

SECURITIES AND EXCHANGE BOARD OF INDIA

Order under Section 11 and 11B of SEBI Act, 1992 against M/s Kuber Finstock Pvt. Ltd, in the matter of trading of the shares of M/s. Birmingham Thermotech Ltd.

Whereas, Securities and Exchange Board of India (SEBI) noticed unusual price rise from Rs.2.60 on 03.12.99 to Rs.15.55 on 30.12.2000 in otherwise illiquid scrip of M/s Birmingham Thermotech Ltd. (hereinafter referred to as 'BTL') SEBI initiated investigation into the trading in the said scrip from 29.11.99 to 30.12.1999, and

whereas, in the said investigations M/s. Kuber Finstock Pvt. Ltd. (hereinafter referred to as 'Kuber') having its corporate office at 103, 'B' Wing, Bhaveshwar Plaza, L.B.S. Marg, Ghatkopar (W), Mumbai-86, were found to have traded in large quantities in the illiquid scrip of BTL through M/s Joindre Capital Services Ltd. & M/s Promod Kumar Jain Securities Pvt. Ltd., members BSE in settlement nos. 38 to 41, and

whereas, it was found that as against the total volume of 94,92,100 shares of BTL traded during the settlement no.38 to 41, the traded volume of Kuber was substantially high to the tune of 15,63,800 shares, and

whereas, it was further found that out of 15,63,800 shares traded during the investigation period, 9,26,700 shares were traded by Kuber only in one settlement no. 41 and,

whereas it was noted that during this settlement no. 41, Kuber traded through both the aforesaid brokers, and

whereas it was also found that in all these trades the buy and sell order were placed in such a way that they matched without intention to transfer their beneficial ownership and operated only as a device to create a false and misleading appearance of trading on the securities, in violation of Regulation 4 (a),(b) (c) and (d) of SEBI (Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as 'said regulations'), and

whereas, SEBI issued a show cause notice dated 25.6.2004 to Kuber asking why appropriate direction under Regulation 11 of the said Regulations read with Section 11 and 11B of the Securities and Exchange Board of India Act, 1992, including directions not to deal in securities in any manner whatsoever, for a particular period, should not be passed against them,

whereas Kuber replied vide letter dated 16.8.2004 denying any kind of manipulative activities on their part, and,

whereas, an opportunity of personal hearing was given to Kuber on 10.3.2005 in observance of principles of natural Justice wherein oral submissions were made by their lawyer. These oral submissions were followed by written submissions dated 16.03.05 and in both the submissions it was interalia submitted on behalf of Kuber that these were normal market transactions done to earn profit no undue gain or unfair advantage accrued to them as a result of their trading and,

whereas, the main issue to be decided is whether the large buy and sell transaction of Kuber in an illiquid scrip of BTL during the period under investigation and specially trading of total 9,26,700 shares in settlement no 41, that too through two different brokers were of manipulative nature and were in violation of Regulation 4 of SEBI (Fraudulent and Unfair Trade Practices) Regulations, 1995.

I have gone through the submissions made by Kuber and I note that during the investigation proceedings, in a statement given on behalf of Kuber on 17.12.2003, it was submitted that trades were entered by them for making profits. Although, I note that Kuber has taken the plea that their trades were genuine and were not done with malafide intent , it must be stated that large trades like those done by Kuber have this usual characteristic of trading which affects the normal price discovery mechanism of the market, more so in an illiquid scrip.

In view of the facts and circumstances of the case and the reasons elucidated above, I, in exercise of powers conferred upon me under Section 19 read with Section 11B and 11 of the SEBI Act, 1992, direct M/s. Kuber Finstock Pvt. Ltd. to be careful in their dealings in the securities market and not to indulge in similar trading as aforesaid, in future. Any such act in violation of the provisions of the SEBI Act or of any rules, regulations made there under in future shall be viewed seriously.

Date : 16th December, 2005

Place : Mumbai

MADHUKAR

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA