

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTION 11 AND 11B OF THE SEBI ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003 AGAINST M/S ABHIJAT TRADING CO. PVT. LTD. IN THE MATTER OF M/s. SHIRPUR GOLD REFINERY LTD

1.0 BACKGROUND

- 1.1 Pursuant to a sharp rise in the price in the shares of Shirpur Gold Refinery Ltd (hereinafter referred to as SGRL). Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted investigation into the dealing in the scrip of SGRL during the period from December 01, 1999 to January 28, 2000 and May 08, 2000 to May 28, 2000. The shares of SGRL were listed at the Stock Exchange, Mumbai and the National Stock Exchange (hereinafter known as BSE and NSE respectively).
- 1.2 The investigation revealed that during the period from December 1, 1999 to January 28, 2000, the share price of SGRL was found to have moved up sharply from Rs.39 as on December 1, 1999 to Rs. 110 as on January 28, 2000. The evidences gathered during the investigation indicated that a registered sub-broker i.e. Hacienda Investments Pvt. Ltd, (hereinafter referred to as Hacienda) in its proprietary account and its client, Abhijat Communications & Publications Pvt. Ltd, (Abhijat) had traded in large quantities in the shares of SGRL during the period from December 1, 1999 to January 28, 2000.
- 1.3 Investigation further revealed that Hacedinda and Abhijat had put orders with an intention to establish a higher opening price of the scrip on many days, whereas the scrip was illiquid. Almost entire volume was executed by Hacedinda through Omniscient Securities Ltd. (hereinafter referred to as Omniscient) as cross deals. It also appeared that Abhijat and Hacedinda had

acted in concert and had traded in the scrip of SGRL in substantial quantities during the period of investigation by placing sell orders through one broker and simultaneously by orders being placed through another broker. It was seen that the repetitive nature of the orders placed at higher prices were meant to ensure that the prices got jacked up.

2.0 SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

2.1 A show cause notice dated June 29, 2004 was sent to Abhijat under Sections 11(4) (b) & 11B of the SEBI Act, 1992 read with Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 advising it to show cause as to why appropriate directions including directions prohibiting it from buying, selling or dealings in securities for a particular duration should not be passed.

2.2 No reply is received from Abhijat till date.

2.3 In adherence of the principles of Natural Justice, an opportunity of hearing was granted to Abhijat on 28.9.2004 and Abhijat had sent a letter dated 8.9.2004 wherein it was submitted that it would not be able to attend the hearing. It was also said in that letter that SEBI may proceed in the matter with leniency. As no written submissions were received at SEBI's end, a further letter dated 14.9.2004 was sent to Abhijat advising it to furnish written submissions on or before 27.9.2004. Accordingly vide letter dated 20.9.2004, Abhijat clarified that the statement given by them to SEBI during the investigations may be considered as their written submissions. Therefore I proceed with matter ex-parte on the basis of the records available.

3.0 CONSIDERATION OF THE ISSUES AND FINDINGS

3.1 I have carefully examined the findings of investigation, allegation in the SCN and the submissions made by the party during the recording of statement during investigation. As regards SGRL, I note that trading in the scrip was in 5

day weekly accounting period and settlements of delivery were in physical form. The price-volume data of the scrip during the period was found to be as follows:

Settlement No.	Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades
1999037	1 December 1999	39.10	39.10	39.10	39.10	100	1
	2 December 1999	40.65	40.65	40.65	40.65	100	1
	3 December 1999	42.25	42.25	42.25	42.25	100	1
1999038	6 December 1999	43.90	43.90	43.90	43.90	200	2
	7 December 1999	45.60	45.60	45.60	45.60	100	1
	8 December 1999	47.40	47.40	47.40	47.40	600	3
	9 December 1999	49.25	49.25	49.25	49.25	400	2
	10 December 1999	51.20	51.20	51.20	51.20	1500	7
1999039	13 December 1999	53.20	53.20	53.20	53.20	500	1
	14 December 1999	55.30	55.30	55.30	55.30	500	1
	15 December 1999	57.50	57.50	55.35	57.50	10300	16
	16 December 1999	59.75	59.75	59.75	59.75	5000	2
	17 December 1999	62.10	62.10	62.10	62.10	6400	5
1999040	20 December 1999	64.55	64.55	64.55	64.55	5100	3
	21 December 1999	67.10	67.10	67.10	67.10	6200	18
	22 December 1999	69.75	69.75	69.75	69.75	1100	7
	23 December 1999	72.50	72.50	72.50	72.50	9100	13
	24 December 1999	75.35	75.35	75.35	75.35	1400	8
1999041	27 December 1999	78.35	78.35	78.35	78.35	1200	7
	28 December 1999	81.45	81.45	81.45	81.45	800	2
	29 December 1999	84.65	84.65	84.65	84.65	600	2
	30 December 1999	88.00	88.00	88.00	88.00	900	3
1999042	3 January 2000	91.50	91.50	91.50	91.50	700	2
	4 January 2000	95.15	95.15	95.15	95.15	2000	6
	5 January 2000	96.05	96.05	96.05	96.05	900	6
	6 January 2000	97.00	97.00	97.00	97.00	1500	6
	7 January 2000	97.95	97.95	97.95	97.95	6400	22
1999043	10 January 2000	98.90	98.90	98.90	98.90	500	1
	11 January 2000	99.85	99.85	99.85	99.85	2300	9
	12 January 2000	100.80	100.80	100.80	100.80	1900	6
	13 January 2000	101.75	101.75	101.75	101.75	4800	12
	14 January 2000	102.75	102.75	102.75	102.75	2100	6

Settlement No.	Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades
1999044	17 January 2000	103.75	103.75	101.75	103.75	3700	14
	18 January 2000	104.75	104.75	104.75	104.75	3100	10
	19 January 2000	105.75	105.75	105.75	105.75	1400	6
	20 January 2000	106.75	106.75	106.75	106.75	1900	4
	21 January 2000	106.75	107.80	106.75	107.75	3700	16
1999045	24 January 2000	107.75	108.00	107.75	107.75	1100	6
	25 January 2000	107.65	108.80	107.00	108.80	2800	9
	27 January 2000	108.00	109.85	108.00	109.85	2000	11
	28 January 2000	110.90	110.90	110.90	110.90	2800	10

3.2 I find that while the price showed an increase by 184% in 40 trading days from Rs. 36.25 as on November 29, 1999 to Rs. 110.90 as on January 28, 2000, the scrip of SGRL was thinly traded throughout the investigation period with only single trades executed in the scrip on many days with single digit trades in the scrip on 30 days, and the first trade was found to have opened at the upper circuit level price.

3.3 I further find from the findings of the investigation that majority of the volume at the BSE in the scrip was found to have been contributed by the trades executed by the sub-broker; Haceinda, in its proprietary account through two members viz. Vyomit Shares Stock & Investments (hereinafter referred to as Vyomit) and Omniscient. Orders put by Haceinda through Vyomit were found to be matching with orders put by them through Omniscient and Haceinda itself as the client, which had resulted in a false appearing of trading and establishing the prices in the scrip of SGRL.

3.4 I further find that Haceinda has also executed certain transactions on behalf of its client viz. Abhijat during the investigation period which had directly placed the order in the scrip of SGRL. I note that Haceinda had the trading terminal of Vyomit at its office and hence placed the orders through this terminal, while the orders to Omniscient, were found to have been placed over the phone.

The details of transactions of Hacienda are as given below:

Settlement No.	Through member Vyomit Shares Stock & Investments		Through member The Omniscient Securities Pvt Ltd		Total volume in the exchange (no of shares-one side)
	Buy Qty	Sell Qty	Buy Qty	Sell Qty	
1999038	500		0		2800
1999039	12400	7100	0	10000	22700
1999040	12700	9100	10200	10700	22900
1999041	2300	0	0		3500
1999042	6300	0	200		11500
1999043	2300	0	6000		11600
1999044	4500	0	600		13800
1999045	6400	0	0		8700
Total	47400	16200	17000	20700	97500

- 3.5. Thus the transactions of Hacienda in terms of gross quantity (purchase + buy) were found to be 1,01,300 shares, which represented 52% of the total gross market volume. On 33 days out of 42 days, Hacienda was found to have executed the first trade at a rate, higher than the previous day's closing rate. It is also seen that on such occasions, Hacienda had placed buy orders through the trading terminal of Vyomit and punched the order himself before the start of the trading session at a higher rate as compared to the previous day's closing rate, which were rejected by the system under error code no. 101 (viz. not allowed in this session). A sample extract of the order log showing pattern of orders placed by the Hacienda through the terminal of broker Vyomit is given below:

Memb	trdid	S	Type	Rate	Qty	Avqty	Aud	cacl	Date	Time	Err	Ordid	Client
250	13	B	L	59.75	25000	25000	A	30	16/12/1999	9:55:03	101	250130565	K001
250	13	B	L	59.8	25000	25000	A	30	16/12/1999	9:55:04	101	250130566	K001
250	13	B	L	59.75	25000	25000	A	30	16/12/1999	9:55:10	0	250130571	K001

3.6 I find that orders put by Hacienda through Vyomit had matched with orders put by them through member Omniscient and Haceinda itself as the client. Vyomit had allotted client code of K001 and Omniscient had allotted a client code of H003 to Hacienda. Following are details of such trades of Hacienda wherein the buy and sell orders were put through Vyomit and Omniscient respectively within a time gap of few seconds. :

Settl No.	Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Client Code	Client Code	Qty	Price
1999039	12/15/1999	6	10:54:51 AM	390030593	B	H003	K001	100	55.40
1999039	12/15/1999	6	10:54:51 AM	250130473	S	K001	H003	100	55.40
1999039	12/15/1999	7	10:54:59 AM	390030593	B	H003	K001	4900	55.40
1999039	12/15/1999	7	10:54:59 AM	250130474	S	K001	H003	4900	55.40
1999039	12/16/1999	19	10:00:41 AM	250130571	B	K001	H003	100	59.75
1999039	12/16/1999	19	10:00:41 AM	390030631	S	H003	K001	100	59.75
1999039	12/16/1999	20	10:01:06 AM	250130571	B	K001	H003	4900	59.75
1999039	12/16/1999	20	10:01:06 AM	390030632	S	H003	K001	4900	59.75
1999039	12/17/1999	21	9:58:46 AM	250130723	B	K001	H003	100	62.10
1999039	12/17/1999	21	9:58:46 AM	390030701	S	H003	K001	100	62.10
1999039	12/17/1999	22	9:59:06 AM	250130723	B	K001	H003	4900	62.10
1999039	12/17/1999	22	9:59:06 AM	390030702	S	H003	K001	4900	62.10
1999040	12/20/1999	1	10:01:23 AM	250130013	B	K001	H003	100	64.55
1999040	12/20/1999	1	10:01:23 AM	390030044	S	H003	K001	100	64.55
1999040	12/20/1999	2	10:01:43 AM	250130013	B	K001	H003	4900	64.55
1999040	12/20/1999	2	10:01:43 AM	390030045	S	H003	K001	4900	64.55
1999040	12/21/1999	4	9:59:49 AM	250130107	B	K001	H003	100	67.10

Settl No.	Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Client Code	Client Code	Qty	Price
1999040	12/21/1999	4	9:59:49 AM	390030099	S	H003	K001	100	67.10
1999040	12/21/1999	5	10:40:11 AM	250130107	B	K001	H003	500	67.10
1999040	12/21/1999	5	10:40:11 AM	390030108	S	H003	K001	500	67.10
1999040	12/21/1999	6	11:06:54 AM	250130107	B	K001	H003	200	67.10
1999040	12/21/1999	6	11:06:54 AM	390030114	S	H003	K001	200	67.10
1999040	12/21/1999	7	11:34:20 AM	250130107	B	K001	H003	200	67.10
1999040	12/21/1999	7	11:34:20 AM	390030118	S	H003	K001	200	67.10
1999040	12/21/1999	8	11:51:05 AM	250130107	B	K001	H003	100	67.10
1999040	12/21/1999	8	11:51:05 AM	390030122	S	H003	K001	100	67.10
1999040	12/21/1999	9	11:58:59 AM	250130107	B	K001	H003	300	67.10
1999040	12/21/1999	9	11:58:59 AM	390030127	S	H003	K001	300	67.10
1999040	12/21/1999	10	12:24:47 PM	250130107	B	K001	H003	100	67.10
1999040	12/21/1999	10	12:24:47 PM	390030129	S	H003	K001	100	67.10
1999040	12/21/1999	11	12:53:52 PM	250130107	B	K001	H003	300	67.10
1999040	12/21/1999	11	12:53:52 PM	390030133	S	H003	K001	300	67.10
1999040	12/21/1999	12	1:06:30 PM	250130107	B	K001	H003	300	67.10
1999040	12/21/1999	12	1:06:30 PM	390030134	S	H003	K001	300	67.10
1999040	12/21/1999	13	1:22:52 PM	250130107	B	K001	H003	400	67.10
1999040	12/21/1999	13	1:22:52 PM	390030136	S	H003	K001	400	67.10
1999040	12/21/1999	14	2:10:00 PM	250130107	B	K001	H003	600	67.10
1999040	12/21/1999	14	2:10:00 PM	390030146	S	H003	K001	600	67.10
1999040	12/21/1999	15	2:17:16 PM	250130107	B	K001	H003	200	67.10
1999040	12/21/1999	15	2:17:16 PM	390030147	S	H003	K001	200	67.10
1999040	12/21/1999	16	3:01:34 PM	250130107	B	K001	H003	500	67.10
1999040	12/21/1999	16	3:01:34 PM	390030159	S	H003	K001	500	67.10
1999040	12/21/1999	17	3:06:14 PM	250130107	B	K001	H003	200	67.10
1999040	12/21/1999	17	3:06:14 PM	390030161	S	H003	K001	200	67.10
1999040	12/21/1999	18	3:10:04 PM	250130107	B	K001	H003	500	67.10

Settl No.	Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Client Code	Client Code	Qty	Price
1999040	12/21/1999	18	3:10:04 PM	390030162	S	H003	K001	500	67.10
1999040	12/21/1999	20	3:17:41 PM	250130107	B	K001	H003	700	67.10
1999040	12/21/1999	20	3:17:41 PM	390030166	S	H003	K001	700	67.10
1999040	12/21/1999	21	3:21:31 PM	250130107	B	K001	H003	500	67.10
1999040	12/21/1999	21	3:21:31 PM	390030169	S	H003	K001	500	67.10
1999040	12/22/1999	22	11:09:25 AM	390030178	B	H003	K001	100	69.75
1999040	12/22/1999	22	11:09:25 AM	250130225	S	K001	H003	100	69.75
1999040	12/22/1999	24	2:45:38 PM	390030178	B	H003	K001	500	69.75
1999040	12/22/1999	24	2:45:38 PM	250130328	S	K001	H003	500	69.75
1999040	12/22/1999	25	2:47:51 PM	390030178	B	H003	K001	100	69.75
1999040	12/22/1999	25	2:47:51 PM	250130329	S	K001	H003	100	69.75
1999040	12/22/1999	26	2:48:23 PM	390030178	B	H003	K001	100	69.75
1999040	12/22/1999	26	2:48:23 PM	250130330	S	K001	H003	100	69.75
1999040	12/22/1999	27	2:49:33 PM	390030178	B	H003	K001	100	69.75
1999040	12/22/1999	27	2:49:33 PM	250130331	S	K001	H003	100	69.75
1999040	12/22/1999	28	3:12:25 PM	390030178	B	H003	K001	100	69.75
1999040	12/22/1999	28	3:12:25 PM	250130351	S	K001	H003	100	69.75
1999040	12/23/1999	29	10:04:29 AM	390030372	B	H003	K001	100	72.50
1999040	12/23/1999	29	10:04:29 AM	250130393	S	K001	H003	100	72.50
1999040	12/23/1999	30	10:12:54 AM	390030372	B	H003	K001	200	72.50
1999040	12/23/1999	30	10:12:54 AM	250130399	S	K001	H003	200	72.50
1999040	12/23/1999	31	10:35:17 AM	390030372	B	H003	K001	100	72.50
1999040	12/23/1999	31	10:35:17 AM	250130410	S	K001	H003	100	72.50
1999040	12/23/1999	33	11:10:22 AM	390030372	B	H003	K001	200	72.50
1999040	12/23/1999	33	11:10:22 AM	250130416	S	K001	H003	200	72.50
1999040	12/23/1999	34	12:01:14 PM	390030372	B	H003	K001	500	72.50
1999040	12/23/1999	34	12:01:14 PM	250130427	S	K001	H003	500	72.50
1999040	12/23/1999	37	12:43:04 PM	390030372	B	H003	K001	500	72.50

Settl No.	Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Client Code	Client Code	Qty	Price
1999040	12/23/1999	37	12:43:04 PM	250130431	S	K001	H003	500	72.50
1999040	12/23/1999	39	2:02:00 PM	390030372	B	H003	K001	500	72.50
1999040	12/23/1999	39	2:02:00 PM	250130439	S	K001	H003	500	72.50

3.7 I have also noted that in above trades, the buy and sell orders were put through Vyomit and Omniscient simultaneously, so as to get the order matched. This resulted in a false appearance of trading and establishing the prices in the scrip of SGRL. Hacienda, I find, had executed above transactions on behalf its client viz. Abhijat Communications & Publications Pvt. Ltd (name changed to Abhijat Trading Co. Pvt Ltd w.e.f 20/7/2000 (hereinafter referred to as Abhijat) during the investigation period which had directly placed orders in the scrip of SGRL. The directors and shareholders of Abhijat are as given below:

Directors	Shareholders
Bhaiya Dhanpatsingh Rathod	Harshad Himmatlal Shah
Kapil Harishchandra Patil	Bhaiya Dhanpatsingh Rathod
Harshad Himmatlal Shah	Kapil Harishchandra Patil
Rashmi Harshad Shah	
Pradip Shyamrao Bhavsar	
Manish Natubhai Patel	

3.8 I find that Abhijat admitted that they had executed several transactions in the scrip of SGRL through Hacienda viz.

Settlement No.	Through member Vyomit Shares Stock & Investments	The Omniscient Securities Pvt Ltd
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	Buy Qty	Sell Qty	Buy Qty	Sell Qty
1999039		5000		10000
1999045	6400			

3.9 Although Abhijat stated that all their dealings in the scrip were done by Hacienda and that they were not aware as to how Hacienda had placed the orders, upon an analysis of the order log and trade log during various days, it is noted that Abhijat and Hacienda had indulged in a synchronized and structured manner which indicates manipulation. The illustrative examples were furnished to Abhijat alongwith the SCN served on it. I find that Abhijat and Hacienda was instrumental in jacking up the price from Rs. 39 on December 1, 1999 to Rs. 110 on January 28, 2000. The motive behind the price manipulation appears to be the intention of Abhijat to place a large quantity of shares held by them to prospective parties. Abhijat was holding 3,79,800 shares of Shipur Gold as on December 31, 1999. Out of this, Abhijat had sold around 1.17 lac shares @ Rs. 115 on February 8, 2000 through broker R. K Chary Stock Trading on spot basis and received a consideration of Rs. 1.35 crores.

3.10 For the period from May 8, 2000 to May 22, 2000, it was noted that the scrip of SGRL which was shifted to compulsory demat segment from May, 08, 2000 onwards showed a price rise from Rs.147 as on May 8, 2000 to Rs.264 as on May 22, 2000. The price volume data of the scrip during the period is as given below:

Settlement No.	Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of	No. of
						Shares	Trades
2000007	8 May 2000	147.75	147.75	147.75	147.75	500	1
	11 May 2000	159.55	159.55	159.55	159.55	100	2
	12 May 2000	172.30	172.30	172.30	172.30	15	1
	15 May 2000	186.05	186.05	186.05	186.05	25	1

Settlement No.	Date	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of	No. of
						Shares	Trades
2000008	16 May 2000	200.90	200.90	200.00	200.00	20	2
	17 May 2000	184.05	215.95	184.05	215.95	2035	6
	18 May 2000	230.00	230.00	230.00	230.00	50	2
	19 May 2000	244.90	244.90	244.90	244.90	1	1
2000009	22 May 2000	264.45	264.45	264.45	264.45	10	1

3.11 I find that the price has risen over thin volume and first trade of day was executed at the upper circuit level price of the day. The summary of transactions is as given below:

Settlement No.	Through Broker The Omniscient Securities Pvt Ltd		Total volume in the exchange
	Buy Qty	Sell Qty	
2000007	575	615	615
2000008	2050	2095	2131
2000009	10	10	10
Total	2635	2720	2756

3.12. Furthermore the details of the trade log of Hacienda and Abhijat were as shown below:

Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Member Name	Counter Party member name	Qty	Price
5/8/2000	1	12:20:15 PM	39000400000000352	B	Ominicient	Ominicient	500	147.75
5/8/2000	1	12:20:15 PM	39000200000000559	S	Ominicient	Ominicient	500	147.75
5/11/2000	1	3:18:34 PM	77500100000000129	B	D0775	Ominicient	25	159.55

Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Member Name	Counter Party member name	Qty	Price
5/11/2000	1	3:18:34 PM	39000400000000664	S	Ominicient	D0775	25	159.55
5/11/2000	2	3:18:34 PM	39000400000000607	B	Ominicient	Ominicient	75	159.55
5/11/2000	2	3:18:34 PM	39000400000000664	S	Ominicient	Ominicient	75	159.55
5/12/2000	1	2:55:27 PM	77500100000000140	B	D0775	Ominicient	15	172.3
5/12/2000	1	2:55:27 PM	39000400000000736	S	Ominicient	D0775	15	172.3
5/15/2000	1	3:23:29 PM	39000400000000762	B	Ominicient	Ominicient	25	186.05
5/15/2000	1	3:23:29 PM	39000100000000104	S	Ominicient	Ominicient	25	186.05
5/16/2000	1	10:03:31 AM	77500100000000211	B	D0775	Ominicient	15	200.9
5/16/2000	1	10:03:31 AM	39000400000000823	S	Ominicient	D0775	15	200.9
5/16/2000	2	11:45:03 AM	78000100000000416	B	D0780	Ominicient	5	200
5/16/2000	2	11:45:03 AM	39000400000000841	S	Ominicient	D0780	5	200
5/17/2000	1	11:32:13 AM	39000400000000949	B	Ominicient	Ominicient	500	184.05
5/17/2000	1	11:32:13 AM	39000300000001849	S	Ominicient	Ominicient	500	184.05
5/17/2000	2	11:32:13 AM	39000400000000949	B	Ominicient	Ominicient	500	184.05
5/17/2000	2	11:32:13 AM	39000300000001849	S	Ominicient	Ominicient	500	184.05
5/17/2000	3	11:32:13 AM	39000400000000949	B	Ominicient	Ominicient	500	184.05
5/17/2000	3	11:32:13 AM	39000300000001849	S	Ominicient	Ominicient	500	184.05
5/17/2000	4	11:32:13 AM	39000400000000949	B	Ominicient	Ominicient	500	184.05
5/17/2000	4	11:32:13 AM	39000300000001849	S	Ominicient	Ominicient	500	184.05
5/17/2000	5	11:40:01 AM	39000400000000960	B	Ominicient	D0106	25	214
5/17/2000	5	11:40:01 AM	10601100000001306	S	D0106	Ominicient	25	214
5/17/2000	6	12:33:18 PM	64300300000000210	B	D0643	Ominicient	10	215.95
5/17/2000	6	12:33:18 PM	39000400000000950	S	Ominicient	D0643	10	215.95
5/18/2000	2	11:31:45 AM	66301600000001569	B	D0663	Ominicient	40	230
5/18/2000	2	11:31:45 AM	39000400000001056	S	Ominicient	D0663	40	230
5/19/2000	1	2:47:08 PM	39000400000001217	B	Ominicient	D0686	1	244.9
5/19/2000	1	2:47:08 PM	68600300000000788	S	D0686	Ominicient	1	244.9

Trade Date	Trade No	Trade Time	Order No	Buy Or Sell	Member Name	Counter Party member name	Qty	Price
5/22/2000	1	3:12:46 PM	39000300000002292	B	Ominicient	Ominicient	10	264.45
5/22/2000	1	3:12:46 PM	39000400000001286	S	Ominicient	Ominicient	10	264.45

3.13. I find that the price has risen from Rs. 138 to Rs. Rs. 264 in 9 trading days from May 8, 2000 to May 22, 2000 with thin volumes and the price of scrip had opened at upper circuit level continuously for nine trading days. It is seen from the above that out of 9 trading days, on four trading days i.e. May 8, 2000, May 15, 2000, May 19, 2000 and May 22, 2000, the first trade which had established the price at circuit filter level was on account of cross deal put by Hacienda through member Omniscient. Hacienda I note, has stated during the investigation, that all these trades were executed on its proprietary account. However, it was seen that the client code on one leg is mentioned as H003 and on the other leg as A007 and as per the information submitted by Omniscient, the clients are Hacienda and Abhijat respectively. It appears that Hacienda and Abhijat had put the orders with an intention to establish a higher opening price of the scrip, which was illiquid scrip. Almost entire volume was executed by Hacienda through Omniscient as cross deals.

3.14. In view of the above, it is apparent that Abhijat and Hacienda had acted in concert and had traded in the scrip of SGRL in substantial quantities during the period of investigation by placing sell orders through one broker and simultaneously buy orders through another broker. These orders were placed with an intention to create a false appearance of trading and establishing the price of the scrip of SGRL which resulted in an artificial market in the said scrip during this period. It is also apparent that there was no real intention to buy or sell shares for taking or giving delivery. The repetitive nature of the orders placed at higher prices, ensured that the prices got jacked up. Moreover, Hacienda and Abhijat were responsible for the majority of the volume in the scrip. Hacienda who is a sub-broker of Vyomit and Omniscient

had executed most of the transactions during the period in its proprietary account and on account of its client; Abhijat. Furthermore, from the trading patterns, the transactions entered into by them were found to be manipulative in nature in as much as they were obviously entered into with an intention to increase the price of the scrip during the period under consideration. More significantly, Abhijat which was holding substantial quantity of shares of SGRL sold 1.17 lac of these shares at Rs.115 per share on February 8, 2000. It is thus apparent that Abhijat and its sub-broker Hacienda manipulated the price of the scrip of SGRL with view to off-load and place the shares at a higher price. I also find that Enquiry was initiated against Hacedinda and Cancellation of Registration was recommended by the Enquiry Officer.

- 3.15 Thus, I find that Abhijat acting in concert with Hacienda indulged into the price manipulation of the scrip of SGRL and hence is guilty of violating the provisions of Regulation 4 (a), (b) (c) and (d) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, which reads as under:

“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;
- (c) indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions;
- (d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities”

4.0 ORDER

4.1 Therefore in exercise of powers conferred upon me under section 19 of the SEBI Act, 1992 read with Sections 11 and 11 B of the SEBI Act, 1992 and Regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 read with relevant provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I hereby restrain Abhijat Trading Company Pvt. Ltd. from accessing the securities market and also prohibit it from buying, selling and dealing in securities for a period of one year.

4.2 This order will come into effect with immediate effect.

Date : 02/02/2006

Place : Mumbai

MADHUKAR

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

