

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

UNDER SECTIONS 11B AND 11(4) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF GHCL LTD.

WTM/GA/4/ISD/4/07

Background

1. As a part of SEBI's surveillance function, price and volume movement of the shares traded at BSE and NSE are being monitored under Integrated Market Surveillance System (IMSS). Based on certain pre-decided parameters built in the IMS System, an alert for the trades in the scrip of GHCL Ltd. ("GHCL") was generated. A preliminary examination of the alert and the trading activities in the scrip of GHCL revealed certain abnormal dealings in the shares of GHCL by entities related to the promoter group which warrants emergency measures to protect the interest of the investors. The findings of the preliminary examination are discussed herein below.
2. GHCL was incorporated in 1983 jointly by the Gujarat Industrial Corporation Ltd., GTC Industries Ltd and Dalmia Dairy Industries Ltd. being the major holders. The Company's main business is in Soda Ash and Textiles. The registered address of the company is GHCL House, Opp. Punjabi Hall, Near Navrangpura, Ahmedabad – 380009.
3. The Board of Directors of GHCL is as follows:

Mr. Sanjay Dalmia	Chairman
Mr. Anurag Dalmia	Director
Mr. Neelabh Dalmia	Director
Mr. Naresh Chandra	Director
Mr. S.H. Ruparell	Director
Mr. Mahesh Kheria	Alternate Director
Mr. G.A. Tadas	Director (IDBI)
Mr. R.W.Khanna	Director (Exim Bank)
Mr. P Sampath	Managing Director
Mr. R S Jalan	Managing Director
Mr. Jagdish Kapoor	Director
Dr. B C Jain	Director
Mr. H H Faruqi	Director
Mr. Tej Malhotra	Executive Director

4. The shareholding pattern of the company as on March 31, 06 is as follows:

Table 1: Shareholding pattern as on December 31, 2006

Category of shareholder	Total no. of shares	% of share holding
(A) Shareholding of Promoter and Promoter Group		
Bodies Corporate	38126532	39.27
Directors/Promoters & their Relatives & Friends	30050	0.03
Trusts	152000	0.16
Sub Total	38308582	39.46
Foreign Bodies Corporate	5507900	5.67
Sub Total	5507900	5.67
Total shareholding of Promoter and Promoter Group (A)	43816482	45.13
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	2881913	2.97
Financial Institutions / Banks	1499432	1.54
Insurance Companies	4824294	4.97
Foreign Institutional Investors	750770	0.77
Foreign Mutual Fund	2129018	2.19
Sub Total	12085427	12.45
(2) Non-Institutions		
Bodies Corporate	22336395	23.01
Individuals		
Individual shareholders holding nominal share capital up to Rs. 1 lakh	11779659	12.13
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	3578870	3.69
Clearing Members	1012235	1.04
Foreign Corporate Bodies	8900	0.01
Market Maker	59305	0.06
Non Resident Indians	1745653	1.8
Hindu Undivided Families	661735	0.68
Trusts	350	-
Sub Total	41186502	42.42
Total Public shareholding (B)	53271929	54.87
Total (A)+(B)	97088411	100

Source: BSE

5. The corporate announcement by GHCL in the month of November 06 to March 2007 is as follows:

Table 2: Corporate announcements of GHCL

Date	News subject	News body
30/11/06	Change in Financial Year	Change of financial year from December ending to March ending and hence annual accounts of the Company for the year will be closed on March 31, 2007 i.e. for 15 months.
1/12/06	Updates	Oval Investment Pvt Ltd (one of the promoter Company) has informed the Company that they have obtained approval from Reserve Bank of India (RBI) for transfer of 20,00,000 preferential convertible warrants of the Company, in favour of Hexabond Ltd (foreign promoter Company) i.e. inter se transfer between the promoters.
11/12/06	Outcome of CoD Meeting	GHCL Ltd has informed BSE that Banking & Operations Committee of the Board of Directors (CoD) in its meeting held on December 11, 06 has approved transfer of 20,00,000 Preferential Warrants convertible into equity shares from Oval Investment Pvt Ltd to Hexabond Ltd.
15/12/06	Conversion of Preferential Warrant into Equity Shares	Request from Hexabond Ltd for conversion of 20,00,000 preferential warrants into equity shares
12/02/2007	Acquisition	The Company acquired Best Manufacturing Group of USA for a consideration of US \$ 35 million through its international subsidiary GHCL Inc.
22/12/06	GHCL - Acquisition of assets of H W Baker Lenin Co	The Company's step down subsidiary Dan River Inc., in USA acquired assets of H W Baker Lenin Co., having a turnover of US Dollar 70 million through competitive bidding process for US Dollar 6.75 million.
26/12/06	GHCL - Allotment of Equity Shares	The company's 20,00,000 Equity Shares of Rs 10/- each were allotted at a premium of Rs 55.10 per share for cash to Hexabond Ltd after conversion of 20,00,000 preferential convertible warrants. With this allotment, the Paid up Share Capital of the Company stands increased from 9,50,88,411 Equity Shares of Rs 10/- each to 9,70,88,411 Equity Shares of Rs 10/- each.
15/03/2007	Conversion of	The Company allotted 25,00,000 Equity Shares of

Date	News subject	News body
	Preferential Convertible Warrants	Rs 10/- each at a premium of Rs 55.10 per share for cash to Oval Investment Pvt Ltd against conversion of 25,00,000 preferential convertible warrants With this allotment, the Paid up Share Capital of the Company stands increased from 9,70,88,411 Equity Shares of Rs 10/- each to 9,95,88,411 Equity Shares of Rs 10/- each.

Source:BSE

6. An alert in the trades in the scrip of GHCL was generated in the IMSS based on certain pre-decided parameters. The preliminary examinations of the said alert and the trading activities in the scrip of GHCL revealed certain abnormal trading behaviour by entities related to the promoter group. To decipher the abnormal trading behaviour of the promoter group entities in the shares of GHCL during the period November 01, 2006 to March 31, 2007, the trading data of GHCL at BSE and NSE, off-the-market transactions, client details from the Uniform Client Code database, demat transactions, details of company records from ROC were gathered / collated and examined.
7. During the period under examination i.e. November 2006 to March 2007, it was observed that following seven entities who were having common address i.e. House No. 6., Pocket - 40, Chittaranjan Park, New Delhi-110019 were regularly trading in the shares of GHCL through 70 multiple client accounts (BSE-35 and NSE-35) with 38 brokers (BSE-18 and NSE-20):
 - i) Antarctica Investment Private Ltd
 - ii) Carissa Investment Pvt. Limited
 - iii) Comosum Investment Pvt. Ltd.
 - iv) Darpan Garden Exports Private Ltd
 - v) Jalco Financial Service Pvt. Ltd
 - vi) Pathik Merchandise Pvt. Ltd.
 - vii) Wilful Finance And Investment Co Pvt. Ltd

8. The entities shown at Sr. Nos. (i), (ii), & (iii) viz., Antarctica Investment Private Ltd, Carissa Investment Pvt. Limited and Comosum Investment Pvt. Ltd., are shown under Promoter Group in the share holding pattern of GHCL as on September 30, 2006. The above seven entities are having common address and phone number and hereinafter are referred as 'Jalco Group'.
9. The details of the directors of the Jalco Group entities who have traded in the shares of GHCL is as follows:

Table 3: Directors of Jalco group and their directorships in other companies

Entities	Directors	Directorship in other companies
DARPAN	1. Alok Kumar Srivastva 2. Bhairav Dutt Naliwal 3. Sanjay Jalan (Former Director Resigned in Sept 2006)	Bhairav Dutt Naliwal is also Director of 1. Willful Finance 2. Jalco Enterprises Pvt. Ltd. 3. Jalco Plasto Chem Industries Pvt. Ltd. Alok Kumar Srivastava is also Director of 1. Jalco Financial Services Pvt. Ltd. 2. Jalco Enterprises Pvt. Ltd. 3. Jalco Plasto Chem Industries Pvt. Ltd.
WILFUL FINANCE	1. Bhairav Dutt Naliwal 2. Pradeep Kumar 3. Balbeer Singh 4. Manohar Ram (resigned on 23/01/07)	Manohar Ram is also Director of 1. Carissa Investments Pvt. Ltd. 2. Comosum Investments Pvt. Ltd. 3. Dear Investments Pvt. Ltd. 4. Lovely Investments Pvt. Ltd. 5. Jalco Plasto Chem Industries Pvt. Ltd. 6. Jalco Financial Services Pvt. Ltd. 7. Dew Films Pvt. Ltd. 8. Grotto Pharmaceuticals Pvt. Ltd.
JALCO FINANCIAL SERVICES PVT. LTD.	1. Alok Kumar Srivastva 2. Vinay Kumar Mehta 3. Manohar Ram	
ANTARCTICA	1. Pradeep Kumar 2. Rajesh Kumar	
CARISSA INVESTMENTS PVT LTD	1. Rajesh Kumar 2. Vinay Kumar Mehta 3. Manohar Ram	
COMOSUM INVESTMENTS PVT LTD	1. Suruj Gurung 2. Vinay Kumar Mehta 3. Manohar Ram	

It can be observed from the above table that Manohar Ram is a director in eight entities belonging to Jalco Group including the promoter group entities. Similarly, Alok Kumar Srivastava and Bhairav Dutt Naliwal are common directors in four

entities each belonging to Jalco Group including the promoter group entities. The above table brings out the linkages between the various Jalco Group entities mentioned above.

10. It was further observed from the data obtained from the Depositories that there are 51 Beneficial accounts (CDSL-19 and NSDL-32), all from the same address as of above mentioned Jalco Group.
11. The existence of 51 demat accounts with the Depositories and 70 client accounts with 38 brokers from a single address of 7 entities of Jalco Group including the promoter entities of GHCL who are regularly trading in the shares of GHCL raised a suspicion that there could be a scheme or a deceptive device for perpetrating market manipulation by these entities.

Synchronized Trades

12. It was observed that there were several synchronized trades executed by the Jalco Group entities during the period December 2006 to March 2007. The said synchronized trades observed in the scrip of GHCL for the said period at BSE and NSE is given below:

Table 4: Details of Synchronized trades

Date	SE	Trade id	Buy Ord & Sell Ord & Trade price	Buy Ord & Sell Ord & Trade Qty	Trade time	BUY CLNT NAME	Buy Ord Time	Buy oder no.	SELL CLNT NAME	Sell Ord Time	Sell Order No.
1/3/07	N	20070301211109	165.40	15000	14:46:00	JALC	14:45:59	200703017060164	WFIL	14:46:00	200703017060301
1/3/07	N	200703012120133	165.40	20000	14:46:51	JALC	14:46:43	200703017065676	WFIL	14:46:51	200703017066641
9/3/07	N	200703091875264	163.40	2000	14:15:07	JALC	14:15:07	200703096727372	JALC	14:14:08	200703096720183
9/3/07	N	200703091956443	163.40	10000	14:26:30	WFIL	14:26:30	200703096797638	JALC	14:26:16	200703096796440
9/3/07	N	200703092496050	163.55	25000	15:38:27	WFIL	15:38:27	200703092410081	JALC	15:38:18	200703097225681
12/3/07	N	200703121858862	164.60	25000	15:10:59	JALC	15:10:55	200703126771598	JALC	15:10:59	200703121822795
12/3/07	N	200703121861239	164.40	25000	15:11:25	JALC	15:11:23	200703126774116	JALC	15:11:25	200703121824936
13/03/07	N	200703132054437	163.25	25000	15:03:43	CIPL	15:03:43	200703131955182	CIPL	15:03:40	200703131954904
13/03/07	N	200703132056670	163.30	25000	15:04:00	CIPL	15:04:00	200703131956838	CIPL	15:03:58	200703131956586
13/03/07	N	200703132058678	163.20	25000	15:04:19	CIPL	15:04:19	200703131958727	CIPL	15:04:16	200703131958361
13/03/07	N	200703132060720	163.35	25000	15:04:34	CIPL	15:04:34	200703131960313	CIPL	15:04:31	200703131960034
22/03/07	N	200703220685482	158.75	10000	11:52:38	JALC	11:52:38	200703225939854	WFIL	11:52:37	200703225939725

Date	SE	Trade id	Buy Ord & Sell Ord & Trade price	Buy Ord & Sell Ord & Trade Qty	Trade time	BUY CLNT NAME	Buy Ord Time	Buy oder no.	SELL CLNT NAME	Sell Ord Time	Sell Order No.
22/03/07	N	200703220686848	158.80	10000	11:52:53	JALC	11:52:53	200703225941007	WFIL	11:52:52	200703225940940
22/03/07	N	200703220689456	158.75	10000	11:53:10	JALC	11:53:10	200703225942351	WFIL	11:53:08	200703225942192
22/03/07	N	200703220692183	158.80	10000	11:53:23	JALC	11:53:23	200703225943681	WFIL	11:53:19	200703225943318
22/03/07	N	200703220694430	158.80	10000	11:53:36	JALC	11:53:36	200703225945126	WFIL	11:53:34	200703225944893
22/03/07	N	200703220739407	158.80	25000	12:02:22	JALC	12:02:22	200703225992593	WFIL	12:02:18	200703225992322
22/03/07	N	200703220740805	158.75	25000	12:02:41	JALC	12:02:41	200703225993870	WFIL	12:02:39	200703225993746
23/03/07	N	200703231105966	154.50	20000	12:49:19	JALC	12:49:19	200703236235799	WFIL	12:49:19	200703236235776
23/03/07	N	200703231110838	154.50	30000	12:50:35	JALC	12:50:35	200703236241412	WFIL	12:50:24	200703236240622
23/03/07	N	200703231112109	154.40	20000	12:50:58	JALC	12:50:58	200703236243011	WFIL	12:50:57	200703236242962
23/03/07	N	200703231113418	154.40	10000	12:51:17	JALC	12:51:17	200703236244481	WFIL	12:51:17	200703236244452
26/03/07	N	200703260774340	156.65	100000	12:36:06	JALC	12:36:02	200703265962674	WFIL	12:36:06	200703265962863
26/03/07	N	200703260775323	156.65	100000	12:36:24	JALC	12:36:24	200703265963897	WFIL	12:36:23	200703265963786
26/03/07	N	200703261014634	156.30	100000	13:41:48	JALC	13:41:48	200703266193540	WFIL	13:41:48	200703266193569
26/03/07	N	200703261123220	156.45	25000	14:11:19	WFIL	14:11:19	200703266304436	JALC	14:11:19	200703261369899
26/03/07	N	200703261124218	156.40	25000	14:11:35	WFIL	14:11:35	200703266305338	JALC	14:11:34	200703261370779
26/03/07	N	200703261125850	156.40	25000	14:12:00	WFIL	14:12:00	200703266306820	JALC	14:12:00	200703261372315
26/03/07	N	200703261169298	156.40	25000	14:20:37	WFIL	14:20:37	200703266342373	JALC	14:20:34	200703261408391
26/03/07	N	200703261170263	156.30	25000	14:20:49	WFIL	14:20:49	200703266343173	JALC	14:20:48	200703261409334
28/03/07	N	200703281000278	150.20	50000	12:56:15	JALC	12:56:15	200703281190334	WFIL	12:56:14	200703281190268
8/2/07	N	200702081484772	177.00	25000	13:13:16	JALC	13:13:12	200702086539760	JALC	13:13:16	200702081631644
8/2/07	N	200702081487515	177.05	25000	13:13:46	JALC	13:13:41	200702086542049	JALC	13:13:46	200702081634107
8/2/07	N	200702081510746	177.10	25000	13:18:11	JALC	13:18:10	200702086563050	JALC	13:18:11	200702081656160
8/2/07	N	200702082190868	177.00	25000	15:06:21	JALC	15:06:20	200702087173799	JALC	15:06:21	200702082280730
21/02/07	N	200702211577213	169.20	50000	14:27:00	WFIL	14:27:00	200702216705711	JALC	14:26:58	200702216705568
27/02/07	N	200702272088377	167.50	15000	15:13:34	JALC	15:13:34	200702277080784	WFIL	15:13:24	200702272163893
4/12/06	B	341	177	25000	13:28:01	JALC	13:27:55	767206020410726	JALC	13:28:01	576203000000234
4/12/06	B	343	177	25000	13:28:13	JALC	13:28:12	767205020443973	JALC	13:28:12	576203000000235
4/12/06	B	344	177	25000	13:28:26	JALC	13:28:26	767206020410729	JALC	13:28:19	576203000000236
4/12/06	B	353	177	15000	13:31:15	JALC	13:31:15	767203020722683	DGEL	13:31:12	121201020593266
4/12/06	B	355	177	7000	13:31:42	JALC	13:31:28	767203020722684	DGEL	13:31:41	121201020593270
4/12/06	B	382	177	25000	14:19:03	PMPL	14:18:59	767205020444135	JALC	14:19:02	576203000000293
4/12/06	B	468	177	25000	15:16:21	PMPL	15:16:19	767206020411118	JALC	15:16:21	673205020337946
6/12/06	B	480	174	25000	14:13:59	JALC	14:13:59	917046020119600	JALC	14:13:54	576203000001646
6/12/06	B	490	174	5000	14:25:33	WFIL	14:25:33	912206000093962	DGEL	14:25:20	30002020178839
6/12/06	B	493	174	5000	14:25:59	WFIL	14:25:58	912202020432053	DGEL	14:25:47	30002020178843
6/12/06	B	494	174	5000	14:26:13	WFIL	14:26:12	912206000093963	DGEL	14:26:04	30002020178845
6/12/06	B	519	174	25000	14:32:20	WFIL	14:32:16	767204020471011	DGEL	14:32:20	446201030659978
12/12/06	B	290	165	5000	13:39:46	JALC	13:39:31	767206020419232	JALC	13:39:46	408205020736374
12/12/06	B	738	160	20000	14:43:44	JALC	14:43:42	767201021296425	JALC	14:43:44	576203000004182
12/12/06	B	740	159	20000	14:44:21	JALC	14:44:09	767203020731685	JALC	14:44:11	576203000004183
12/12/06	B	766	159	20000	14:54:37	JALC	14:54:36	767205020452699	JALC	14:54:36	576203000004196
12/12/06	B	839	164	10000	15:18:40	JALC	15:18:37	767205020452851	JALC	15:18:39	576203000004244

Date	SE	Trade id	Buy Ord & Sell Ord & Trade price	Buy Ord & Sell Ord & Trade Qty	Trade time	BUY CLNT NAME	Buy Ord Time	Buy oder no.	SELL CLNT NAME	Sell Ord Time	Sell Order No.
13/12/06	B	808	167	50000	14:53:52	DGEL	14:53:51	767205020454237	JALC	14:53:47	179041000000240
19/12/06	B	491	163	1603	15:41:12	DGEL	15:41:12	30002020179823	JALC	15:40:28	185003020224634
21/12/06	B	1048	169	25000	14:34:58	WFIL	14:34:55	179041000000306	JALC	14:34:57	767206020429406
21/12/06	B	1049	169	25000	14:35:12	WFIL	14:35:12	179041000000307	JALC	14:35:10	767204020486432
21/12/06	B	1050	168	25000	14:35:29	WFIL	14:35:29	179041000000308	JALC	14:35:27	767203020741785
21/12/06	B	1069	168	25000	14:40:08	WFIL	14:40:07	767204020486457	JALC	14:40:07	179041000000312
21/12/06	B	1070	168	25000	14:40:19	WFIL	14:40:17	767204020486462	JALC	14:40:19	179041000000313
21/12/06	B	1071	168	25000	14:40:30	WFIL	14:40:28	767201021306322	JALC	14:40:29	179041000000314
21/12/06	B	1072	168	20000	14:40:49	WFIL	14:40:47	767206020429437	JALC	14:40:49	179041000000315
21/12/06	B	1154	168	25000	15:12:39	JALC	15:12:39	312003020171918	JALC	15:12:39	767203020741963
26/12/06	B	1487	167	10000	14:56:25	WFIL	14:56:24	121201020622819	PMPL	14:56:11	767201021309110
28/12/06	B	260	167	25000	13:16:12	CIPL	13:16:12	767206020434468	JALC	13:16:12	576203000011510
28/12/06	B	261	167	25000	13:16:27	CIPL	13:16:24	767201021311493	JALC	13:16:27	576203000011512
28/12/06	B	262	167	10000	13:16:37	CIPL	13:16:36	767204020491542	JALC	13:16:37	576203000011513
11/1/07	B	837	168	25000	14:14:28	WFIL	14:14:27	30002020181667	CIPL	14:14:25	912209000108908
11/1/07	B	838	168	25000	14:14:47	DGEL	14:14:47	30002020181668	CIPL	14:14:46	912207000106962
11/1/07	B	852	168	50000	14:22:51	DGEL	14:22:51	30002020181672	JALC	14:22:46	767204020503394
12/1/07	B	151	169	25000	11:40:09	DGEL	11:40:08	30002020181724	CIPL	11:40:08	912206000108241
12/1/07	B	153	169	25000	11:40:23	DGEL	11:40:23	30002020181725	CIPL	11:40:20	912207000107369
12/1/07	B	271	169	25000	12:18:33	JALC	12:18:32	767206020447766	DGEL	12:18:32	30002020181744
19/02/07	B	271	171	3387	13:39:19	WFIL	13:38:59	767201021360919	WFIL	13:39:19	576203000023816
21/02/07	B	107	169	50000	14:27:26	WFIL	14:27:25	179041000001046	JALC	14:27:17	907204020425253
28/02/07	B	157	165	25000	14:29:02	JALC	14:28:59	312008020122365	JALC	14:29:01	576202020190431
28/02/07	B	190	165	50000	15:17:16	JALC	15:17:16	125216020153201	WFIL	15:17:15	767201021369946
6/3/07	B	262	163	50000	15:59:45	JALC	15:59:41	179041000001135	JALC	15:59:44	576201020382669
6/3/07	B	266	163	10000	16:02:26	JALC	16:02:25	179041000001137	JALC	16:02:25	907204020442270
8/3/07	B	41	164	25000	10:29:22	JALC	10:29:21	576204000009014	JALC	10:29:20	673205020368915
8/3/07	B	45	164	25000	10:30:05	JALC	10:29:59	576201020382962	JALC	10:30:05	673205020368919
8/3/07	B	86	163	25000	13:00:57	JALC	13:00:57	576204000009073	JALC	13:00:57	673205020369024
8/3/07	B	250	164	25000	15:49:55	WFIL	15:49:54	673205020369188	DGEL	15:49:54	121201020727744
8/3/07	B	251	164	25000	15:50:09	WFIL	15:50:09	673205020369189	DGEL	15:50:07	121201020727746
14/03/07	B	512	162	40000	15:55:29	JALC	15:55:28	576202020192814	JALC	15:55:28	917046020120720
13/02/07	B	791	164	50000	14:52:13	JALC	14:52:12	907204020416105	WFIL	14:52:13	179041000000950
13/02/07	B	792	164	50000	14:52:32	JALC	14:52:25	907204020416107	WFIL	14:52:32	179041000000951
19/03/07	B	146	162	5000	15:37:44	DGEL	15:37:44	121201020740581	JALC	15:37:44	576203000028480
19/03/07	B	147	162	10000	15:38:01	DGEL	15:38:01	121201020740586	JALC	15:37:59	576204000010996
19/03/07	B	148	162	2000	15:38:14	DGEL	15:38:13	121201020740587	JALC	15:38:12	576201020384874
19/03/07	B	149	162	5000	15:38:31	DGEL	15:38:31	121201020740591	JALC	15:38:30	576203000028481
19/03/07	B	152	162	1	15:39:17	DGEL	15:39:16	121201020740596	JALC	15:39:10	576201020384875
19/03/07	B	154	162	1	15:39:43	DGEL	15:39:42	121201020740598	JALC	15:39:35	576202020193605
19/03/07	B	155	162	10000	15:43:08	DGEL	15:43:07	121201020740615	JALC	15:43:08	576204000011002
19/03/07	B	157	162	1	15:43:28	DGEL	15:43:27	121201020740619	JALC	15:43:21	576201020384881

Date	SE	Trade id	Buy Ord & Sell Ord & Trade price	Buy Ord & Sell Ord & Trade Qty	Trade time	BUY CLNT NAME	Buy Ord Time	Buy oder no.	SELL CLNT NAME	Sell Ord Time	Sell Order No.
19/03/07	B	165	162	1	15:44:38	DGEL	15:44:37	121201020740628	JALC	15:44:31	576201020384884
19/03/07	B	178	162	10000	15:55:00	DGEL	15:54:57	121201020740691	JALC	15:54:59	576202020193622
19/03/07	B	179	162	5000	15:55:18	DGEL	15:55:15	121201020740694	JALC	15:55:18	576202020193624
19/03/07	B	182	162	10000	15:56:28	JALC	15:55:35	408206020180289	JALC	15:56:12	917046020120780
19/03/07	B	184	162	1	15:59:37	DGEL	15:59:36	121201020740724	JALC	15:59:29	576203000028502
19/03/07	B	186	162	1	15:59:56	DGEL	15:59:55	121201020740726	JALC	15:59:49	576201020384904
19/03/07	B	224	163	25000	16:09:51	DGEL	16:09:49	121201020740799	JALC	16:09:50	576204000011023
22/03/07	B	75	159	20000	11:55:39	WFIL	11:55:39	179041000001242	JALC	11:55:38	179013020109047
22/03/07	B	77	159	15000	11:56:55	WFIL	11:56:54	179041000001244	JALC	11:56:48	179013020109049
23/03/07	B	1153	154	25000	12:58:07	WFIL	12:58:06	179041000001262	JALC	12:58:07	179013020109057
23/03/07	B	1154	154	25000	12:58:21	WFIL	12:58:21	179041000001263	JALC	12:58:18	179013020109058
23/03/07	B	1164	154	25000	12:59:05	WFIL	12:59:04	179041000001265	JALC	12:59:02	179013020109060
26/03/07	B	246	156	100000	11:26:40	JALC	11:26:35	907204020465352	WFIL	11:26:39	121201020748156
26/03/07	B	265	156	100000	11:28:55	WFIL	11:28:54	907204020465367	DGEL	11:28:54	121201020748163
26/03/07	B	422	156	100000	13:42:29	JALC	13:42:28	907204020465655	WFIL	13:42:27	325204000084208

Legend:

Client code	Client Name
CIPL	CARISSA INVESTMENT PVT LIMITED
DGEL	DARPAN GARDEN EXPORTS PVT. LTD
JALC	JALCO FINANCIAL SERVICES PRIVATE LIMITED
PMPL	PATHIK MERCHANDISE PVT LTD.
WFIL	WILFUL FINANCE INVESTMENT CO PVT LTD

13. It is observed from the above table that the Jalco Group entities including promoter group entities viz. Jalco Financial Services Pvt. Ltd., Darpan Garden Exports Pvt. Ltd., Pathik Merchandise Pvt. Ltd., Wilful Finance & Investment Pvt. Ltd. and Carissa Investment Pvt. Ltd. have been continuously executing synchronized trades among themselves throughout the period December 2006 to March 2007. There were 111 such transactions where the Jalco group entities had indulged in synchronized trades amongst themselves. In all these instances, the difference between buy order time and sell order time was less than a minute. Out of these 111 synchronised trades, in about 85 trades, the time difference between buy order and sell order was less than 5 seconds. In all these trades, the price and quantity of buy order and sell order were the same. Thus, all the ingredients of a synchronized trade were fulfilled i.e. same

order price and quantity and very little time difference between the punching of buy and sell orders. The above scheme of operation appears to be prima facie carried out by Jalco group of entities including promoter entities. The role of brokers if any in the above scheme is being separately investigated.

14. The continuing pattern of synchronized trades by the Jalco Group entities, as detailed above, leads to a doubt that these entities are creating artificial volume in the transactions of GHCL, probably with a view to attract investor attention to the scrip.

Off-the-Market transactions

15. The large scale transactions by the Jalco Group entities including promoter group entities in the shares of GHCL indicates a concomitant possibility of their dealings in the off-the-market transactions. Accordingly, off-the-market transactions in the shares of GHCL were examined and it was observed that the Jalco Group entities including promoter group entities were executing several off-the-market transactions among themselves.
16. Some of the off-the-market transaction at NSDL executed by the Jalco group entities including the promoter group entities is given below:

Table 5: Off-market transactions of Jalco group in NSDL

SOURCE CLIENT ID	SOURCE CLIENT NAME	TARGET CLIENT ID	Target client name	EXECUTION DATE	NO OF SECURITIES
13406268	CARISSA INVESTMENT PRIVATE LIMITED	10159919	Jalco financial services Pvt Ltd.	10/4/05	200000
13406268		10159919	Jalco financial services Pvt Ltd.	10/28/05	700000
10447308		10575768	Wilful finance and investment company	1/3/06	340000
10447308		10176943	pvt ltd	1/6/06	100000
13406268		10159919	Jalco financial services Pvt Ltd.	4/3/06	100000
10243697	DARPAN GARDEN EXPORTS PRIVATE LIMITED	10447316	Jalco financial services pvt ltd	4/4/06	300000
10243697		10575768	Wilful finance and investment company pvt ltd	4/4/06	345000
10243697		10159919	Jalco financial services Pvt Ltd.	6/9/06	50000
10243697		10159919		6/20/06	200000
10243697		10159919		7/1/06	259000
10243697		10159919		7/10/06	75000
10159919	JALCO FINANCIAL SERVICES PVT LTD	10243697	Darpan garden exports Pvt Ltd.	8/3/06	100000
10159919		10243697	Darpan garden exports Pvt Ltd.	8/4/06	200000
10447316		10176943	Wilful finance and investment company	11/6/06	145000

SOURCE CLIENT ID	SOURCE CLIENT NAME	TARGET CLIENT ID	Target client name	EXECUTION DATE	NO OF SECURITIES
			private		
10176943	WILFUL FINANCE AND INVESTMENT COMPANY PVT LTD	10243697	Darpan garden exports Pvt Ltd.	11/14/06	200000
10176943		10159919		11/14/06	200000
10176943		10159919		11/21/06	100000
10176943		10159919		11/22/06	300000
10176943		10159919	Jalco financial services pvt ltd	12/4/06	150000
10176943		10159919		12/4/06	36000
10575768		10159919		12/4/06	34000
10575768		10159919		12/14/06	40000

It is observed from the above table that Jalco Group entities were indulging in off-the-market transactions among themselves. It appears that the Jalco group entities while indulging in synchronized trades on BSE and NSE were simultaneously executing off-market transactions to evade the monitoring systems of the stock exchanges.

Trading of Jalco Group entities including promoter group entities

17. It was observed that Jalco Group including promoter group entities were trading extensively in the shares of GHCL throughout the period under examination i.e. from November 2006 to March 2007. The trade details of Jalco group during the said period at BSE is as follows :

Table 6: Trading of Jalco group on BSE

SN	Client	Broker	Buy Volume	Buy Value	Sell Volume	Sell Value
1	CARISSA INVESTMENT PVT LIMITED	UTI Securities Ltd.	113524	19086539.40	110000	18453500.00
2		Ashika Stock Broking Ltd.	20000	3269000.00	100000	16860000.00
3	COMOSUM INVESTMENT PVT. LTD.	Indiabulls Securities Ltd.	3500	539150.00		
4	DARPAN GARDEN EXPORTS P LTD	UTI Securities Ltd.	395993	66281800.75	350000	58328311.85
5		Edelweiss Securities Pvt. Ltd.	459377	77503506.65	704400	112872552.25
6		Anand Rathi Securities Pvt. Ltd.,	1612671	272670740.50	1585278	261239939.80
7		Indiabulls Securities Ltd.	350000	55134353.10		
8		Motilal Oswal Securities Ltd.	95000	16944086.20	50000	8711551.85
9	JALCO FINANCIAL SERVICES P LTD	India Infoline Securities Pvt. Ltd.	884591	148571606.05	1920687	316711701.95
10		Sovereign NV Securities Pvt. Ltd.	35500	6218932.50	107454	18870559.95

SN	Client	Broker	Buy Volume	Buy Value	Sell Volume	Sell Value
11		Emkay Share & Stock Brokers Ltd.	305500	50735580.65	150451	24532587.30
12		LKP Shares & Securities Ltd.	47071	7930458.60	50000	8426416.30
13		IL & FS Investsmart Ltd.	380000	62464783.80	550000	88776735.00
14		MR Share Broking Pvt. Ltd.	322121	53442605.20	205000	34374340.05
15		J.M. Morgan Stanley Financial Services Pvt. Ltd.	150000	23322676.20		
16		Quantum Stocks Pvt. Ltd.	30000	5247150.20	62199	10660444.60
17		Indiabulls Securities Ltd.	1790000	285437185.25	623891	105844545.25
18		Brics Securities Ltd.	1228731	204961750.95	3485839	587798459.35
19		Anand Rathi Securities Pvt. Ltd.,	125000	21034547.20	20000	3525000.00
20		Kotak Securities Ltd.	399970	66348900.35	619280	101230146.90
21		DSE Financial Services Ltd.	289063	48436773.50	558386	94577910.40
22		UTI Securities Ltd.	910000	152405420.80	452513	75678275.35
23		Karvy Stock Broking Ltd.	760737	128975038.05	1594769	273564918.50
24	PATHIK MERCHANDISE PVT LTD.	UTI Securities Ltd.	596279	102834356.25	585000	98304255.00
25	WILFUL FINANCE & INVESTMENT COMPANY LTD	LKP Shares & Securities Ltd.	19247	3416462.65	10244	1836664.95
26	WILFUL FINANCE & INVESTMENT COMPANY PVT LTD	Brics Securities Ltd.	66357	10929805.40	78569	13169854.60
27		Ashika Stock Broking Ltd.	295000	52341185.70	150000	26020155.05
28		J.M. Morgan Stanley Financial Services Pvt. Ltd.	50000	8307485.00	200000	31736205.00
29		Anand Rathi Securities Pvt. Ltd.,	1150284	195061773.25	484831	81150352.20
30		Indiabulls Securities Ltd.	600000	93764301.40	99338	16527471.20
31		Kotak Securities Ltd.	135000	22128499.10		
32		Edelweiss Securities Pvt. Ltd.	236702	41116717.25	906645	145639470.05
33		India Infoline Securities Pvt. Ltd.	780832	130413313.00	1078682	180650184.20
34		UTI Securities Ltd.	460000	77514222.25	300000	49712500.00
	Total		15098050	2514790707	17193456	2865785009

18. The details of dealings of Jalco group including promoter group entities during the said period i.e. from November 2006 to March 2007 at NSE is as follows:

Table 7: Trading of Jalco group on NSE

SN	Client	Broker	Buy Volume	Buy Value	Sell Volume	Sell Value
1.	Antarctica Investment Pvt. Ltd.	Kotak Securities Ltd.	500	78150		
2.	Carissa Investments Pvt. Ltd.	K & A Securities (P) Ltd.	448450	73221559.35		
3.		Adinath Capital Services Ltd.			200000	32655000
4.		Ashika Stock Broking Ltd.	194404	31864032.7		
5.		Sovereign Nv Securities Pvt. Ltd.			121529	19881087.5
6.		Kotak Securities Ltd.			269846	41935359.2
7.	Comosum Investment Pvt. Ltd.	Indiabulls Securities Ltd.	2543	392066.8		
8.	Darpan Garden Exports Pvt. Ltd	Motilal Oswal Securities Ltd.			4739	775759.5
9.		Edelweiss Securities Pvt. Ltd.	498886	83969621.4	339464	56935993.6
10.		Navratan Capital & Securities Pvt. Ltd.	2523413	428177626.9	2464649	412574064
11.		Indiabulls Securities Ltd.	677022	106610217.4	100000	16560000
12.	Jalco Fin. Services Pvt. Ltd.	Sovereign Nv Securities Pvt. Ltd.	85000	14428861	127581	22374983.9
13.		Karvy Stock Broking Ltd	2950753	507414695.8	2396514	406858593
14.		Adinath Capital Services Ltd.	2907679	488770405.5	4369958	738473825
15.		Brics Securities Ltd.	4022019	687929096.3	1689528	280833446
16.		Motilal Oswal Securities Ltd.	49801	8286883.5	19602	3184234.85
17.		India Infoline Securities Pvt. Ltd.	1367746	221861541.2	888306	143488004
18.		V R M Share Broking Private Ltd.	492636	81980439.05	277270	45276511.3
19.		IL&FS Investsmart Ltd.	1249562	210997210.3	453246	74353676.2
20.		Quantum Securities Pvt Ltd.	318416	55371651.6	276733	47836977.2
21.		J M Morgan Stanley Retail Services Pvt Ltd.	749563	121630435.5	249998	39437179.4
22.		Navratan Capital & Securities Pvt. Ltd.			200928	30997152.4
23.		Emkay Share & Stock Brokers P Ltd.	644583	107551192.4	409518	69013505.8
24.		Kotak Securities Ltd.	673286	109343232.6	889362	145431593
25.		Indiabulls Securities Ltd.	3321256	531333821.7	1962766	329406967
26.	Pathik Merchandise Pvt Ltd	Karvy Stock Broking Ltd	27095	4816856.45	116754	20806821.3
27.		UTI Securities Ltd	225000	39592500	202237	36135552.1
28.	Wilful Finance Investment Co Pvt Ltd	LKP Securities Ltd			10731	1904073.35
29.		India Infoline Securities Pvt. Ltd.	1372084	227556834.3	1155914	185098695
30.		Ashika Stock Broking Ltd.	465320	78571842.25	834644	131480199
31.		Fortis Securities Ltd.	1286075	218749259.6	1811209	303295721

SN	Client	Broker	Buy Volume	Buy Value	Sell Volume	Sell Value
32.		Navratan Capital & Securities Pvt. Ltd.	1274000	214162647.6	1787336	297105705
33.		J M Morgan Stanley Retail Services Pvt Ltd.	250000	40909660.15	444812	69719965.2
34.		Indiabulls Securities Ltd.	2526095	394273066.7	1137017	188469112
35.		Edelweiss Securities Pvt. Ltd.	1041849	175038434.7	332615	56084168.7
	Total		31645036	5264883843	25544806	4248383923

It was observed from the above table that the Jalco group entities including promoter group entities mentioned above executed large number of transactions in the scrip GHCL creating huge volume in the scrip. The turnover of the Jalco group entities including the promoter entities during the said period is as follows:

Table 8: Consolidated trading of Jalco group on BSE and NSE

	Gross Buy			Gross Sell		
	Volume	% to Mkt	Value	Volume	% to Mkt	Value
BSE	1,50,98,050	43.25%	251,47,90,707	1,71,93,456	46.50%	286,57,85,009
NSE	3,16,45,036	47.35%	526,48,83,843	2,55,44,806	38.23%	424,83,83,923
Total	4,67,43,086		777,96,74,550	4,27,38,262		711,41,68,932

It was observed that the Jalco group entities including the promoter entities have purchased shares of GHCL worth Rs.777.96 crore and sold shares of GHCL worth Rs.711.41 crore at BSE and NSE. During the period November 1, 2006 to March 31, 2007 it constituted 43.25% of total market-buy quantity and 46.50% of market-sell quantity at BSE while, at NSE, it constituted 47.35% of total market-buy quantity and 38.23% of total market-sell quantity. The very large percentage of more than 40% trade concentration by Jalco Group including promoter group entities again confirm the earlier prima facie inference that these entities have been acting in concert to create false and misleading volume in the shares of GHCL.

19. A comparison was undertaken in relation to the Total volume in the shares of GHCL and the Group volume during the period November 01, 06 to March 31, 2007. It was observed that at BSE, out of 102 trading days, the Jalco group entities have traded on 92 trading days and at NSE out of 102 trading days, the group entities have traded on 99 trading days.

20. These large trades executed by Jalco group entities including promoter group entities among themselves in the shares of GHCL with various client accounts through multiple stock brokers at two different stock exchanges viz. BSE and NSE, prima facie indicate that these entities have indulged in artificial volume creation in violation of Regulation 3, 4(1), 4(2)(a), (b) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
21. It is pertinent to mention that one of the criteria for scrip to be admitted for trading in the derivative segment is that the scrip should be among the top 500 stocks in terms of average daily market capitalisation and average daily traded value in the previous six months on a rolling basis. It is possible that the Jalco group entity including promoter group entities might have indulged in continuous large volume creation throughout the period under consideration *inter alia* to facilitate the inclusion of the GHCL amongst the scrips trading in the derivative segment.

Summary of Observations:

22. The summary of the prima facie observations are given below:
- The entire case is built on alert generated by IMSS.
 - There were several instances of synchronized transactions between the Jalco group entities.
 - Further, the Jalco group entities were seen to be executing several off-the-market demat transactions amongst themselves.
 - Three entities viz. Antarctica Investment Private Ltd, Carissa Investment Pvt. Limited and Comosum Investment Pvt. Ltd. who have traded in the shares of GHCL are shown under the Promoter Group in the share holding pattern of GHCL.
 - The seven entities of Jalco group have traded in the shares of GHCL through 70 accounts (BSE-35, NSE-35) with 38 brokers (BSE-18, NSE-20).

- As per the data collected, the Jalco group entities have 145 beneficial accounts with the address House No. 6, Pocket - 40, Chittaranjan Park, New Delhi-110019 with NSDL and CDSL.
- The gross buy volume and the gross sell volume of the Group at BSE was 1,50,98,050 shares and 1,71,93,456 shares respectively. The value being 251.48 crore and 286.58 crore respectively. At NSE, the gross buy volume and the gross sell volume of the Group was 3,16,45,036 shares and 2,55,44,806 shares respectively. The value being 526.48 crore and 424.83 crore respectively. The total trades of the Jalco group entities in the shares of GHCL at BSE and NSE during the period under examination i.e. from November 2006 to March 2007 was more than 40%.
- The large trades executed by Jalco group entities including synchronized trades in the shares of GHCL with various client accounts through multiple stock brokers at two different stock exchanges viz. BSE and NSE, prima facie indicate that these entities were indulging in creation of artificial volume.
- Also, it is likely that the Jalco group entities continuously indulged in artificial volume creation throughout the period of examination *inter alia* to facilitate the inclusion of the GHCL scrip for trading in the derivative segment.

23. To sum up, the Jalco Group entities have been continuously trading in the shares of GHCL among themselves with various client accounts through multiple stock brokers at BSE and NSE where their trades constituted significant volume. Such a conduct wherein the buyer and seller being the same party entering into transactions through different brokers prima-facie raises a question about the ulterior motive of the entities. Moreover, such trades mentioned above executed by the entities including promoter group entities have definitely created artificial volume which distorts market equilibrium.

24. Further, it is seen that the following seven entities share the same address as Jalco group:

1. Altar Investment Pvt Ltd
2. Dalmia Housing Finance Limited
3. Ilac Investment Pvt Ltd
4. Grotto Pharmaceuticals Pvt. Ltd.
5. Rajshree Tobacco Co. Pvt. Ltd.
6. Shape N Style India (P) Ltd.
7. Sofed Retailer Pvt Ltd.

25. The entities shown at Sr. Nos. 1, 2 & 3 viz., Altar Investment Pvt Ltd., Dalmia Housing Finance Limited and Ilac Investment Pvt Ltd., are shown under Promoter Group in the share holding pattern of GHCL as on September 30, 2006. The aforesaid seven entities have 70 client accounts with 17 brokers of BSE and NSE. They are shareholders of GHCL and have not dealt in the scrip during the relevant period. However, it is possible that they are apparently related to the Jalco group and that they may have their own plans to trade in GHCL scrip adopting the same modus operandi as Jalco group at an appropriate time to sustain the volume.

26. The details of 145 dematerialized accounts of the 14 entities (comprising of above-mentioned seven entities and seven entities of Jalco group) sharing a common address are given below:

Table 9: Dematerialized accounts at CDSL & NSDL

Sr. No	CDSL BOID	CDSL BO Name	Sr. No.	NSDL DP ID	CLIENT ID (NSDL)	CLIENT NAME (NSDL)
1	1201060000436426	JALCO FINANCIAL SERVICES PVT LTD. JFSPL	1	IN300100	10407802	MURLI DHAR VYAS
2	1201060000457516	ILAC INVESTMENT PVT LTD ILAC	2	IN300100	10407940	BHUSHAN SHARMA
3	1201060900000739	Pathik Merchandise Pvt. Ltd. PMPL	3	IN300126	11192228	TOP - TEN SOFTWARE PVT LTD.
4	1302070000008344	LIL PRASAD	4	IN300183	10697758	VINAY KUMAR MEHTA
5	1302070000008359	MAHENDRA SINGH	5	IN300183	10697879	YOGESH KUMAR AGARWAL
6	1302070000030828	JASPREET SINGH ANAND	6	IN300183	12994628	PAWAN KUMAR GARG
7	1302070000030832	RAJENDER SINGH	7	IN300183	13253826	COMOSUM INVESTMENT PVT LTD

Sr. No	CDSL BOID	CDSL BO Name	Sr. No.	NSDL DP ID	CLIENT ID (NSDL)	CLIENT NAME (NSDL)
8	1302070000030847	SUNIL CHAUHAN	8	IN300183	13253835	ANTARCTICA INVESTMENT P LTD
9	1302070000030851	DAYA RAM	9	IN300183	13253844	LOVELY INVESTMENT PVT LTD
10	1302070000030870	VINOD KUMAR	10	IN300183	13262090	DALMIA HOUSING FINANCE LTD.
11	1302070000030925	PUSHKAR SINGH RAUTELA	11	IN300183	13316989	DEAR INVESTMENT PVT LTD
12	1302070000030944	MOHAN SINGH RAUTELA	12	IN300183	13317004	CLAYTONE COMMERCIAL CO LTD
13	1302070000030963	RAJESH KUMAR	13	IN300183	13317012	FOREVER INVESTMENT PRIVATE LTD.
14	1302070000030982	MANOHAR SINGH	14	IN300183	13317029	ELEGANT INVESTMENT PVT LTD
15	1302070000031004	DILIP SHAU	15	IN300183	13317037	CROSS INVESTMENT PRIVATE LTD.
16	1302070000031023	NANDAN SINGH	16	IN300183	13328536	HOTEX COMPANY LTD
17	1302070000031057	PRAVEEN KUMAR KARNWAL	17	IN300183	13350825	RICKLUNSFORD TRADE AND INDUSTRIAL INVESTMENT
18	1302070000031080	SUMIT WALIA	18	IN300183	13350842	TROPEX PROMOTION AND TRADINGS LTD
19	1302070000031120	SUKHDEO PANDIT	19	IN300183	13350859	LAMPA TRADING COMPANY LTD
20	1302070000031141	SUNIL SHARMA	20	IN300183	13460636	OVAL INVESTMENT PRIVATE LTD.
21	1302070000031169	PRADEEP KUMAR	21	IN300214	11157697	JALCO FINANCIAL SERVICES PVT LTD
22	1302070000031192	NAVEEN JHA	22	IN300214	11169170	JALCO FINANCIAL SERVICES PVT LTD
23	1302070000031228	DHAN SINGH	23	IN300214	11337024	LOVELY INVESTMENT PVT LTD
24	1302070000031247	HARMINDER SINGH AHLUWALIA	24	IN300214	11337032	ILAC INVESTMENT PVT LTD
25	1302070000031266	MOHD WASIM	25	IN300214	11372154	LOVELY INVESTMENT PVT LTD
26	1302070000031270	JAGPAL SINGH	26	IN300214	11372162	ILAC INVESTMENT PVT LTD
27	1302070000031285	NITIN.	27	IN300214	11444994	ANTARCTICA INVESTMENT PVT LTD
28	1302070000031291	DHERENDER KUMAR MISHRA	28	IN300214	11632296	ANTARCTICA INVESTMENT PVT LTD
29	1302070000040821	PRAKESH CHAND	29	IN300214	11819711	WILFUL FINANCE INVESTMENT CO PVT LTD
30	1302070000040834	LALIT RAUTELA	30	IN300360	10251928	PATHIK MERCHANDISE PVT LTD
31	1302070000040849	YASHWANT SINGH	31	IN300360	10410249	JALCO FINANCIAL SERVICES PVT LTD
32	1302070000040853	VINAY KUMAR MEHTA	32	IN300360	10411137	CARISSA INVESTMENTS PRIVATE LTD.
33	1302070000040868	RINKU.	33	IN300394	10803062	JALCO FINANCIAL SERVICES PVT LTD
34	1302070000040872	BHAGWATI.	34	IN300394	10913605	JALCO FINANCIAL SERVICES PVT LTD
35	1302070000040887	TOSHIN.	35	IN300394	15369477	CARISSA INVESTMENT PVT LTD
36	1302070000040891	ANKIT.	36	IN300394	15520488	LOVELY INVESTMENT PVT LTD
37	1302070000040908	VIKAS.	37	IN300394	15602342	PATHIK MERCHANDISE PVT LTD
38	1302070000040912	DINESH.	38	IN300476	41107245	AISHA AVIKA ENTERPRISES PRIVATE LTD.

Sr. No	CDSL BOID	CDSL BO Name	Sr. No.	NSDL DP ID	CLIENT ID (NSDL)	CLIENT NAME (NSDL)
39	1302070000040927	SUDHIR KUMAR	39	IN300513	13258449	DARPAN GARDEN EXPORT PRIVATE LTD.
40	1302070000040931	YASHBIR.	40	IN300644	10171910	VINAY KUMAR MEHTA
41	1302070000040946	OMPAL.	41	IN300685	10401975	SARAF ENTERPRISES PVT LTD
42	1302070000040950	PARMA.	42	IN300966	10153463	SIGNET SUPPLIERS PVT LTD
43	1302070000040965	RAJU KUMAR	43	IN300966	10260996	JALCO FINANCIAL SERVICES PVT LTD
44	1302070000040971	VISHVAJEET.	44	IN300966	10261046	CARISSA INVESTMENT PRIVATE LTD.
45	1302070000040984	RAJENDER SINGH	45	IN301127	15689503	JALCO FINANCIAL SERVICES PVT LTD
46	1302070000040999	MOHIT KUMAR	46	IN301330	17061168	CARISSA INVESTMENT PVT. LTD.
47	1302070000041006	SURENDRA SINGH	47	IN301330	17074189	ANURAG DALMIA
48	1302070000041010	PRADEEP KUMAR	48	IN301330	17163543	CARISSA INVESTMENT PVT. LTD.
49	1302070000041025	UMESH SINGH	49	IN301774	10239279	Grotto Pharmaceutical Private Ltd
50	1302070000041031	HARENDRA.	50	IN301774	10239287	Dew Films Pvt Ltd
51	1302070000041044	JIVAN SHARMA	51	IN301774	10239295	Wilful Finance and Investment Company Pvt Ltd
52	1302070000086109	JALCO PLASTO CHEM INDUSTRIES PRIVATE LTD. JPCI	52	IN302236	10594566	ANTARCTICA INVESTMENT PVT LTD
53	1202300000000607	JALCO PLAST CHEM INDUSTRIES PVT.LTD JALCO	53	IN302236	10595096	COMOSUM INVESTMENT PVT LTD
54	1202300000001273	JALCO FINANCIAL SERVICES PVT.LTD JALCO	54	IN302236	10614723	JALCO FINANCIAL SERVICES PVT LTD
55	1202300000006949	SHAPE- N- STYLE (INDIA) PVT LTD SHAPE	55	IN302236	10823267	DEAR INVESTMENT PRIVATE LTD
56	1202300000059062	JALCO FINANCIAL SERVICES PVT.LTD JALCO	56	IN302236	10863222	SIGNET SUPPLIERS PRIVATE LTD.
57	1202770000026661	SOFED RETAILER PVT. LTD. SOFED	57	IN302236	10875152	DEW FILMS PRIVATE LTD.
58	12029900000416052	CARISSA INVESTMENTS PRIVATE LTD. CIPL	58	IN302236	10919906	TOP TEN SOFTWARE PRIVATE LTD.
59	12029900000811011	COMOSUM INVESTMENT PVT. LTD. CIPL	59	IN302236	11034124	SOFED RETAILER PRIVATE LTD.
60	12029900000811024	ANTARCTICA INVESTMENT PVT. LTD. AIPL	60	IN302269	10447308	CARISSA INVESTMENT PRIVATE LTD.
61	12029900001428534	WILFUL FINANCE AND INVESTMENT CO PVT LTD WFIPL	61	IN302269	10447316	JALCO FINANCIAL SERVICES PVT LTD
62	12029900001428549	CARISSA INVESTMENT PVT LTD CIPL	62	IN302269	10574365	PATHIK MERCHANDISE PVT LTD
63	12029900001428553	JALCO FINANCIAL SERVICES PVT LTD JFSPL	63	IN302269	10575768	WILFUL FINANCE AND INVESTMENT COMPANY PVT LTD
64	12029900002719515	DALMIA HOUSING FINANCE LTD. DHFL	64	IN302269	10638226	ILAC INVESTMENT P LTD.
65	12029900002719521	ALTAR INVESTMENT PRIVATE LTD. AIPL	65	IN302269	10646919	DHOOP SALES PRIVATE LTD
66	12029900003345459	DARPAN GARDEN EXPORTS PVT LTD DGEPL	66	IN302269	11187408	VIJAY PANDEY
67	1203440000043637	JALCO FINANCIAL SERVICES (P) LTD.	67	IN302269	11327787	LOVELY INVESTMENT PRIVATE LTD
68	12016800000023600	JALCO FINANCIAL SERVICES PRIVATE LTD. JALCO	68	IN302269	11327795	DEAR INVESTMENT PRIVATE LTD

Sr. No	CDSL BOID	CDSL BO Name	Sr. No.	NSDL DP ID	CLIENT ID (NSDL)	CLIENT NAME (NSDL)
69	1203000000133684	JALCO FINANCIAL SERVICES PRIVATE LTD JFSPL	69	IN302814	10023523	Shape N Style (India) Pvt Ltd
70	1201090001381340	DARPAN GARDEN EXPORTS PVT. LTD.	70	IN302814	10024478	Jalco Plasto Chem Industries Pvt. Ltd.
71	1203230000035896	DARPAN GARDEN EXPORTS PVT. LTD.	71	IN302814	10024487	Jalco Financial Services Pvt. Ltd.
72	1202990004058055	JALCO PLASTO CHEM INDUSTRIES PRIVATE LTD. JPCIPL	72	IN302871	20164644	Jalco Financial Services Pvt Ltd
			73	IN300214	11820459	WILFUL FINANCE INVESTMENT CO PVT LTD

27. I note that the Jalco group had executed substantial number of synchronized trades in the shares of the company with various stock brokers as mentioned in the tables at para 12 above, regularly and continuously during November 2006 to March 2007. I observe that both the buy orders and sell orders were placed almost at the same time (in majority of the trades), with just a difference of few seconds. The continuity and the consistency with which the said trades in the shares of GHCL were executed by the Jalco group cannot be a matter of coincidence, considering its nature (the price, quantity and time) and its recurrence in a row. The said proximity in the placing of orders at the same price and for the same quantity almost at the same time resulted in the matching of the aforesaid transactions, with all the ingredients i.e. quantity, price and the time, required to conclude the trades.

28. As observed by the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Ketan Parekh Vs SEBI.

“The word ‘synchronise’ according to the Oxford dictionary means “cause to occur at the same time; be simultaneous”. A synchronized trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. This could be done through the same broker (termed a cross deal) or through two different brokers. Every buy and sell order has to match before the deal can go through. This matching may take place through the stock exchange mechanism or off market. When it matches through the stock exchange, it may or may not be a synchronised deal depending on the time when

the buy and sell orders are placed. As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium..... Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available.The nature of the transaction executed the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

29. SAT in the matter of Nirmal Bang Securities (P) Ltd. vs. SEBI has observed:

".....Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes.

.....The facts on record categorically establish that BEB had indulged in synchronized trading in violation of regulation 47 of the FUTP Regulations. In a synchronized trading intention is implicit."

30. I note that the trades of the Jalco group undoubtedly created an artificial market to mislead the genuine investors. It is too much of a coincidence over too long a period

in too many transactions when the same set of entities had entered into synchronized trades amongst themselves for the same quantity of shares almost simultaneously.

31. In cases involving execution of synchronized trades, proof of manipulation almost always depends on inferences drawn from a mass of factual details. Findings must be gathered from patterns of trading data and the nature of the transactions etc. Several circumstances of a determinative character coupled with the inference arising from the conduct of the parties in a major market manipulation could reasonably lead to a prima facie view that the Jalco group was indulging in the manipulation of GHCL scrip.

32. In view of the above, I am satisfied that pending inquiry by SEBI, it is necessary to issue an order, under Section 11(4)(b) read with Section 11(1) and 11B of SEBI Act in order to protect the interest of investors and also the integrity of the securities market.

33. ORDER

Therefore, in order to protect the interest of investors and the integrity of the securities market, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11(1), Section 11(4)(b) and Section 11B of SEBI Act, 1992, pending inquiry and passing of final order, hereby direct that

a) the following entities of Jalco group and its associate entities viz.

- 1 Antarctica Investment Private Ltd
- 2 Carissa Investment Pvt. Limited
- 3 Comosum Investment Pvt. Ltd.
- 4 Darpan Garden Exports Private Ltd
- 5 Jalco Financial Service Pvt. Ltd
- 6 Pathik Merchandise Pvt. Ltd.
- 7 Wilful Finance And Investment Co Pvt. Ltd
- 8 Grotto Pharmaceuticals Pvt. Ltd.
- 9 Rajshree Tobacco Co. Pvt. Ltd.

- 10 Altar Investment Private Limited
- 11 ILAC Investment Private Limited
- 12 Dalmia Housing Finance Limited
- 13 Shape N Style India (P) Ltd.
- 14 Sofed Retailer Pvt. Ltd

shall not buy, sell or deal in shares of GHCL., directly or indirectly;

b) the following directors of Jalco group viz.

- 1 Alok Kumar Srivastva
- 2 Bhairav Dutt Naliwal
- 3 Sanjay Jalan
- 4 Pradeep Kumar
- 5 Balbeer Singh
- 6 Manohar Ram
- 7 Vinay Kumar Mehta
- 8 Rajesh Kumar
- 9 Suruj Gurung

shall not buy, sell or deal in shares of GHCL., directly or indirectly;

c) the Depositories shall not give effect to any transfer of shares of GHCL lying in the beneficial owner accounts of above entities;

All the above directions shall take effect immediately and shall be in force until further orders. The aforesaid persons if aggrieved by this Order may file their written objections, if any, within 15 days from receipt of this order.

Place: Mumbai
Date: 25/04/2007

G ANANTHARAMAN
WHOLE-TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA