442.10	1442.00	S	1442100.00
Panther Fincap & Manageme	100	1442.30	1442.20	S	144230.00
Panther Fincap & Manageme	2000	1444.00	1443.90	S	2888000.00
Panther Fincap & Manageme	1311	1444.00	1443.90	S	1893084.00
Panther Fincap & Manageme	3953	1444.10	1444.00	S	5708527.30
Panther Fincap & Manageme	1436	1444.10	1444.00	S	2073727.60
Panther Fincap & Manageme	51	1592.60	1592.50	S	81222.60
Panther Fincap & Manageme	675	1593.10	1593.00	S	1075342.50
Panther Fincap & Manageme	1000	1593.10	1593.00	S	1593100.00
Panther Fincap & Manageme	100	1593.90	1593.80	S	159390.00

Panther Fincap & Manageme	344	1594.00	1593.90	S	548336.00
Panther Fincap & Manageme	99	1594.00	1593.90	S	157806.00
Panther Fincap & Manageme	10	1594.00	1593.90	S	15940.00
Panther Fincap & Manageme	500	1594.00	1593.90	S	797000.00
Panther Fincap & Manageme	2000	1594.10	1594.00	S	3188200.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	250	1594.10	1594.00	S	398525.00
Panther Fincap & Manageme	200	1594.10	1594.00	S	318820.00
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	876	1594.10	1594.00	S	1396431.60
Panther Fincap & Manageme	5000	1594.10	1594.00	S	7970500.00
Panther Fincap & Manageme	400	1594.10	1594.00	S	637640.00
Panther Fincap & Manageme	250	1594.10	1594.00	S	398525.00
Panther Fincap & Manageme	435	1594.10	1594.00	S	693433.50
Panther Fincap & Manageme	53	1594.10	1594.00	S	84487.30
Panther Fincap & Manageme	2000	1594.10	1594.00	S	3188200.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	160	1594.10	1594.00	S	255056.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	200	1594.10	1594.00	S	318820.00
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	5000	1594.10	1594.00	S	7970500.00
Panther Fincap & Manageme	1500	1594.10	1594.00	S	2391150.00
Panther Fincap & Manageme	5	1594.10	1594.00	S	7970.50
Panther Fincap & Manageme	4694	1594.10	1594.00	S	7482705.40
Panther Fincap & Manageme	32	1594.10	1594.00	S	51011.20
Panther Fincap & Manageme	1745	1594.10	1594.00	S	2781704.50
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	204	1594.10	1594.00	S	325196.40
Panther Fincap & Manageme	10679	1595.80	1595.70	S	17041548.20
Panther Fincap & Manageme	4200	492.10	492.00	S	2066820.00
Panther Fincap & Manageme	800	492.10	492.00	S	393680.00
Panther Fincap & Manageme	1200	492.10	492.00	S	590520.00
Panther Fincap & Manageme	300	492.10	492.00	S	147630.00
Panther Fincap & Manageme	2500	492.10	492.00	S	1230250.00
Panther Fincap & Manageme	1000	492.10	492.00	S	492100.00
Panther Fincap & Manageme	50	492.10	492.00	S	24605.00
Panther Fincap & Manageme	100	492.10	492.00	S	49210.00
Panther Fincap & Manageme	100	492.10	492.00	S	49210.00
Panther Fincap & Manageme	85	492.10	492.00	S	41828.50
Panther Fincap & Manageme	50	492.10	492.00	S	24605.00
Panther Fincap & Manageme	500	492.10	492.00	S	246050.00
Panther Fincap & Manageme	200	492.10	492.00	S	98420.00
Panther Fincap & Manageme	347	495.10	495.00	S	171799.70
Panther Fincap & Manageme	100	495.10	495.00	S	49510.00
Panther Fincap & Manageme	500	495.10	495.00	S	247550.00
Panther Fincap & Manageme	4400	495.10	495.00	S	2178440.00

Panther Fincap & Manageme	5000	495.10	495.00	S	2475500.00
Panther Fincap & Manageme	1595	496.10	496.00	S	791279.50
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	5	496.10	496.00	S	2480.50
Panther Fincap & Manageme	125	496.10	496.00	S	62012.50
Panther Fincap & Manageme	1	496.10	496.00	S	496.10
Panther Fincap & Manageme	20	496.10	496.00	S	9922.00
Panther Fincap & Manageme	725	496.10	496.00	S	359672.50
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	20	496.10	496.00	S	9922.00
Panther Fincap & Manageme	1962	496.10	496.00	S	973348.20
Panther Fincap & Manageme	3712	496.10	496.00	S	1841523.20
Panther Fincap & Manageme	325	496.10	496.00	S	161232.50
Panther Fincap & Manageme	963	496.10	496.00	S	477744.30
Panther Fincap & Manageme	4037	496.10	496.00	S	2002755.70
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	913	496.10	496.00	S	452939.30
Panther Fincap & Manageme	2637	496.10	496.00	S	1308215.70
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	250	496.10	496.00	S	124025.00
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	1813	496.10	496.00	S	899429.30
Panther Fincap & Manageme	187	496.10	496.00	S	92770.70
Panther Fincap & Manageme	1000	496.10	496.00	S	496100.00
Panther Fincap & Manageme	500	496.10	496.00	S	248050.00
Panther Fincap & Manageme	1525	496.10	496.00	S	756552.50
Panther Fincap & Manageme	1788	496.10	496.00	S	887026.80
Panther Fincap & Manageme	474	497.80	497.70	S	235957.20
Panther Fincap & Manageme	10	497.90	497.80	S	4979.00
Panther Fincap & Manageme	200	497.90	497.80	S	99580.00
Panther Fincap & Manageme	1000	497.90	497.80	S	497900.00
Panther Fincap & Manageme	1000	497.90	497.80	S	497900.00
Panther Fincap & Manageme	1231	498.00	497.90	S	613038.00
Panther Fincap & Manageme	31872	507.87	507.77	S	16186832.64
Panther Fincap & Manageme	21000	518.40	518.30	S	10886400.00
Panther Fincap & Manageme	25000	523.40	523.30	S	13085000.00
CHANDRAVADAN DESAI	55679	1627.60	0.00	P	90623140.40
Panther Fincap & Manageme	200	1442.10	1442.00	S	288420.00
Panther Fincap & Manageme	1000	1442.10	1442.00	S	1442100.00
Panther Fincap & Manageme	100	1442.30	1442.20	S	144230.00
Panther Fincap & Manageme	2000	1444.00	1443.90	S	2888000.00
Panther Fincap & Manageme	1311	1444.00	1443.90	S	1893084.00
Panther Fincap & Manageme	3953	1444.10	1444.00	S	5708527.30
Panther Fincap & Manageme	1436	1444.10	1444.00	S	2073727.60
Panther Fincap & Manageme	2417	1592.10	1592.00	S	3848105.70
Panther Fincap & Manageme	51	1592.60	1592.50	S	81222.60
Panther Fincap & Manageme	675	1593.10	1593.00	S	1075342.50
Panther Fincap & Manageme	1000	1593.10	1593.00	S	1593100.00

Panther Fincap & Manageme	100	1593.90	1593.80	S	159390.00
Panther Fincap & Manageme	344	1594.00	1593.90	S	548336.00
Panther Fincap & Manageme	99	1594.00	1593.90	S	157806.00
Panther Fincap & Manageme	10	1594.00	1593.90	S	15940.00
Panther Fincap & Manageme	500	1594.00	1593.90	S	797000.00
Panther Fincap & Manageme	2000	1594.10	1594.00	S	3188200.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	250	1594.10	1594.00	S	398525.00
Panther Fincap & Manageme	200	1594.10	1594.00	S	318820.00
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	876	1594.10	1594.00	S	1396431.60
Panther Fincap & Manageme	5000	1594.10	1594.00	S	7970500.00
Panther Fincap & Manageme	400	1594.10	1594.00	S	637640.00
Panther Fincap & Manageme	250	1594.10	1594.00	S	398525.00
Panther Fincap & Manageme	435	1594.10	1594.00	S	693433.50
Panther Fincap & Manageme	53	1594.10	1594.00	S	84487.30
Panther Fincap & Manageme	2000	1594.10	1594.00	S	3188200.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	160	1594.10	1594.00	S	255056.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	1000	1594.10	1594.00	S	1594100.00
Panther Fincap & Manageme	200	1594.10	1594.00	S	318820.00
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	5000	1594.10	1594.00	S	7970500.00
Panther Fincap & Manageme	1500	1594.10	1594.00	S	2391150.00
Panther Fincap & Manageme	5	1594.10	1594.00	S	7970.50
Panther Fincap & Manageme	4694	1594.10	1594.00	S	7482705.40
Panther Fincap & Manageme	32	1594.10	1594.00	S	51011.20
Panther Fincap & Manageme	1745	1594.10	1594.00	S	2781704.50
Panther Fincap & Manageme	100	1594.10	1594.00	S	159410.00
Panther Fincap & Manageme	500	1594.10	1594.00	S	797050.00
Panther Fincap & Manageme	204	1594.10	1594.00	S	325196.40
Panther Fincap & Manageme	10679	1595.80	1595.70	S	17041548.20
CHANDRAVADAN DESAI	127872	543.50	0.00	P	69498432.00
Panther Fincap & Manageme	4200	492.10	492.00	S	2066820.00
Panther Fincap & Manageme	800	492.10	492.00	S	393680.00
Panther Fincap & Manageme	1200	492.10	492.00	S	590520.00
Panther Fincap & Manageme	300	492.10	492.00	S	147630.00
Panther Fincap & Manageme	2500	492.10	492.00	S	1230250.00
Panther Fincap & Manageme	1000	492.10	492.00	S	492100.00
Panther Fincap & Manageme	50	492.10	492.00	S	24605.00
Panther Fincap & Manageme	100	492.10	492.00	S	49210.00
Panther Fincap & Manageme	100	492.10	492.00	S	49210.00
Panther Fincap & Manageme	85	492.10	492.00	S	41828.50
Panther Fincap & Manageme	50	492.10	492.00	S	24605.00
Panther Fincap & Manageme	500	492.10	492.00	S	246050.00
Panther Fincap & Manageme	200	492.10	492.00	S	98420.00
Panther Fincap & Manageme	347	495.10	495.00	S	171799.70
Panther Fincap & Manageme	100	495.10	495.00	S	49510.00

Panther Fincap & Manageme	500	495.10	495.00	S	247550.00
Panther Fincap & Manageme	4400	495.10	495.00	S	2178440.00
Panther Fincap & Manageme	5000	495.10	495.00	S	2475500.00
Panther Fincap & Manageme	1595	496.10	496.00	S	791279.50
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	5	496.10	496.00	S	2480.50
Panther Fincap & Manageme	125	496.10	496.00	S	62012.50
Panther Fincap & Manageme	1	496.10	496.00	S	496.10
Panther Fincap & Manageme	20	496.10	496.00	S	9922.00
Panther Fincap & Manageme	725	496.10	496.00	S	359672.50
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	20	496.10	496.00	S	9922.00
Panther Fincap & Manageme	1962	496.10	496.00	S	973348.20
Panther Fincap & Manageme	3712	496.10	496.00	S	1841523.20
Panther Fincap & Manageme	325	496.10	496.00	S	161232.50
Panther Fincap & Manageme	963	496.10	496.00	S	477744.30
Panther Fincap & Manageme	4037	496.10	496.00	S	2002755.70
Panther Fincap & Manageme	50	496.10	496.00	S	24805.00
Panther Fincap & Manageme	913	496.10	496.00	S	452939.30
Panther Fincap & Manageme	2637	496.10	496.00	S	1308215.70
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	250	496.10	496.00	S	124025.00
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	100	496.10	496.00	S	49610.00
Panther Fincap & Manageme	1813	496.10	496.00	S	899429.30
Panther Fincap & Manageme	187	496.10	496.00	S	92770.70
Panther Fincap & Manageme	1000	496.10	496.00	S	496100.00
Panther Fincap & Manageme	500	496.10	496.00	S	248050.00
Panther Fincap & Manageme	1525	496.10	496.00	S	756552.50
Panther Fincap & Manageme	1788	496.10	496.00	S	887026.80
Panther Fincap & Manageme	474	497.80	497.70	S	235957.20
Panther Fincap & Manageme	10	497.90	497.80	S	4979.00
Panther Fincap & Manageme	200	497.90	497.80	S	99580.00
Panther Fincap & Manageme	1000	497.90	497.80	S	497900.00
Panther Fincap & Manageme	1000	497.90	497.80	S	497900.00
Panther Fincap & Manageme	1231	498.00	497.90	S	613038.00
Panther Fincap & Manageme	31872	507.87	507.77	S	16186832.64
Panther Fincap & Manageme	21000	518.40	518.30	S	10886400.00
Panther Fincap & Manageme	25000	523.40	523.30	S	13085000.00
SANJAY KHEMANI	2000	1265.00	0.00	P	2530000.00
Self	2000	1265.00	0.00	S	2530000.00
Self	2000	1060.00	0.00	P	2120000.00
SANJAY KHEMANI	2000	1060.00	0.00	S	2120000.00
Total					650775117.38

9.16 The broker admittedly stated that it has conducted off floor transaction of shares of HFCL, as shown below :

SANJAY KHEMANI	2000	1265.00	0.00	P	2530000.00
Self	2000	1265.00	0.00	S	2530000.00
Self	2000	1060.00	0.00	P	2120000.00
SANJAY KHEMANI	2000	1060.00	0.00	S	2120000.00

10 I find that the broker itself had admitted that it had conducted off-the-floor transactions to the tune of Rs. 93,00,000/-. I have considered the submissions made by the representative of the broker during the course of personal hearing before me on 20.10.2003 that the off-the-floor transactions except for the admitted transactions are carry forward trades. However, I also note that the broker failed to co-operate during the entire proceedings conducted against it particularly the proceedings before the Enquiry Officer. It is observed that despite of several opportunities given by the Enquiry Officer to the broker, it failed to avail the same.

11 As per SEBI circular No.SMDRP/POLICY/CIR-32/99 dated September 14, 1999 all negotiated deals (including cross deals) are prohibited and all such deals shall be executed only on the screens of the exchanges in the price and order matching mechanism of the exchanges just like any other normal trade. The negotiated deals avoid transparency, do not contribute to price discovery and some investors do not have benefit of the best possible price and militate against the basic concept of stock exchanges, which are meant to bring together a large number of buyers and sellers in an open manner. In other words, all trades other than exchange screen based trades are prohibited for the above reasons.

12 I find that the broker had indulged in off-the-floor transactions to the tune of Rs 93,00,000/- in violation of the above stated circular. Further, I find that the broker was one of the groups through which Ketan Parekh and his group/associate entities have done substantial trading in Kolkata. I find that 73.32% of the total turnover for the year 2000-01 of the broker is accounted

by transactions done on behalf of Ketan Parekh entities. As per the declarations made by the broker at the time of executing orders through CSE's online trading system, all the transactions executed by the broker were declared as self or proprietary trades and the existence of clients including the Ketan Parekh entities behind these transactions have been concealed.

13 I have no hesitation to agree with the findings of the Enquiry Officer that entering into off the floor transactions is to be viewed seriously as it interferes with fair and smooth working of the market and price discovery mechanism and shakes the confidence of investors. However, I have also considered the submissions of the broker during the course of personal hearing and vide letter dated 27.10.2003 regarding the carry forward transactions. Hence, I find that the recommendation of the Enquiry Officer suspending the certificate of registration of the broker for a period of two years is on higher side. Further, I also note that the broker itself had admitted that it had entered into off-the-floor transactions as enumerated above and also not denied that it had dealt with Ketan Parekh entities.

14 Therefore, in exercise of powers under Section 4(3) of the SEBI Act read with Regulation 16(5) of the Enquiry Regulations, I hereby suspend the certificate of registration of the Stock Broker, N Khemani & Co. for a period of 14 months instead of two years as recommended by the Enquiry Officer. SEBI passed an interim order dated 21.01.03 debarring the broker from associating with securities market activities and dealing in securities market till the completion of investigation and enquiry. Taking into account the period since the date of coming into effect of the interim order, the broker's certificate of registration is suspended upto 20.03.04.

DATE: 26.02.2004

PLACE: MUMBAI

G.N.BAJPAI

CHAIRMAN

SECURITIES AND EXCHANGE BOARD OF INDIA

