

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

Order against M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant in the matter of M/s. AKL Soft and Infosys Ltd., under Section 11(4)(b) and Section 11B of Securities and Exchange Board of India Act, 1992 read with Regulation 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

Whereas, investigations were conducted into the dealings in the scrip of M/s. AKL Soft and Infosys Ltd. by Securities and Exchange Board of India for the period January 2003 to April 2003 due to the high trading activity in the otherwise illiquid scrip, and,

Whereas, it was observed that trading of two members, M/s. Ramrakh R Bohra and M/s. Ramaben Samani Pvt. Ltd. on behalf of their clients, M/s. ASK Holdings Pvt. Ltd. and Shri Vinod Khetan respectively, contributed almost 90% of the total trading on the exchange on some days and shares for this purpose was provided by Shri Sandeep Merchant, and,

Whereas, notices dated 30.09.04 were issued to M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant, charging them with violation of clauses (b) (c) & (d) of Regulation 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'FUTP Regulations, 1995'), and asking them to show cause as to why suitable directions under Section 11(4) (b) and Section 11B of Securities and Exchange Board of India Act, 1992 read with Section 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, including such directions of debarring/prohibiting them from buying and selling in securities for a specified period, should not be passed, and,

Whereas, replies dated 18.10.04 and 10.12.04 were received from Shri Vinod Khetan and M/s. ASK Holdings Pvt. Ltd. respectively, and,

Whereas, an opportunity of being heard was given to M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant before me on 22.03.05, when Shri Vinod Khetan and M/s. ASK Holdings Pvt. Ltd. appeared before me and made their submissions, and,

Whereas, M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant filed their further written submissions on 30.03.05, 28.03.05 and 29.03.05 respectively, and,

Whereas, the charge against M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant was that they were indulging in activities which were calculated to create a false or misleading appearance of trading in the securities market, indulging in activities which resulted in a reflection on the price of securities based on transactions which were not genuine trade transactions, and also have entered into purchase and sales of securities without the intention of transferring the beneficial ownership, but intended to operate only as a device to inflate and cause fluctuations in the price of the securities, and,

Whereas, M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant have submitted that the transactions were carried out only with a view to meet the temporary financial crisis faced by M/s. ASK Holdings Pvt. Ltd. and there was no intention on their part to disturb the market equilibrium of the scrip and have prayed for a lenient view in the matter, and,

I, in the context of the nature and gravity of the charge made out against M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant under the show cause notice, the reply given by them to the said charge vide their written submissions and at the time of personal hearing before me, am convinced that the transactions carried out by the parties are in violation of the provisions of Clauses (b) (c) & (d) of Regulation 4 of the FUTP Regulations, 1995, and,

I have also observed that adjudication proceedings were initiated by SEBI against the aforesaid parties simultaneously and the Adjudicating Officer has imposed a penalty of Rs. 50,000 each vide his order dated 11.04.05 for violation of provisions of clauses (b) (c) & (d) of Regulation 4 of the FUTP Regulations, 1995, and,

I, having considered the nature of violations committed by the aforesaid parties and the penalty imposed by the Adjudicating Officer, am satisfied that ends of justice would be met if a warning were issued to the parties,

I, therefore, in exercise of powers conferred upon me under Section 19 read with Section 11(4) (b) and Section 11B of the Securities and Exchange Board of India Act, 1992 read with Regulation 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, hereby issue a warning to M/s. ASK Holdings Pvt. Ltd., Shri Vinod Khetan and Shri Sandeep Merchant to remain careful in their conduct and should desist from undertaking transactions of the nature carried out in the scrip of AKL Soft and Infosys Ltd., as mentioned aforesaid, or any other irregularity relating to securities market, in future.

Date: September 16, 2005

MADHUKAR

Place: Mumbai

**WHOLE TIME MEMBER
SECURITIES EXCHANGE BOARD OF INDIA**