

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

AGAINST SHRI JALAJ BATRA UNDER SECTIONS 11B AND 11(4) (b) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF M/S. VIJAY TEXTILES LIMITED & M/S. SHUKUN CONSTRUCTION LTD.

WTM/VKC/IVD-8/98/07

IN THE CASE OF M/S. VIJAY TEXTILES LIMITED

1.0 BACKGROUND:

- 1.1** On the basis of an email dated 4th March, 2005, received from one investor complaining against the promoters of the company viz. Vijay Kumar Gupta, of insider trading / duping shareholders and eroding shareholders value by the promoters, Bombay Stock Exchange (hereinafter referred to as BSE) had examined the dealings in the scrip Vijay Textiles Limited ("VTL") for the period from 19th January, 2005 to 11th March, 2005. Subsequently, as advised by SEBI through an email dated 13th May 2005, BSE examined the dealings in the scrip for the period 1st November 2004 to 18th January 2005 as well.

2.0 PRELIMINARY INVESTIGATION:

Pursuant to above, preliminary investigation has been carried out by SEBI, which revealed prima facie, as follows:

Analysis of Price-Volume Details before and after the Stock Split

- 2.1 First Period (Before the Stock Split i.e. November 1, 2000 to January 18, 2005)**

During the first period of investigation the scrip was traded for 55 days. From the price volume statement for the first period it is observed that initial four days, the scrip was traded with singular / few trades and the

price moved with in first trades. Thereafter, a spurt in volumes was observed from 5th November 2004 onwards. The price moved from Rs. 158.10 on 1st November 2004 to Rs 385 (intra-day high) on 17th January 2005, which is a 143.52 % increase. The circuit filter was revised from 5 % to 2 % on 1st December 2004. Out of total 55 days, on which the scrip was traded, on 35 trading days the price of the scrip hit its upper circuit limit. During this period the Sensex has increased from 5704.10 points on November 1, 2004 to 6192.35 points on January 18, 2005 (an increase of 8.56%).

2.2 Second Period (After the Stock Split i.e. January 19, 2005 to March 11, 2005)

From the price volume statement for the second period it is observed that there was a lot of intra-day movement in the scrip, when the scrip had hit upper as well lower circuit filters on many days. The scrip was traded for 36 days for 36,83,3470 shares. The scrip opened at a price of Rs. 38.25 on January 19, 2005 and increased to a high of Rs. 48.85 on February 21, 2005 and gradually declined and closed at Rs. 29.65 on March 11, 2005. Sensex during this period has moved from 6173.32 on January 19, 2005 to 6853.73 as on March 11, 2005 (an increase of 11.02%).

3.0 PRIMA FACIE FINDINGS:

3.1 Trading by the major brokers and clients

Investigation revealed that during the First Period (Before the Stock Split i.e. November 1, 2004 to January 18, 2005) the major brokers / sub-broker and clients were broker DJS Stock and Shares trading through the sub-broker Annamalai Capital Services Ltd. mainly for its client Ajit Suryavanshi, broker Fortis Securities Ltd. (Religare Securities Limited) trading for its clients viz. Ajit Suryavanshi, Harish Sisodia, Santosh Narvekar, Vishwas Kohli and M/s. Vishwas Associates and broker Motilal Oswal Securities Ltd. trading for its clients viz. Rajeev Kant and Ajit

Suryavanshi. They together bought 2669624 shares (62.68%) and sold 2856400 shares (67.07%) of the total market traded volume in the scrip during the first period (4258676 shares). During the Second Period (after the stock split i.e. January 19, 2005 to March 11, 2005) the major broker and clients were broker Fortis Securities Ltd. (Religare Securities Ltd.) trading for its clients viz. Ajit Suryavanshi, Santosh Narvekar, Harish Sisodia, broker UTI Securities Limited trading for its clients viz. Vishwas Kohli, Deepak Todkar, Deepak Narvekar and Ramdas Kshirsagar and broker Orbis Securities P. Limited (India Bulls Securities Limited) trading for its clients viz. Ajit Suryavanshi, Vishwas Kohli, Vishwas Associates, Santosh Narvekar, Vijay Kumar Gupta, Mani Bai Gupta and Sashikala Gupta. They together bought 22706601 shares (61.65%) and sold 13854027 shares (37.61%) of the total market volumes during the second period (36833470 shares).

3.2 Relationship / Connection between the clients

It was observed that during the entire investigation period mainly two groups of connected clients have traded. These groups were Ajit Suryavanshi group and Vishwas Kohli group.

3.3 Ajit Suryavanshi Group:

Ajit Suryavanshi group comprised of Ajit Suryavanshi, Santosh Narvekar, Dharmendra Thapa, Ganesh Raut, Amar Adhav, Umesh Chaukekar, Deepak Narvekar, Ramdas Kshirsagar, and Deepak Todkar. The details of their connection/ relationship is given in the table below-

Connection / Relation between the clients of the Ajit Suryavanshi group dealing through major members in the scrip Vijay Textiles Ltd. (530151) during the period 1-11-04 to 11-03-05							
Member Code	Member Name	Client Code	Client Name	Address as per UCC Database: Source BSE	Address for which acknowledgement received /personal verificatio	Name of the Introducer - As per the KYC	Relation / connection from other documents

					n done/ any reply received		
D3004	Fortis Securities Ltd.	AS180	Ajit Suryavanshi	Kalpataru Chamber Gr floor office no 5 Nanik Matwani Marg Mumbai	Jagdhari Tadar Chawl, R/4, Koldongri, Sahar Road, Andheri (e), Mumbai	Nina (Person of Business Affiliate M/s. Unicon Financial Intermediaries Ltd.	Same phone no. and address as that of Santosh Narvekar, Umesh Choukekar and Amar Adhav
D0446	Motilal Oswal Securities Ltd.	DL0335	Ajit Suryavanshi	Kalpataru Chamber Gr floor office no 5 Nanik Matwani Marg Mumbai		Vishwas Kohli	
D0555	DJS Stock and Shares Ltd.	AA156	Ajit Suryavanshi	R/4, Kodongri, Sahar Road, Andheri East. Mumbai		Pankaj Shah	
D0380	Ruchiraj Shares & Stock Broker Ltd.	3646	Dharmendra Thapa	Koldongri, Balu chawl, Sahar Road, Andheri (E), Mumbai		Jalaj Batra	Himself has admitted of his relationship with all the clients of the Ajit Suryavanshi group in his recorded statement
D0513	Galaxy Broking Limited	2772	Ganesh Raut	Baburao Pahalvan Chawl, Gali No.6, Koldnagari, Sahar Road, Andheri (East), Mumbai	Baburao Pahalvan Chawl, Gali No.6, Koldnagari, Sahar Road, Andheri (East), Mumbai	Not Given	From the demat account statement of Ganesh Raut it is observed that shares have been received from the account of Ajit Suryavanshi and Rajeev Kant in off-market. During the second period of investigation Vishwas Kohli had

							transferred shares in off-market to Ganesh Raut while shares had been transferred in off market to Umesh B. Choukekar by Ganesh Raut
D0767	UTI Securities Ltd.	09N012	Deepak Narvekar	R.N. 1, Ballu Bhaiya Chawl, Lane No. 1, Koldongri, Sahar Road, Andheri (w), Mumbai	R.N. 1, Ballu Bhaiya Chawl, Lane No. 1, Koldongri, Sahar Road, Andheri (w), Mumbai	Direct	From KYC of Deepak Narvekar submitted by the member UTI Securities Ltd. (767), it is observed that instead of Deepak Narvekar, the name appearing in Ration card is of Santosh Narvekar. - The phone numbers 56546669, 56546668 and 56546670 mentioned in the KYC Forms of Deepak Narvekar, Ramdas Khirsagar and Deepak Todkar respectively are of Tata Indicom Telecom Services and are registered in the name of Mahesh Mistry, Ground Floor,
D0767	UTI Securities Ltd.	09T006	Deepak Todkar	Jai Singh Sotari chawl near Aradhana Bldg Juhu Galli Andheri East Mumbai	Jai Singh Sotari chawl near Aradhana Bldg Juhu Galli Andheri East Mumbai	Direct	
D0767	UTI Securities Ltd.	09S059	Ramdas Kshirsagar	Ground. floor 229 Geeta Nagar Navy Nagar, Colaba Mumbai		Direct	
D3004	Fortis Securities Ltd. -	SN43	Santosh Narvekar	Kalptaru Chamber Gr Floor, Office No. 5 Nanik Motwani Marg Mumbai		Nina (Person of Business Affiliate M/s. Unicon Financial Intermediaries Ltd.	
D0907	Orbis Securities Pvt Ltd.	DH1002	Umesh Choukekar	No-5 Gr Flr Kalpataru Chamber, Nanik Motwani Marg Opp. HDFC bank, Fort Mumbai	No-5 Gr Flr Kalpataru Chamber, Nanik Motwani Marg Opp. HDFC bank, Fort Mumbai	Sarika Joshi	

							Kalpataru Chambers, Nanik Motwani Mahal, Nr. HDFC Bank, Fort, Mumbai – 400 001, which is also the address of Ajit Suryavanshi, Santosh Narvekar and Amar Adhav and Umesh Choukekar
D0907	Orbis Securities Pvt Ltd.	DH1000	Amar Adhav	Kalpataru Chamber Gr. Floor Office no 5 Nanik Motwani Marg Mumbai	Saroj Hiralal Bldg., Koldongari, Gali No 1, Sahar Road Andheri(e) Mumbai	Market Wizards Sec. Pvt. Ltd.	Same phone no. and address as that of Santosh Narvekar, Umesh Choukekar and Ajit Suryavanshi

3.4 Vishwas Kohli Group:

Vishwas Kohli Group comprised of Vishwas Kohli, Vishwas Associates, Harish Sisodia, Rajeev Kant and Shankar Mahato. Connection has also been found among the two groups on analysis of the fund flow statement. The relation / connection of the Vishwas Kohli group clients is given in the table below-

Connection/Relation between the clients of the Vishwas Kohli group dealing through major members in the scrip Vijay Textiles Ltd. (530151) during the period 1-11-04 to 11.03.05						
Member Code	Member Name	Client Code	Client Name	Address as per UCC Database: Source BSE	Name of the Introducer- As per the KYC	Relation / connection from other documents
D3004	Fortis Securities Ltd.	VK60	Vishwas Kohli	R 19 Raj Kunj Raj Nagar Ghaziabad	Ram Gupta (Director of Business Affiliate M/s. Unicon Financial Intermediaries Ltd.	It is observed from the demat account statement of Vishwas Kohli that he had transferred shares to Amar

D0907	Orbis Securities Pvt Ltd.	DH651	Vishwas Kohli	R 19 Raj Kunj Raj Nagar Ghaziabad	Sarika Joshi	Adhav in off-market who sold the same in the market. Further he had also received shares from Rajeev Kant which were transferred to Ganesh Raut in off- market.
D0767	UTI Securities Ltd.	09K030	Vishwas Kohli	R 19 Raj Kunj Raj Nagar Ghaziabad	Direct	
D0156	Peninsular Capital (Cochi)	NDSS011	Vishwas Kohli	R 19 Raj Kunj Raj Nagar Ghaziabad	Not Given	
D3004	Fortis Securities Ltd.	HS57	Harish Sisodia	J-48, T-huts Bharat Nagar, Delhi	Ram Gupta (Director of Business Affiliate M/s. Unicon Financial Intermediaries Ltd.	
D3004	Fortis Securities Ltd.	SM142	Shankar Mahato	Vill & Post Razapu Ghaziabad	Not Given	Same Phone no. as that of Vishwas Kohli and employee of Vishwas Kohli as stated by Shri Kohli in his statement
D0446	Motilal Oswal Securities Ltd.	DL0123	Rajeev Kant	R-33 Raj Kunj, Raj Nagar Gaziabad	Vishwas Kohli	
D3004	Fortis Securities Ltd.	VA79	Vishwas Associates	R-19, Raj Kunj, Raj Nagar, Ghaziabad	Prashant Joshi	Same address as that of Vishwas Kohli also is the Proprietary firm of Vishwas Kohli

3.5 Trading of connected/ related clients during the investigation period

3.5.1 Ajit Suryavanshi, Santosh Narvekar, Dharmendra Thapa, Ganesh Raut of the Ajit Suryavanshi group and Vishwas Kohli, Vishwas Associates, Harish Sisodia, Rajeev Kant and Shankar Mahato of Vishwas Kohli group traded during the first period. Ajit Suryavanshi group and Vishwas kohli group traded for 2010759 shares (bought 1053792 shares and sold 956967 shares) and 1504406 shares (bought 846249 shares and sold 658157 shares) respectively accounting for 23.61 % and 17.66 % of gross traded

quantity of the first period (8517352 shares). These two groups had also traded among themselves for 466591 shares accounting for 10.96 % of the traded volume during first period for 25 days where buy and sell orders were synchronized / structured.

3.5.2 During the second period Ajit Suryavanshi, Santosh Narvekar, Dharmendra Thapa, Amar Adhav, Umesh Choukekar, Deepak Narvekar, Deepak Todkar and Ramdas Kshirsagar belonging to the Ajit Suryavanshi group and Vishwas Kohli, Vishwas Associates and Harish Sisodia belonging to the Vishwas Kohli group traded in the scrip. Ajit Suryavanshi and Vishwas Kohli group traded for 20779282 shares (bought 10048830 shares and sold 10730452 shares) and 6881548 shares (bought 2671219 shares and sold 4210329 shares) respectively accounting for 28.21 % and 9.34% of gross traded quantity of the second period (73666940 shares). These two groups had also traded among themselves for 2287840 shares accounting for 6.21 % of the traded volume during second period where buy and sell orders were synchronized /structured.

3.5.3 The two groups had traded through the brokers viz. Fortis Securities Ltd., Motilal Oswal Securities Ltd., Ruchiraj Shares & Stock Brokers P. Ltd., Galaxy Broking Ltd., Orbis Securities Pvt. Ltd., M/s. Annamalai Capital Services (P) Ltd. sub broker of DJS Stock & Shares Ltd., UTI Securities Ltd and Peninsular Capital Markets Ltd. These clients through their brokers had executed synchronized / structured trades which contributed to the volume and price of the scrip. These clients through their brokers had also placed incremental trades which have influenced the price of the scrip.

3.6 Synchronized / Structured trades

3.6.1 During the first period 578 synchronized/ structured trades were executed by the connected clients of Ajit Suryavanshi and Vishwas Kohli group for

466951 shares (10.78%) for 25 days. The brokers who executed such trades on behalf of their clients were Fortis Securities Ltd., Motilal Oswal Securities Ltd., Ruchiraj Shares & Stock Brokers P. Ltd., Orbis Securities Pvt. Ltd., M/s. Annamalai Capital Services (P) Ltd. sub broker of DJS Stock & Shares Ltd and UTI Securities Ltd. It is further observed that buy and sell orders were placed within 60 seconds of each other and also, orders for 257724 shares were structured i.e. order quantity and order rates of buy and sell orders were identical.

3.6.2 During the second period 1793 synchronized / structured trades were executed for 2287840 shares (6.21 %) of the total traded quantity by the connected clients of Ajit Suryavanshi and Vishwas Kohli group for 26 days. The brokers who executed such trades on behalf of their clients were Fortis Securities Ltd., Orbis Securities Pvt. Ltd. and UTI Securities Ltd. It is further observed that buy and sell orders were placed within 57 seconds of each other and also, orders for 1063745 shares were structured i.e. order quantity and order rates of buy and sell orders were identical.

4.0 Role of Jalaj Batra

4.1 Relationship of Jalaj Batra with major clients including the connected / related clients of Vishwas Kohli Group and Ajit Suryavanshi Group

- **Dharmendra Thapa** had stated in his statement that he was previously an employee with Jalaj Batra working in his office at Fort, Mumbai which was also the address of Umesh Choukekar. He had admitted of knowing all the clients of Ajit Suryavanshi group. He also informed that the instruction book for purchase and sell of shares were signed by him and other connected clients of Ajit Suryavanshi group and were kept by Jalaj Batra.
- **Vishwas Kohli** appeared for himself and his firm Vishwas Associates and recorded his statement. He stated in his statement that he started trading

in VTL through several brokers and made a profit of Rs. 1 crore on sharing basis pre decided with Jalaj Batra. The orders in VTL were placed by him till December 2004 on phone thereafter Jalaj Batra used to place the orders on his behalf. He also traded in VTL through Vishwas Associates which was his sole proprietorship firm and Shankar Mahato who was his employee.

- 4.2** From the analysis of the bank account statements of the connected clients of Vishwas Kohli group and Ajit Suryavanshi group it appeared that Jalaj Batra transferred the funds to the account of these clients through several front entities / companies. The details of the fund transfers between the clients of Vishwas Kohli group & Ajit Suryavanshi group and Jalaj Batra entities are given in the table below-

Details of the entities related to Jalaj Batra which have funded the clients of Vishwas Kohli and Ajit Suryavanshi group					
Name of the transferor	Name & Bank address (account No.)	Amount transferred	Date of Transfer	Name of the transferee	Name & Bank address (account No.)
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	500,000	23/11/2004	Vishwas Kohli	HDFC Bank Connaught Place, New Delhi-a/c. no. (3131000003804)
		2,50,000	1/12/2004		
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	5500000	2/3/2004	Umesh B. Chaukekar	HDFC Bank, Fort, Mumbai, a/c. no. (0602000031860)
		3500000	24/03/2004		
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	360000	10/12/2004	Vishwas Kohli Associates	HDFC Bank, Connaught Place, New Delhi (a/c. no. 3132320000327)
Vishwas Kohli Associates	HDFC Bank, Connaught Place, New Delhi (a/c. no. 3132320000327)	1750000	17/12/2004	New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)

New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (a/c. no. 0602340016077)	1000000	10/1/2005	Vishwas Kohli Associates	HDFC Bank, Connaught Place, New Delhi (a/c. no. (3132320000327))
Santosh Narvekar	HDFC Bank, Fort, Mumbai a/c. no. (602000031057)	70000	1/3/2005	Jalaj Batra	HDFC Bank, a/c. no. (601050118254)
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	1,00,000	17/12/2004	Ajit Suryavanshi	HDFC Bank, Fort, Mumbai (a/c. no. 0602000030859)
Ajit Suryavanshi	HDFC Bank, Fort, Mumbai (a/c. no. 0602000030859)	1,00,000	13/12/2004	New Venture Trading (Same address as that of Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)
		2,50,000	24/01/2005	Floral Enterprise (Same address as that of Jalaj Batra)	HDFC bank, Fort Mumbai a/c. no. (602340016674)
		15000	07/02/2005		
Floral Enterprise (Same address as that of Jalaj Batra)	HDFC, Fort Mumbai a/c. no. (602340016674)	500000	2/3/2005	Amar Adhav	HDFC Bank, Fort, Mumbai-a/c. no. (0602000031897)
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	300000	2/3/2005		
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	1000000	24/02/2005	Deepak Todkar-S	HDFC Bank, a/c. no. (0602000032034)
		600000	2/3/2005		
New Venture Trading (Same address as Jalaj Batra)	HDFC Bank, Fort, Mumbai (0602340016077)	1000000	24/02/2005	Ramdas Kshirsagar	HDFC Bank, Fort Mumbai-a/c. no. (0602000032017)
		600000	2/3/2005		
Ramdas Kshirsagar-	HDFC Bank, Fort Mumbai a/c. no. (0602000032017)	300000	15/2/2005	Floral Enterprise	HDFC, Fort Mumbai a/c. no. (602340016674)
		200000	16/2/2005		

4.3 It is observed from the analysis of bank account statement of Vishwas Kohli and also confirmed by Vishwas Kohli that the funds transferred to

the account of Vishwas Kohli were utilized for trading in the shares through the brokers viz. Orbis Securities P. Ltd (India Bulls Securities Ltd.), Motilal Oswal Securities Ltd., Fortis Securities Ltd. (Religare Securities Ltd.) and UTI Securities Ltd. Funds were also transferred to the accounts of the clients viz. Ajit Suryavanshi and Santosh Narvekar by Vishwas Kohli. Vishwas Kohli has stated that he was unaware of the aforementioned clients' transfer and had issued blank cheques to Jalaj Batra who had made the transfers. The details of funds transfers from Vishwas Kohli to the brokers/ clients is given in the table below-

Date of transfer	Amount transferred	Name of the Transferee	Bank account no.	Name of the Bank & address
11/11/2004	240,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi
16/11/2004	300,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi
17/11/2004	500,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, New Delhi
18/11/2004	1,200,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, New Delhi
19/11/2004	1,000,000	Fortis Securities Ltd. (Religare)	0030340001877	HDFC Bank, Afsal Ali, New Delhi
19/11/2004	1,500,000	Fortis Securities Ltd. (Religare)	0030340001877	HDFC Bank, Afsal Ali, New Delhi
22/11/2004	1,400,000	Fortis Securities Ltd. (Religare)	MC issued	HDFC Bank, Connaught Place, New Delhi
23/11/2004	1,500,000	India Bulls Securities Ltd.	MC issued	HDFC Bank, Connaught Place, New Delhi
24/11/2004	1,200,000	Fortis Securities Ltd. (Religare)	MC issued	HDFC Bank, Connaught Place, New Delhi
25/11/2004	600,000	Fortis Securities Ltd. (Religare)	MC issued	HDFC Bank, Connaught Place, New Delhi
25/11/2004	1,500,000	UTI Securities Ltd.	(Chq. No. 0127477)	HDFC Bank, Connaught Place, New Delhi
29/11/2004	500,000	UTI Securities Ltd.	(Chq. No. 0127482)	New Delhi HDFC Bank, Connaught Place, New Delhi
29/11/2004	1,500,000	UTI Securities Ltd.	(Chq. No. 0127481)	HDFC Bank, Connaught Place, New Delhi

30/11/2004	4,500,000	UTI Securities Ltd.	(Chq. No. 0127486)	HDFC Bank, Connaught Place, New Delhi
30/11/2004	2,000,000	UTI Securities Ltd.	(Chq. No. 0127483)	HDFC Bank, Connaught Place, New Delhi
01/12/2004	4,500,000	UTI Securities Ltd.	(Chq. No. 0127487)	HDFC Bank, Connaught Place, New Delhi
02/12/2004	2,500,000	UTI Securities Ltd.	(Chq. No. 0127488)	HDFC Bank, Connaught Place, New Delhi
02/12/2004	4,000,000	UTI Securities Ltd.	(Chq. No. 0127489)	HDFC Bank, Connaught Place, New Delhi
03/12/2004	4,500,000	UTI Securities Ltd.	(Chq. No. 0127491)	HDFC Bank, Connaught Place, New Delhi
06/12/2004	4,000,000	UTI Securities Ltd.	(Chq. No. 0127492)	HDFC Bank, Connaught Place, New Delhi
07/12/2004	1,700,000	Motilal Oswal Securities Ltd.	(Chq. No. 0127497)	HDFC Bank, Connaught Place, New Delhi
07/12/2004	3,500,000	Motilal Oswal Securities Ltd.	(Chq. No. 0127496)	HDFC Bank, Connaught Place, New Delhi
08/12/2004	400,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi
14/12/2004	2,000,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, New Delhi
15/12/2004	3,000,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, New Delhi
22/12/2004	350,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, New Delhi
23/12/2004	1,500,000	Ajit Suryavanshi	0602000030859	HDFC Bank, Fort, Mumbai
24/12/2004	2,000,000	Ajit Suryavanshi	0602000030859	HDFC Bank, Fort, Mumbai
27/12/2004	3,000,000	Ajit Suryavanshi	0602000030859	HDFC Bank, Fort, Mumbai
28/12/2004	3,000,000	Santosh Narvekar	0602000031057	HDFC Bank, Fort, Mumbai
30/12/2004	900,000	Santosh Narvekar	0602000031057	HDFC Bank, Fort, Mumbai
12/01/2005	1,500,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi
24/01/2005	2,000,000	Ajit Suryavanshi	0602000030859	HDFC Bank, Fort, Mumbai
24/01/2005	1,000,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi

27/01/2005	2,000,000	Orbis Securities P. Ltd. (India Bulls)	0030130000080	HDFC Bank, Connaught Place, New Delhi
05/02/2005	450,000	Ajit Suryavanshi	0602000030859	HDFC Bank, Fort, Mumbai

KYC details of the clients revealed that clients viz. Ajit Suryavanshi and Dharmendra Thapa were introduced by Jalaj Batra while clients Jayesh Shah and Piyush Shah have stated in their statement that they were introduced by Jalaj Batra.

- 4.4** Two summons were issued to Jalaj Batra to find out his connection with the promoters, connected clients, connection with the companies from which the funds were transferred to Vishwas Kohli group / Ajit Suryavanshi group. Details were also sought for his bank accounts etc. The first summons came back undelivered and the second summons, hand delivered, at the same address where the first summons was sent, was acknowledged.
- 4.5** SEBI also received a letter from the Ministry of Finance on October 24, 2005 forwarding a complaint in connection with the allegation of price manipulation in 5 scrips including VTL where name of one Pankaj Shah and Jalaj Batra appeared.
- 4.6** From the above, it appears that Ajit Suryavanshi and Dharmendra Thapa were introduced by Jalaj Batra. Another client Jayesh Shah also stated that he was introduced by Jalaj Batra. Further analysis of bank statements revealed that fund was transferred in the account of Vishwas Kohli from the front companies of Jalaj Batra which was utilized by Vishwas Kohli to trade in the shares of VTL during the investigation period. As stated above, two summons were issued to Jalaj Batra to find out his connection with the promoters, connected clients out of which one got delivered but he did not comply with the summons. However, summons could not be

issued to Pankaj Shah as his address/contact number could not be ascertained. Further his name did not appear in the transaction of the scrip of VTL. Hence his role in this case could not be established. After receiving the reference from the ministry SEBI had written to the complainant to provide certain information but the letter came back undelivered.

5.0 In the case of M/s.Shukun Construction Ltd.

Role of Jalaj Batra in the scrip of Shukun Construction Ltd. (July 16, 2003 to November 17, 2003)

5.1 Background

5.1.1 SEBI investigated the dealing in the scrip of Shukun Construction Ltd. (SCL) during the period from July 16, 2003 to November 17, 2003. During the said period the price of the scrip increased from Rs.4.00 on July 16, 2003 to a high of Rs.47.50 on November 17, 2003 and closed at Rs.46.35 on that date.

5.1.2 Analysis of the price-volume data of the scrip for the aforesaid period revealed that the scrip was traded on 66 trading days and total volume in the scrip was 26,35,858 shares. The price of the scrip moved from Rs.4/- as on July 16, 2003 to reach a high of Rs.47.50 on November 17, 2003 and closed at Rs.46.35 on the same day. It was also observed that volume in the scrip witnessed significant increase from October 9, 2003 accompanied by a sharp rise in price of the scrip from Rs.15.69 to Rs.47.50 in 30 trading days, a rise by around 200%.

5.2 Trading by major clients

5.2.1 Summary of trading by the major clients in the scrip of SCL during the relevant period is as follows:

Sl. No.	Name of the client	Purchase	% contribution to total volume	Sell	% cont. to total volume	Net Purchase/ (Sell)
1.	Mahesh Mistry	8,52,194	32.33	3,72,609	14.14	4,80,850
2.	Piyush Shah	6,19,362	23.50	5,92,158	22.47	27,204
3.	Aishwarya Housing	40,000	1.52	4,19,000	15.90	-4,19,000
4.	Jalaj Batra	0	0.00	2,50,000	9.48	-2,50,000
5.	Dharmendra Thapa	1,66,250	6.31	87,804	3.33	78,446
6.	Darshan Desai	1,91,500	7.27	1,74,200	6.61	17,300
7.	Narendra Ganatra	1,48,660	5.64	73,100	2.77	75,560
8.	Uttam Financial Svcs. Ltd.	1,61,937	6.14	1,61,937	6.14	0
	Total	21,79,903	82.70	21,30,808	80.84	10,360

From the above, it is observed that gross purchase and gross sale by top eight clients accounted for around 83% and 81% of the total volume in the scrip respectively.

5.2.2 Analysis of the counterparty clients of the aforesaid major clients revealed that for the buy transactions of Mahesh Mistry, the major counter party clients were Piyush Shah, Aishwarya Housing, Jalaj Batra, Darshan Desai, Uttam Financial Services and NC Jain and for the sell transactions of Mahesh Mistry, the major counter party clients were Piyush Shah, Dharmendra Thapa and Uttam Financial Services.

5.2.3 For the buy and sell transactions of Piyush Shah, the major counter party clients were Mahesh Mistry, Aishwarya Housing and Uttam Financial. For the sell transactions of Aishwarya Housing, the counter party clients were Mahesh Mistry, Piyush Shah and Darshan Desai. It may be mentioned that Aishwarya Housing received 3.15 lakh shares from Mahesh Mistry (counterparty buyer) and 84,000 shares from Dharmendra Thapa. Therefore it may be inferred that the shares were rotated among these clients.

5.3 Relationship among the clients and the company/directors

5.3.1 Investigation revealed that some of the clients trading in the scrip of SCL are related to each other and with the company. Summary of their relationship is given as below:

Sl. No.	Name of the entity	Related to	Nature of Relationship
1.	Mahesh Mistry	Piyush Shah	Piyush Shah introduced Mahesh Mistry to the broker Jitendra Harjivandas.
		Jalaj J Batra	Made payments to the broker Jitendra Harjivandas for the trades of Mahesh Mistry. Have the same office address as 52, 3 rd Marine Street, 1 st floor, Dhobi Talao Mumbai, 400 002. Jalaj Batra introduced Dharmendra Thapa to the broker Sovereign Securities.
		Dharmendra Thapa	
		Narendra Ganatra	Pay-in and pay-out of shares for the transactions of Narendra Ganatra were done through demat a/c number 16481986 (with Stock Holding Corp.), which belongs to Mahesh Mistry.

Dharmendra Thapa and Jalaj J Batra were found to be related to Mahesh Mistry due to regular flow of funds from Shri Thapa and Shri Batra to Mahesh Mistry and all the three clients had the same office address.

5.3.2 Smita Hate, who was a director of the company from October 17, 2003 and became the managing director of the company w.e.f. October 1, 2004, had the residence address as 52, 3rd Marine Street, Mumbai, 400 002, which also happened to be the office address of Jalaj Batra and Dharmendra Thapa. Dharmendra Thapa was appointed as a director of SCL w.e.f October 17, 2003.

5.3.3 Smita Hate also received salary from Software Horizon India Ltd. from January to April, 2004. It may be mentioned that Mahesh Mistry was the authorized signatory in Software Horizon and the directors of the company had the same address as that of Jalaj Batra at C-20, Ferozshah Kotla, Vikram Nagar, New Delhi, 110 002.

5.4 Role in market manipulation

5.4.1 Details were sought from the broker Jitendra Harjivandas regarding the payments received for the transactions of Shri Mahesh Mistry. From the details provided by the broker, it was observed that the broker received payments directly from third parties for the trades of Shri Mahesh Mistry during the period of investigation. Shri Dharmendra Thapa and Shri Jalaj Batra were found to have made payments of Rs.1.99 crores and Rs. 49 lacs respectively to the broker Jitendra Harjivandas on behalf of Mahesh Mistry during the period of investigation. Details of the said payments made by Jalaj Batra to the broker Jitendra Harjivandas are given as below:

Date	Name of the Bank	Branch	Amount (in Rs.)	Cheque no.
30.10.03	Bank of India	St. Exchange	1,000,000.00	799472
31.10.03	Bank of India	St. Exchange	1,000,000.00	799473
31.10.03	Bank of India	St. Exchange	5,00,000.00	799474
10.11.03	Bank of India	St. Exchange	9,00,000.00	893514
11.11.03	Bank of India	St. Exchange	1,000,000.00	762428
17.11.03	Bank of India	St. Exchange	5,00,000.00	893549
			49,00,000	

5.4.2 Analysis of the bank account statement of Mahesh Mistry with Bank of India, Stock Exchange Branch revealed that the client received huge payments from several accounts on a regular basis by account transfer. Shri Mistry was found to have received majority of the payments from Jalaj J. Batra and Dharmendra S Thapa. Shri Batra and Shri Thapa were found to have made payments of Rs.7.97 crores and Rs.1.73 crores respectively to Mahesh Mistry during the period of investigation. Details of transfer of funds from Jalaj Batra to Mahesh Mistry are provided as below:

Sl. No.	Date	Amount paid (In Rs.)	Sl. No.	Date	Amount paid (In Rs.)
1	15/10/2003	15,00,000	29	10/11/2003	34,42,260
2	15/10/2003	15,00,000	30	10/11/2003	20,40,000
3	16/10/2003	20,00,000	31	10/11/2003	15,00,000
4	16/10/2003	5,00,000	32	11/11/2003	10,00,000

5	17/10/2003	5,00,000	33	11/11/2003	5,00,000
6	17/10/2003	9,00,000	34	11/11/2003	45,00,000
7	17/10/2003	5,00,000	35	11/11/2003	4,00,000
8	20/10/2003	8,00,000	36	11/11/2003	10,00,000
9	21/10/2003	15,00,000	37	11/11/2003	10,00,000
10	21/10/2003	10,00,000	38	12/11/2003	12,00,000
11	22/10/2003	15,00,000	39	12/11/2003	10,00,000
12	24/10/2003	10,00,000	40	12/11/2003	8,00,000
13	24/10/2003	3,00,000	41	12/11/2003	27,00,000
14	24/10/2003	15,00,000	42	12/11/2003	10,00,000
15	29/10/2003	20,00,000	43	12/11/2003	9,50,000
16	30/10/2003	30,00,000	44	13/11/2003	5,00,000
17	31/10/2003	12,90,760	45	13/11/2003	26,00,000
18	3/11/2003	32,00,000	46	13/11/2003	11,00,000
19	3/11/2003	5,50,000	47	13/11/2003	5,72,000
20	6/11/2003	30,40,000	48	13/11/2003	21,40,500
21	6/11/2003	10,00,000	49	13/11/2003	5,00,000
22	7/11/2003	19,00,000	50	13/11/2003	26,00,000
23	7/11/2003	10,00,000	51	14/11/2003	32,50,000
24	7/11/2003	2,20,000	52	15/11/2003	35,16,000
25	7/11/2003	10,00,000	53	17/11/2003	10,00,000
26	7/11/2003	10,00,000	54	17/11/2003	11,46,000
27	7/11/2003	10,00,000	55	18/11/2003	12,50,000
28	7/11/2003	10,00,000	56	19/11/2003	3,00,000
Total					7,97,07,520

It was also observed that Shri Mistry made payments to the broker Jitendra Harjivandas immediately after receiving payments from Shri Jalaj Batra and Shri Dharmendra Thapa.

5.4.3 Analysis of the bank account statement of Shri Mahesh Mistry with HDFC Bank, Fort Branch (a/c no. 0602340005958) revealed that Shri Mistry received Rs. 2.68 crores from Aishwarya Housing Finance during the period October 8 to October 31, 2003.

5.4.4 Demat a/c statement of Mahesh Mistry with the DP Nirmal Bang Securities revealed that the client received 4,63,000 shares by dematerialization on October 29, 2003 and on the same day transferred 1,50,000 shares to Jitendra Harjivandas. As per the information provided by the RTA Sharex Dynamic India Pvt. Ltd., these shares were acquired by Shri Mistry from

20 persons/entities. It appeared that Shri Mistry acquired these shares (accounting to around 9% shareholding in the company), after September 30, 2003 as his name was not appearing in the list of persons holding more than 1% shareholding as on that date.

Share transfer between Mahesh Mistry and Jalaj Batra

Date	No of shares received by Jalaj Batra from Mahesh Mistry in off-market transactions	Date	No. of shares sold by Jalaj Batra to Mahesh Mistry in Market transactions
11/10/2003	50000	-	-
11/11/2003	50000	11/11/2003	25000
-	-	12/11/2003	30000
11/13/2003	50000	13/11/2003	20000
11/14/2003	50000	14/11/2003	10900
11/15/2003	25000	-	-
11/17/2003	50000	17/11/2003	20000
Total	2,75,000		1,05,900
From analysis of demat statement		From analysis of trading details	

Demat account statement of Shri Mistry further revealed that he transferred 2,75,000 shares to the demat account of Jalaj Batra with the DP Nirmal Bang Securities in off-market transactions during the period November 10, 2003 to November 17, 2003. Shri Batra, who received these shares over 6 days, in turn transferred the same no. of shares to the pool account of the broker Ramaben Samani, through whom he sold 2,50,000 shares in market transactions. Further, 1,05,900 shares out of the aforesaid shares transferred by Mahesh Mistry to Jalaj Batra were bought by Shri Mistry in market transactions from Jalaj Batra. The shares were thus rotated between Shri Mistry and Shri Batra.

- 5.5** It appears from the above that Shri Jalaj Batra was related with the major clients Vishwas Kohli group and Ajit Suryavanshi group who had been actively involved in the manipulation of the scrip VTL and had also transferred funds to the account of these clients through several front entities. Moreover, in a similar mode, Shri Jalaj Batra was found to be

related to Smita Hate (MD of SCL) and Dharmendra Thapa (Director of SCL) and the major clients, who indulged in manipulation in the scrip of SCL. Further, Shri Batra was found to have sold shares of SCL in high volumes and financed the purchases of Mahesh Mistry, who was the major client in the scrip of SCL during the relevant period.

5.6 Thus, Shri Jalaj Batra had failed to respond to the summons issued to him by SEBI and thus, prima facie, violated Section 11C (3) & (5) of SEBI Act, 1992 and Section 11 C (2 read with 5) of SEBI Act, 1992. Further, Shri Jalaj Batra had funded the clients for dealing in the said scrips and also prima facie indulged in creating false or misleading appearance of trading in the scrip of SCL, dealt in security not intended to effect transfer of beneficial ownership and instead intended to operate only as a device to inflate, depress or cause fluctuations in the price of the scrip SCL. Shri Jalaj Batra has thus prima facie manipulated the price of the scrip SCL and violated Regulations 4 (1), 4 (2) (a), (b), (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities market) Regulations, 2003.

6.0 Summary of observations against Shri Jalaj Batra:

6.1 It is seen that Jalaj Batra had been involved in the manipulation of the scrips in VTL and SCL along with other clients, entities and brokers.

- He had financed for the trading in the said scrips of VTL and SCL to Ajit Suryavanshi and Vishwas Kohli groups in the scrip of VTL through several front entities/companies and to Mahesh Mistry along with Dharmendra Thapa in the scrip of SCL.
- He failed to respond to the Summons issued by SEBI to find out his connection with the promoters, connected clients, connection with the companies from which funds were transferred to Ajit Suryavanshi and Vishwas Kohli group, details of his bank account, etc.

- Vishwas Kohli in his statement had stated that he had made a profit of Rs. 1 crore on sharing basis pre decided with Shri Jalaj Batra and the orders in VTL were placed by him till December 2004 on phone. Thereafter, Shri Jalaj Batra used to place the orders on his behalf.
- Jalaj Batra had received 2,75,000 shares of SCL from Mahesh Mistry in off market transactions who in turn had transferred the same to the pool account of the broker Ramaben Samani through whom he sold the same in the market transactions.
- Jalaj Batra had sold 2,50,000 shares of SCL in the market transactions. Further, 1,05,900 shares of SCL out of the 275000 shares transferred by Mahesh Mistry to Jalaj Batra were bought by Shri Mistry in market transactions from Jalaj Batra. It appears from the above that the said shares were rotated between Mahesh Mistry and Jalaj Batra
- It is also noted that Shri Jalaj Batra is involved in the price manipulation of the scrip M/s. Betala Global which is also under investigation.

6.2 In the meanwhile, having regard to the finding as above, if Shri Jalaj Batra is allowed to continue in the market, there is great risk of possible abuse of exchange and trading mechanism for his unjust advantage at the cost of investing public. As regulator, SEBI has the responsibility to take proactive measures to prevent such persons from committing further such acts. Accordingly having regard to the materiality of circumstances of the case, immediate action is warranted to safeguard the interests of the investing public and market.

7.0 ORDER

7.1 Therefore, I am of the considered view that due to imminent urgency and in order to protect the interest of investors and to safeguard the integrity of

the securities market, the issuance of notice to show cause can be dispensed with and it will be in the interest of justice to pass an ex-parte order which can be treated as a show cause notice. Therefore, I, in exercise of the powers delegated to me by SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11(4)(b) , hereby issue the following direction by way of ad interim ex-parte order that Shri Jalaj Batra is hereby directed not to buy, sell or deal in securities, directly or indirectly, till further directions in this regard.

7.2 Shri Jalaj Batra against whom this order is issued or any other person aggrieved by this order may file his objections, if any, to this order within 15 days from the date of this order at the Securities and Exchange Board of India, SEBI Bhavan, C4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051.

7.3 This order shall come into force with immediate effect.

DATE: 20th September, 2007

V.K.CHOPRA

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA