

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: G. ANANTHARAMAN, WHOLE TIME MEMBER

ORDER

WTM/GA/31/IVD/10/07

[UNDER SECTION 11B OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 11 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003]

AGAINST SHONKH TECHNOLOGIES INTERNATIONAL LIMITED, PADMINI TECHNOLOGIES LTD., SHRI VIVEK NAGPAL CHAIRMAN AND MANAGING DIRECTOR OF PADMINI TECHNOLOGIES LTD, M/S ANKUR CULTIVATORS PVT. LTD., M/S ADVANCE HOVERCRAFTS AND COMPOSITES (INDIA) LTD. M/S MIKONA IMPEX AND TRADERS PVT. LTD. M/S IRIS INFRASTRUCTURALS PVT. LTD., M/S CHURUWALA EXPORTS PVT. LTD., M/S R C GUPTA & CO. PVT. LTD., M/S SADASHIV SECURITIES PVT. LTD., M/S SANYO FINANCE PVT. LTD., M/S SARAL WEBSITE AND EXIM PVT. LTD., M/S ZODIAC.COM PVT. LTD., M/S SPECTRUM.COM PVT. LTD., M/S NOTED INFOTECH PVT. LTD., M/S DKG BUILDCON PVT. LTD., M/S MONEY GROWTH FINANCE AND CONSULTANTS PVT. LTD., SHAMIT FINVEST PVT. LTD., ATROMAX INTERNATIONAL LTD., M/S. RAJKAR ELECTRICALS AND ELECTRONICS LTD., FNS CONSULTANTS PVT. LTD., M/S. BALDEV HARISH ELECTRICALS PVT. LTD., M/S. HARPAL ASSOCIATES PVT. LTD., SHRI BALDEV RAJ, SHRI MUKESH GUPTA AND MS. SIMMY GUPTA.

1.0 BACKGROUND.

- 1.1 Brief facts giving rise to the present proceedings so far as they are relevant, are stated herein under. Securities and Exchange Board of India (hereinafter referred to as SEBI) noticed unusual price movement in the shares of Shonkh Technologies International Ltd. (hereinafter referred to as STIL) which was listed at the Bombay Stock Exchange Ltd. (for short BSE) and Delhi Stock Exchange Association Ltd. (for short DSE). The shares of STIL were listed at DSE on August 11, 2000 (allowed to trade from August 16, 2000) at Rs.300/-, when its price at BSE on commencement of trading was Rs.70/- on August 09, 2000. The share price of STIL had witnessed a sharp increase both at BSE and DSE and the same reached nearly Rs.460/- at DSE by September 27, 2000.
- 1.2 In view of the unusual price movement observed in the shares of STIL, SEBI conducted investigations into the buying, selling and dealings in the said shares inter alia under the provisions of Securities and Exchange Board of India Act, 1992 (for short the Act) read with Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations, 1995 (for short the FUTP Regulations). The period of investigation was divided into two i.e (i) August 9, 2000 to September 28, 2000 and (ii) September 29, 2000 to March 31, 2001. In the first period of investigation, the price of the shares of STIL shot up substantially (almost at 8% higher than the closing price of the previous day) with very low volumes. The second period was characterized by sharp increase in volumes coupled with the reduction in the share price. The periods of investigation vis a vis the price movement of shares of STIL is mentioned below:

Period of Investigation	Price variation
August 9, 2000 to September 28, 2000	Rs. 70/- to Rs. 445/-
September 29, 2000 to March 31, 2001	Rs. 440/- to Rs. 265/- and further to Rs. 63/-

- 1.3 The investigation conducted by SEBI inter alia observed that, during the first period of investigation, there was an attempt on the part of certain persons/ entities to create artificial increase in the price of the shares of STIL at DSE by their substantial trades and that the stock brokers traded on their behalf were found to be Agroy Finance and Investment Limited, Delhi Securities Ltd. and A Nitin Capital Services Ltd. The persons/ entities traded in the shares of STIL at DSE during the above period were, M/s. Rajkar Electricals and Electronics Ltd. (for short Rajkar), FNS Consultants Pvt. Ltd. (for short FNS) , M/s. Baldev Harish Electricals Pvt. Ltd. (for short Baldev), M/s. Harpal Associates Pvt. Ltd. (for short Harpal), Shri Gopi Ram Gupta, Shri Baldev Raj and Shri Mukesh Gupta. The trade details of the aforesaid stock brokers in the shares of STIL at DSE during the said period are given below:

Name of the Broker	Quantity Bought (shares)	Percentage	Quantity Sold (shares)	Percentage
Delhi Securities Ltd.	9000	26.50	16100	47.42
A Nitin Capital Services Ltd.	11100	32.69	13100	38.58
Agroy Finance & Investment Ltd.	12000	35.34	2800	8.24
Total of the aforesaid stock brokers	32100	94.53	32000	94.24
Total trades at DSE	33950	100.00	33950	100.00

The trades of the aforesaid stock brokers amounted to about 94% of the total turnover at DSE in the shares of STIL and the price of the scrip of STIL had increased substantially during the period of said trades.

- 1.4 It was also observed that entities/person viz. Shamit Finvest Pvt. Ltd, Money Growth Finance and Consultants Ltd., Atromax International Ltd.,

Shri Mukesh Malhotra and Ms Simmy Gupta had transacted in the shares of STIL during the first period of investigation and created artificial and misleading appearance of trading in the said scrip and thereby artificially raised the price of the said scrip.

- 1.5 During the course of investigation, SEBI found that one M/s Shonkh Technologies Limited (STL), a company inter alia promoted by M/s Ankur Cultivators Pvt. Ltd. (for short ACPL) and M/s Advance Hovercrafts and Composites (India) Ltd. (for short AHCL) had entered into a Memorandum of Understanding (MoU) dated July 10, 2000 with one M/s Shreejee Yatayat India Limited (SYIL), a company listed at BSE, for the sale of whole of its undertaking to SYIL and that in return, shares of SYIL were agreed to be allotted to the shareholders of STL. It was observed that, immediately after the aforesaid MoU, STL had allotted nearly 30,00,000 equity shares to various entities on July 7, 2000 and July 14, 2000. The list of some of the allottees to whom the shares were allotted by STL on the aforesaid dates are as under :

Date of allotment	Name of the allottee	No. of shares	Rate (Rs)
July 7, 2000	Padmini Polymers	150625	160
July 7, 2000	M/s. Iris Infrastructure Private Limited	125000	160
July 7, 2000	M/s. Mikona Impex and Traders Private Limited	146875	160
July 7, 2000	Hermonite Consultancy	142500	160
July 14, 2000	Hermonite Consultancy	57500	160
July 14, 2000	Sanyo Finance and Investment	200000	10
July 14, 2000	Sadashiv Securities	200000	10
July 14, 2000	M/s. Mikona Impex and Traders Private Limited	123125	160
July 14, 2000	M/s. Iris Infrastructure Private Limited	115000	160
July 14, 2000	Padmini Polymers	849375	160

The above allotments were done one week before the record date fixed for the purpose of allotting the shares of SYIL to the shareholders of STL, as per the aforesaid MoU.

- 1.6 The Extraordinary General Meeting (EGM) of the shareholders of SYIL held on July 14, 2000 resolved to allot 1,52,73,093 shares (of Rs. 10/- at a premium of Rs. 60/-) to the shareholders of STL, in lieu of acquiring the business of STL for non – monetary consideration. In terms of the said allotment, the payment for the said shares was proposed to be adjusted against the consideration of transfer of business of STL. The list of some of the allottees (shareholders of erstwhile STL) to whom the shares of SYIL were allotted on July 18, 2000 is given below.

Name of the allottee	No. of Shares allotted at Rs. 10/-
Maresh Malhotra	10
Ravi Krishnamoorthi	10
Sunidhi Consultancy Services Limited	100,000
R C Gupta & Co Pvt Ltd	143,000
Hermonite Consultants	200,000
Anuyash Fincom Pvt. Ltd	2,00,000
Sanyo Finance & Investment Ltd.	200,000
Sadashiv Securities Pvt. Ltd.	200,000
Mikona Impex & Traders Pvt. Ltd.	270,000
Panther Investrade Limited	425,000
Classic Credit Limited	500,000
Sweet Infosys Limited	650,000
IRIS Infrastructural Pvt. Ltd.	690,000
Panther Fincap & Management Services Ltd.	700,000
DKG Buildcon Pvt Ltd	1,000,000
Churuwala Exports Pvt Ltd	1,100,000
Advance Hovercraft and Composites India Ltd	1,950,000
Ankur Cultivators (P) Ltd.	1,956,810
Padmini Polymers Ltd.	2,706,000

The majority of the aforesaid allottees belonged to Shri Ketan Parekh Group while the rest were connected with SITL.

- 1.7 Pursuant to the aforesaid allotment, the name of SYIL was changed to STIL with effect from July 27, 2000. Shri Vivek Nagpal, Chairman and Managing Director of M/s Padmini Technologies Limited was found to be

a director of STIL. Besides, he was seen to have a controlling stake in ACPL and AHCL (promoters of STIL). Shri. Vivek Nagpal along with Shri. Mahesh Malhotra, Director of ACPL and AHCL were alleged to be the authorized signatories for the bank account of STIL maintained with M/s ANZ Grindlays Bank. Subsequent to the acquisition of business of STL by SYIL, issuing of shares of SYIL to the shareholders of STL and changing the name from SYIL to STIL, the shares of STIL were freshly listed on BSE on August 09, 2000 at a price of Rs. 70/-, which was the price at which shares of STL were valued for acquisition of business of STL. The shares of STIL were also listed on DSE on August 11, 2000 and were allowed to be traded from August 16, 2000.

- 1.8 It is observed that Padmini Technologies Ltd. (erstwhile Padmini Polymers Ltd.), one of the shareholders of erstwhile STL, was allotted 27,06,000 shares of STIL (as mentioned in the table at para 1.5) on July 18, 2000. The said 27,06,000 amounted to 15.41% of the paid up capital of STIL. The said shares were dematerialised by Padmini Technologies Ltd. in the month of December 2000. It has been noted that Padmini Technologies Ltd. had sold 25 lakh shares of STIL to Iris Infrastructurals Pvt. Ltd. (shareholder of erstwhile STL) in an off market deal on December 27, 2000 at a price of Rs.142.50 per share as against the market price of Rs. 234/- (closing price at BSE). The said Iris Infrastructurals Pvt. Ltd. and Shri Mahesh Malhotra (director of ACPL and AHCL) shared the same address i.e, C - 10. Vipin Garden, Kakrola Mor, Delhi - 59. Iris Infrastructurals Pvt. Ltd. in turn, transferred (shares of STIL) 2 lac shares, 5.5 lac shares, 3 lac shares, 7.5 lac shares, 1.41 lac shares and 4.5 lac shares to M/s Sanyo Finance Pvt. Ltd., M/s Saral Website and Exim Pvt. Ltd., M/s Spectrum.com Pvt. Ltd., M/s Churuwala Exports Pvt. Ltd., M/s Noted Infotech Pvt. Ltd. and M/s Zodiac.com Pvt.

Ltd. respectively. These entities were prima facie found to be connected to each other by common directors /address. The said shares ultimately landed in the hands of entities, viz. M/s Sai Mangal Investrade Pvt. Ltd., an entity associated with Shri Ketan Parekh. Iris Infrastructurals Pvt. Ltd. had also transferred a further 1,09,000 shares of STIL to the said M/s Sai Mangal Investrade Pvt. Ltd., directly.

- 1.9 In addition to the above, it was found that entities viz. Mikona Impex and Traders Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., DKG Buildcon Pvt. Ltd. (entities having nexus among themselves by way of common directors/address) had transferred the shares of STIL to M/s Sai Mangal Investrade Pvt. Ltd. Similarly, entities viz. Classic Credit Ltd., Goldfish Computers Ltd. and Luminant Investment Private Ltd. (associated with Shri Ketan Parekh) had also received the shares of STIL from various aforesaid entities.
- 1.10 Thus, it has been observed that large quantities of shares of STIL were made available to the entities associated with Shri Ketan Parekh during the period between October 2000 and April 2001. The transfer / allotment of the shares of STIL by various entities (including STIL), to entities associated with Shri Ketan Parekh, either directly or indirectly, inter alia facilitated them to prima facie create artificial volume in the said scrip in the securities market. The entities associated with Shri Ketan Parekh had sold large number of shares of STIL in the securities market prima facie in a circular/synchronised manner with a view to create artificial market in the said shares.
- 1.11 It has been inter alia found that STIL, its promoters, the allottees of the preferential allotment, the entities named above etc. had prima facie

violated the provisions of the Act and Regulation 4 of the FUTP Regulations.

2.0 SHOW CAUSE NOTICES

- 2.1 In view of the above, a show cause notice dated May 31, 2004 was issued to Padmini Technologies Ltd., its Chairman and Managing Director - Shri Vivek Nagpal, ACPL and AHCL by SEBI asking them to show cause as to why suitable directions under section 11, 11B of the Act read with the provisions of Regulations 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Markets) Regulations 2003 should not be issued against them. Similar show cause notices dated July 27, 2004 were issued to Mikona Impex and Traders Pvt. Ltd. Iris Infrastructurals Pvt. Ltd., Churuwala Exports Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Saral Website and Exim Pvt. Ltd., Zodiac.com Pvt. Ltd., Spectrum.com Pvt. Ltd., Noted Infotech Pvt. Ltd., DKG Buildkon Pvt. Ltd.
- 2.2 SEBI had also issued separate show cause notices dated September 17, 2004 to STIL and September 24, 2004 to Moneygrowth Finance and Consultants Pvt. Ltd. and Shamit Finvest Pvt. Ltd. (entities traded in the shares of STIL during the relevant period). It was also alleged that Moneygrowth Finance and Consultants Pvt. Ltd. had acted as an unregistered sub broker, inter alia in violation of the provisions of the Act.
- 2.3 A show cause notice dated May 17, 2005 was also issued to Shri Mukesh Gupta, Shri Baldev Raj, Shri Gopi Ram Gupta, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and

Electronics Ltd., Harpal Associates Pvt. Ltd. and Ms. Simi Gupta. Separate show cause notices dated June 6, 2006 were also issued to Shri Mukesh Malhotra (brother of Shri Mahesh Malhotra, director of ACPL and AHCL) and M/s Atromax International Ltd., which traded in the scrip of STIL during the period.

- 2.4 During the course of investigation, it was found that STIL had transferred an amount of Rs.37 crore to Goldfish Computers Pvt. Ltd. (entity connected to Shri Ketan Parekh) on March 31, 2001, at a time when Shri Ketan Parekh was facing payment problems. It was observed that the said amount was part of the cash credit limit availed by STIL from Global Trust Bank and that the shares which were required to be pledged as security for the said advance was given by entities viz. Churuwala Exports Pvt. Ltd., Saral Website and Exim Pvt. Ltd. and Spectrum.com Pvt. Ltd. who were found to have some nexus among themselves and also to be connected with STIL and also Shri. Vivek Nagpal. In view of the above, a supplementary show cause notice dated September 18, 2006 was issued by SEBI to STIL. SEBI also advised STIL to give its comments as to whether it had charged any interest on the aforesaid funds given by it to the KP group entity and whether the said funds were returned by the KP group.

3.0 CONSIDERATION OF ISSUES AND FINDINGS

- 3.1 As Ms. Simmy Gupta, vide letter dated nil (received by SEBI on June 20, 2005) along with an affidavit informed SEBI that her father, Shri Gopi Ram Gupta (who had traded in the shares of STIL), expired on May 25, 2005, the present proceedings so far as it related to him stands abated.

3.2 At the outset, I note that some of the entities have contended that SEBI did not have power to pass orders under sections 11 and 11B of the Act for the alleged violations of the FUTP Regulations. In this context, I note that the primary function and duty of SEBI is to protect the interests of the investors in securities and to regulate the securities market. The said duty is inter alia performed under sections 11, 11B of the Act which are the very soul and heart of it. On a careful perusal of section 11, it could be seen that SEBI has been mandated to protect the interests of investors in securities by such measures as it thinks fit which provide a large sweep to SEBI. Further, section 11B of the Act inter alia empowers SEBI to issue such directions to any person, in the interest of investors, or orderly development of securities market. If one has regard to the aforesaid principles, it would follow that the power which has been conferred under section 11B of the Act to issue direction are of a widest possible amplitude and are exercisable in the interests of investors. The powers of SEBI to pass orders under these sections have been judicially recognized by various judgments. The Hon'ble High Court of Bombay in the matter of Anand Rathi Vs. SEBI had inter alia observed as follows:

“.....It cannot be gainsaid that SEBI has to regulate speculative market and in case of speculative market varied situations may arise and looking into the exigencies and requirements, it has been entrusted with the duty and functions to take such measures as it thinks fit. Section 11B is an enabling provision enacted to empower the SEBI Board to regulate securities market in order to protect the interest of the investors. Such an enabling provision must be so construed as to subserve the purpose for which it has been enacted. It is well settled principle of statutory construction that it is the duty of the Court to further Parliament's aim of providing of a remedy for the mischief

against which enactment is directed and the Court should prefer construction which will suppress the mischief and advance remedy and avoid evasions for the continuance of the mischief.” Further the Hon’ble Court had observed “Section 11B is an enabling provision enacted to empower SEBI to protect interest of investors and to promote the development of and to regulate the securities market and to prevent malpractices and manipulations inter alia by brokers. Such an enabling provision must be construed so as to subserve the purpose for which it is enacted. It would be the duty of the court to further the legislative object of providing a remedy for the mischief. A construction which advances this object should be preferred rather than one which attempts to find a way to circumvent it.”

- 3.3 In the facts and circumstances, the contention that SEBI does not have power to pass directions under sections 11 and 11 B of the Act for the violations of the provisions of FUTP Regulations is devoid of any merits and accordingly is rejected.
- 3.4 Having said so, I note that the investigation of SEBI was divided into two periods i.e August 9, 2000 to September 28, 2000 and September 29, 2000 to March 31, 2001. The first period was characterized by the sharp increase in the share price of STIL (Rs. 70/- to Rs. 445/-) with low traded volumes within a short span of time whereas the second period witnessed a reduction in the share price (Rs. 440/- to Rs. 265/- and further to Rs. 63/-) with high traded volumes. In such a scenario, it has to be examined whether the said unusual variation in price/volume was caused due to any manipulation and if so, who were responsible for the same? My findings in this regard are as under:-

3.5 I note that none of the persons/entities viz. Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and Electronics Ltd. and Harpal Associates Pvt. Ltd. who had traded in the shares of STIL at DSE during the first period of investigation have filed their replies to the show cause notice, inspite reminders.

3.6 In the first period of investigation, I note that price of the shares of STIL moved up substantially in both the exchanges (DSE and BSE) when the volume traded was very low. The transaction details of the shares of STIL at DSE and BSE are as follows:

a) DSE

Date	Volume at DSE	Closing Price (Rs.)	% change
16.08.00*	5050	325.00	
17.08.00	4200	329.00	1.22
18.08.00	1900	336.00	2.08
21.08.00	1900	350.00	4.00
22.08.00	7000	368.00	4.89
23.08.00	7300	395.55	6.96
24.08.00	100	427.15	7.40
25.08.00	0	427.15	0.00
28.08.00	5000	436.00	2.03
29.08.00	0	436.00	0.00
30.08.00	0	436.00	0.00
31.08.00	50	400.45	-8.88
05.09.00	300	427.00	6.22
06.09.00	50	430.00	0.70
07.09.00	0	430.00	0.00
11.09.00	100	431.00	0.23
12.09.00	500	435.00	0.92
13.09.00	0	435.00	0.00
14.09.00	500	440.00	1.14
15.09.00	0	440.00	0.00
22.09.00	500	440.00	0.00
25.09.00	150	440.00	0.00
26.09.00	0	440.00	0.00
27.09.00	100	460.00	4.35
28.09.00	0	460.00	0.00

* Though the shares were listed on August 11, 2000, it was allowed to trade only from August 16, 2000.

b. BSE

Date	Open	Close	Volume
09-08-00	75.55	75.55	50
11-08-00	81.55	81.55	100
14-08-00	88.05	88.05	50
16-08-00	95.05	95.05	50
17-08-00	102.6	102.6	50
18-08-00	110.75	110.75	50
21-08-00	119.6	119.6	200
22-08-00	129.15	129.15	50
23-08-00	139.45	139.45	50
24-08-00	150.55	150.55	50
25-08-00	162.55	162.55	50
28-08-00	175.5	175.5	50
29-08-00	189.5	189.5	50
30-08-00	204.65	204.65	50
31-08-00	221	221	50
04-09-00	238.65	238.65	50
05-09-00	257.7	257.7	50
06-09-00	267.95	267.95	50
08-09-00	278.65	278.65	50
12-09-00	289.75	289.75	50
13-09-00	301.3	301.3	50
14-09-00	313.3	313.3	50
15-09-00	325.8	325.8	50
18-09-00	338.8	338.8	50
19-09-00	352.3	352.3	50
20-09-00	366.35	366.35	50
21-09-00	380.95	380.95	100
22-09-00	396.15	396.15	50

3.7 Most of the trades in the shares of STIL at DSE took place on behalf of certain clients viz. Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and Electronics Ltd., Shri Gopi Ram Gupta and Harpal Associates Pvt. Ltd. The trades of the aforesaid entities/persons were executed through stock brokers viz. A. Nitin Capital Services Limited, Delhi Securities Limited and Agroy Finance and Investment Limited. The trades of the aforesaid

clients had accounted for nearly 90% of the trading in the shares of STIL at DSE, during the first period of investigation. SEBI vide its orders dated May 24, 2007 suspended the certificate of registration of the aforesaid stock brokers for a period of two months and one month (Agroy Finance and Investment Limited) respectively. Delhi Securities Ltd. and Agroy Finance and Investment Limited have filed appeal against the aforesaid orders before the Hon'ble Securities Appellate Tribunal.

3.8 The trade details of Shri Gopi Ram Gupta, Shri Baldev Raj and Shri Mukesh Gupta in the shares of STIL are mentioned below :

Date	Qty. (Shares)	Total Volume at DSE	% to the total volume	B/S	Client	Closing Price (rs.)	% change
16.08.00	5000	5050	99	S	Gopi Ram Gupta	325	
17.08.00	2200	4200	52	S	Baldev Raj	329	1.22
18.08.00	1900	1900	100	B	Gopi Ram Gupta	336	2.08
21.08.00	1900	1900	100	S	Mukesh Gupta	350	4.00
22.08.00	3500	7000	100	S	Gopi Ram Gupta	368	4.89
22.08.00	3500			S	Baldev Raj		
23.08.00	3500	7300	96	B	Gopi Ram Gupta	395.55	6.96
23.08.00	3500			B	Baldev Raj		

3.9 The trade details of M/s. Rajkar Electrical and Electronics Ltd. (for short Rajkar) and FNS Consultants Pvt. Ltd. (for short FNS) in the shares of STIL are mentioned below :

Date	Qty (shares)	Total Volume at DSE (Shares)	% to the total volume	B/S	Client	Closing price (Rs.)	% change
16.08.00	2000	5050	99	B	Rajkar	325	
16.08.00	3000			B	FNS		
17.08.00	2000	4200	48	S	Rajkar	329	1.22
18.08.00	1900	1900	100	S	FNS	336	2.08
21.08.00	1900	1900	100	B	FNS	350	4.00
22.08.00	4200	7000	60	B	Rajkar	368	4.89
23.08.00	4200	7300	58	S	Rajkar	395.55	6.96

28.08.00	5000	5000	100	S	FNS	436	2.03
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3.10 The trade details of M/s. Baldev Harish Electricals Pvt. Ltd. and M/s. Harpal Associates Pvt. Ltd. in the shares of STIL are given below:

Date	Qty. (shares)	Total volume at DSE	% to the total volume at DSE	B/S	Client	Closing price (Rs.)	% change
17.08.00	2200	4200	100	B	Baldev	329	1.22
17.08.00	2000			B	Harpal		
22.08.00	2800	7000	40	B	Harpal	368	4.89
23.08.00	2800	7300	38.35	S	Harpal	395.55	6.96
28.08.00	5000	5000	100	B	Baldev	436	2.03

3.11 It is found that when the traded volume was low, either the majority or the entire transactions in the shares of STIL at DSE during the above period were executed by the aforesaid stock brokers on behalf of their respective clients as mentioned above. On some of the days, the trades of the aforesaid stock brokers accounted for the total volume at DSE in the shares of STIL. The notable feature of the said transactions was that the said trades were executed at a price which was higher than the previous days' closure price. Yet another important character was that some of the said trades were executed in a synchronized manner between the clients having close nexus to each other. I note that the stock broker, viz. A Nitin Capital Services Ltd. had placed a sell order for 1200 shares @ Rs.336/- at 3:48:16 hrs. Immediately after 2 seconds, another stock broker viz. Delhi Securities Ltd. placed the buy order for 1200 shares @Rs.336/- per share at 3:48:18 hours. Subsequently, Delhi Securities Ltd. placed a buy order for 700 shares @Rs.336/- per share at 3:49:08 hrs. Thereafter, A Nitin Capital Services Ltd. placed a sell order for 900 shares @ Rs.336/- at 3:49:09 hrs. The details of the such transactions are mentioned below :

Buy qty	Buy time	Buy price	Sell qty	Sell time	Sell price
1200	3:48:18	336	1200	3:48:16	336
700	3:49:08	336	700	3:49:09	336

3.12 The aforesaid trades entered into between A Nitin Capital Services Ltd. and Delhi Securities Ltd. indicate the matching of the trades in respect of time, price and quantity of the shares so traded. The trades of the said stock brokers on August 18, 2000 had accounted for 100% of the total volume at DSE and the traded price (Rs.336 per share) was 2.08% higher than the previous day's closure price. Similarly, SEBI had also found that the entities had executed various other synchronized trades among themselves.

3.13 Thus, it is found that the majority of the trades executed on behalf of the aforesaid entities were matched in all respects (quantity, time and price), thereby creating artificial price in the scrip of STIL. I observe that the promoter and director of M/s. Baldev Harish Electricals Pvt. Ltd. (client of Agroy Finance and Investment Limited), Shri Baldev Raj was also a client of Delhi Securities Ltd. Shri Baldev Raj acted as a seller in the shares of STIL with Delhi Securities Ltd., while M/s. Baldev Harish Electricals Pvt. Ltd. was the buyer with Agroy Finance and Investment Limited.

3.14 Further, it is found that most of the aforesaid entities that had traded in the scrip of STIL at DSE during the first period of investigation, by virtue of having something common among themselves appear to have been driven by a common purpose and interest.

- a) Shri. Baldev Raj and Shri. Pramod Kumar, directors of M/s Baldev Harish Electricals Private Limited and M/s Rajkar Electricals & Electronics Limited, respectively shared the same address.
- b) Shri. Baldev Raj used to place orders with the same stock broker for the clients, viz. M/s Harpal Associates Private Limited and M/s Baldev Harish Electricals Private Limited.
- c) Shri Mukesh Gupta (client of Delhi Securities Ltd.) was the Director of FNS Consultants, the client of A. Nitin Capital Services Ltd. Services Ltd.

3.15 In the facts and circumstances, it can be seen that the trades of the aforesaid entities (having close nexus) inter alia created misleading appearance of trading in the shares of STIL and thereby created artificial volume / price detrimental to the interest of the investors. It is fairly established that the said entities with their trades, which were executed at a price higher than the previous days' closure price, increased the share price of STIL artificially to the detriment of the genuine investors. Any transaction executed with the intention to defeat the market mechanism would be illegal and the manipulative intent of the aforesaid entities/ persons could be easily inferred from the fact that the trades were regularly executed at a higher price than the previous days' closure price. The price of the said shares increased substantially during the period of trades of the aforesaid clients. Thus the trades which were executed by the aforesaid clients interfered with the fair price discovery system. As every trade establishes the price of the scrip, the execution of the trades pursuant to a game plan would interfere with the fair price discovery process of the exchange and thereby it would disturb the price discovery system of exchange mechanism. Artificial increase in the volumes of scrip attracts the innocent investors in the securities market

who are trapped in buying such shares and such misrepresentation, besides cheating investors, create financial loss to them. In this context, SAT in the matter of Ketan Parekh vs. SEBI has inter alia observed :

“When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy / sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged.”

- 3.16 The above clients viz. Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and Electronics Ltd. and Harpal Associates Pvt. Ltd. despite giving various opportunities, failed to give any explanation to the allegations leveled against them. I also note that entities viz. Rajkar Electricals and Electronics Ltd., Shri Baldev Raj, Harpal Associates Pvt. Ltd. Shri Mukesh Gupta, Baldev Harish Electrical Pvt. Ltd. and FNS Consultants Pvt. Ltd. had failed to co- operate with the investigating authority of SEBI and Adjudication proceedings were initiated against them by SEBI. It is

seen that Rajkar Electricals and Electronics Ltd. had already paid the penalty imposed by the adjudicating officer. As the said entities had not cooperated with the investigation of SEBI and also did not appear for personal hearing before me, it stands to reason that their attempt to frustrate investigation and also the subsequent hearings gives rise to an adverse inference against them, while establishing their role in price manipulation.

3.17 Therefore, it is fairly established that the aforesaid persons/ entities viz. Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and Electronics Ltd. and Harpal Associates Pvt. Ltd. violated the provisions of Regulation 4 (a) to (e) of the FUTP Regulations.

3.18 Similarly, the price of the shares of STIL shot up substantially at BSE during the first period of investigation. It has been alleged that entities/persons viz. Money Growth Finance and Consultants Pvt. Ltd, Shamit Finvest Pvt. Ltd. and Ms. Simmy Gupta have traded in the shares of STIL during the said period.

3.19 It was noted that the valid buy/sell quantity of the orders were found to be very low as compared to the buy/sell quantity, the details of which are given below.

Settlement No.	Buy Qty	Sell Qty	Valid Buy Qty	Valid Sell Qty
20	7392700	2850	1885050	150
21	3649300	1300	551950	200
22	4598500	5900	484000	400
23	1152600	350	124700	200
24	376800	250	81350	200
25	94750	200	36200	200
26	137850	350	44000	300

The total valid buy/sell quantity was found to be very less vis a vis the buy/sell quantity. This would give an appearance that there was a big demand for the said scrip.

- 3.20 The investigations revealed that most of the clients who had sold shares of STIL on BSE during the period August 9, 2000 to September 22, 2000 were having some connection among themselves and with the promoter group of STIL. The details of the trades of M/s Money Growth Finance and Consultants Pvt. Ltd., Ms. Simmy Gupta, M/s Atromax International Ltd and M/s Shamit Finvest Pvt. Ltd. at BSE during the above period are as under :

Date	Client Name	Broker Name	Volume
09.08.2000	M/s Money Growth Finance and Consultants Pvt. Ltd.	M/s Nirmal Bang Securities Pvt. Ltd.	50
28.08.2000	M/s Money Growth Investment and Consultants Pvt. Ltd.	M/s Nirmal Bang Securities Pvt. Ltd.	50
29.08.2000	Ms. Simmy Gupta	G. D. Khaitan (through sub – broker M/s Ishanika Securities Pvt. Ltd.)	50
05.09.2000	M/s Atromax International	M/s IKM Investors Services Ltd.	50
06.09.2000	M/s Atromax International	M/s IKM Investors Services Ltd.	50
08.09.2000	M/s Atromax International	M/s IKM Investors Services Ltd.	50
12.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Magnum Equity Broking Ltd.	50
13.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Magnum Equity Broking Ltd.	50
14.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Magnum Equity Broking Ltd.	50
18.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Magnum Equity Broking Ltd.	50
19.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Magnum Equity Broking Ltd.	50
20.09.2000	M/s Money Growth Investment and Consultants Pvt. Ltd.	M/s Nirmal Bang Securities Pvt. Ltd.	50
21.09.2000	M/s Money Growth Investment and Consultants Pvt. Ltd.	M/s Nirmal Bang Securities Pvt. Ltd.	100
21.09.2000	M/s Shamit Finvest Pvt. Ltd.	M/s Saurashtra Capital Services Pvt. Ltd.	100

3.21 The connection between the aforesaid persons/entities details as seen are given below:

Client	Linkages with other entities	Relationship with Vivek Nagpal and Padmini Technologies Group
Shri Mukesh Malhotra	Brother of Shri Mahesh Malhotra who is a director of ACPL and AHCL which are promoters of STIL.	Shri Mahesh Malhotra is an authorised signatory of the bank account of Shonkh along with Shri Vivek Nagpal.
M/s. Shamit Finvest Private Limited		The director of M/s Shamit Finvest Private Limited is Shri Gagan Khemka. Shri Gagan Khemka is the director of M/s Anuyash Fincomp Private Limited also. It was seen that Anayush Fincomp Private Limited had holdings only in Padmini Technologies Limited and Shonkh Technologies International Limited, which are both companies related to Shri Vivek Nagpal.
M/s. Atromax International	Atromax International, whose proprietor is Shri Parbhu Dayal, had traded in the scrip of Shonkh Technologies International Limited through A & A Finvest Private Limited, a sub – broker of IKM Investor Services Private Limited. Atromax International Limited traded only in the scrip of Shonkh and only for three days.	The above mentioned trades in the scrip of Shonkh Technologies International Limited were the only trades done by the client.

3.22 I note that, M/s. Atromax International Ltd. was one of the entities who had sold 50 shares each of STIL on 3 days i.e September 05, 2000, September 06, 2000 and September 08, 2000 (three consecutive trading days). It had traded only in the scrip of STIL. One of the important character of the said trades was that they were executed at a price higher than the previous days' closure price. The price of the shares of STIL at BSE on the aforesaid dates was Rs. 257.70/- (September 05, 2000), Rs. 267.95/- (September 06, 2000) and Rs. 278.65/- (September 08, 2000). Similarly, Shamit Finvest Pvt. Ltd. sold 50 shares of STIL each on September 12, 2000 (@ 289.75/-), September 13, 2000 (@

301.30/-), September 14, 2000 (@313.30/-)-September 18, 2000 (@338.80/-) and on September 19, 2000(@ 352.30/-). It further sold 100 shares of STIL on, September 21, 2000(@.380.95/-). The above trades of M/s. Atromax International Ltd. and Shamit Finvest Pvt. Ltd. accounted for the total volume in the shares of STIL at BSE during the respective trading days.

- 3.23 The nature of the trades as mentioned above, would reveal that the intention behind the said transactions was to manipulate the price of the said scrip by executing trades (low volume) at a higher price than the previous days' closure price. I also note that the director of Shamit Finvest Pvt. Ltd., Shri Gagan Khemka was one of the directors of M/s. Anuyash Fincomp Private Limited to whom 2,00,000 shares of STL (unlisted company) were allotted at a price of Rs. 160/- on July 14, 2000. Though the number of shares executed was comparatively low, it represents the total volume on that day, thereby implying that the size of the trade of the manipulator has little to do when it comes to a question of identifying its role in the market manipulation. In the circumstances, it is seen that M/s Shamit Finvest Pvt. and M/s. Atromax International Ltd. Ltd acted as front entities of STIL and traded its shares with an intention to manipulate the price of the said scrip. It also created a misleading appearance of trading in the said scrip, by fuelling the supply side and sustaining the momentum. The said transactions were not genuine transactions as the intentions behind the said transactions were to artificially raise the prices of the scrip. The manipulative intent is evident through their trades at higher price. The aforesaid entities, despite various opportunities, failed to file their explanation to the show cause notice. As the said entities (M/s. Atromax International Ltd. and M/s Shamit Finvest Pvt. Ltd) had not co operated with the investigation of

SEBI and also did not appear for personal hearing before me, it stands to reason that their attempt to frustrate investigation and also the subsequent hearings gives rise to an adverse inference against them, while establishing their role in price manipulation.

3.24 I further note that Moneygrowth Finance and Consultants Pvt. Ltd., traded in the scrip of STIL during the period August – September 2000. Money Growth Finance and Consultants Pvt. Ltd. vide letter dated October 15, 2004 inter alia stated that it had sold 50 shares of STIL (proprietary trades) each on August 9, 2000, August 28, 2000 and September 20, 2000 and further stated that it had never acted in the capacity of a sub broker. It added that it had not violated the provisions of the FUTP Regulations. Vide letter dated April 29, 2006, it added that though its Director Shri Pawan Gupta was the director of Padmini Financial Services Ltd. there was no association between Shri Pawan Gupta and Shri Vivek Nagpal. It also urged that there were no financial transactions between Money Growth Finance and Consultants Pvt. Ltd. and Padmini Financial Services Ltd. It was the case of Money Growth Investment and Consultants Pvt. Ltd. that, its trades (minuscule) were incapable of affecting the market price. Shri Mukesh Malhotra, vide letter dated September 02, 2006 inter alia stated that SEBI had not provided the copies of the relied upon documents. He stated that he had no relation/link with any of the entities/persons such as PTL, ACPL, AHCL and Ms. Simmy Gupta. He urged that simply because his brother, Shri Mahesh Malhotra was found to be one of the directors of ACPL and AHCL, no adverse inference could be drawn against him. He contended that he had not violated the provisions of the FUTP Regulations. Ms Simmy Gupta vide letter dated nil (received by SEBI on June 20, 2005) inter alia stated that she was not involved in any transactions in the

shares of STIL during the Period August 16, 2000 September 29, 2000 and that she was not aware of Shri Mukesh Malhotra.

3.25 I note that Moneygrowth Finance and Consultants Pvt. Ltd., had sold 50 shares each on August 9, 2000, August 28, 2000 and September 20, 2000 at price of Rs. 75.55/-, Rs. 129.15/- and Rs.366.35/- respectively. Shri. Pawan Gupta, the director of Moneygrowth Finance and Consultants Pvt. Ltd. was also found to be a director of Padmini Financial Services Ltd. along with Shri. Vivek Nagpal and Ms. Aarti Nagpal. The execution of trades at higher price would establish the role of Moneygrowth Finance and Consultants Pvt. Ltd., in the manipulation. The aforesaid trades of Moneygrowth Finance and Consultants Pvt. Ltd. accounted for the total volume of STIL at BSE on these dates. An opportunity of hearing was granted to Moneygrowth Finance and Consultants Pvt. Ltd. on September 22, 2006 and March 30, 2007. On the said dates, Shri Somasekharan Sundaresan, advocate appeared on behalf of Money Growth Finance and Consultants Pvt. Ltd. and made submissions on behalf of his client on the lines of the reply dated October 15, 2004. The explanation that such low volumes could not have impacted the price reckons without the underlying fact that the entire manipulation in the first period of investigation wherein the price moved from Rs. 70/- to Rs. 445/- in September 2000 was on the back of low volumes only. Hence the said explanation does not address the reason specific to the instant case. In the facts and circumstances, it is fairly established that Moneygrowth Finance and Consultants Pvt. Ltd., influenced the price of the scrip of STIL by selling 50 shares on 3 days during the period from August 9, 2000 to September 20, 2000 as aforesaid. I also note that Ms Simmy Gupta sold 50 (constituted for the total volume at BSE in STIL) shares of STIL @ Rs. 189.50/-on August

29, 2000. As the trades were executed in her name, the contention that she was not aware of the transactions in the shares of STIL can not be accepted. A mere denial of self serving assertion cannot displace the presumption of fact arising from the documents, which are incontrovertible.

3.26 It can not be just a coincidence that the trades in the shares of STIL during the said period were executed only by the aforesaid entities at a higher price than the previous day's closure price. Further, the fact that the said entities had not sold the shares of STIL at DSE wherein the price was quoting at the range of Rs.436/- to Rs.440/- clearly indicates that the said trades were executed for the purpose of artificially increasing the price of the said scrip and also creating a false and misleading appearance of trading at BSE. How else such a quirky conduct could be explained? The conduct of entities viz. M/s. Shamit Finvest Private Limited, Ms. Simmy Gupta and M/s. Atromax International Ltd. as described above cannot be consistent with anything other than a concerted move with the promoters of STIL to create a make - believe of activity in the scrip of STIL with the concomitant creation of misleading appearance of trading in the scrip of STIL and of increase in the price of scrip, albeit artificially.

3.27 In the facts and circumstances, it is fairly established that that the trading in the scrip of STIL during the period at DSE and BSE was artificial and was inter alia done by entities making common cause with the promoter group of STIL to create artificial increase in the price of STIL. Shri Mukesh Malhotra replied that no trade was executed by him in the shares of STIL during the first period of investigation and I find it so. In the facts and circumstances, I find that M/s Money Growth Investments

and Consultants Pvt. Ltd. has violated the provisions of regulation 4(b) of the FUTP Regulations. Further, the entities viz. M/s. Shamit Finvest Private Limited, Ms. Simmy Gupta and M/s. Atromax International Ltd. have violated the provisions of Regulation 4 (a) to (c) of the FUTP Regulations.

3.28 In the second period of investigation (September 29, 2000 to March 31, 2001), it was found that the price of the scrip of STIL was falling down despite high traded volumes. During the said period, KP entities were found to be one of the biggest traders in the said scrip. I note that the KP entities purchased substantial number of shares of STIL during the second period of SEBI investigation. In the facts and circumstances, the short question to be considered is whether the entities viz. Mikona Impex and Traders Pvt. Ltd. Iris Infrastructurals Pvt. Ltd., Churuwala Exports Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Saral Website and Exim Pvt. Ltd., Zodiac.com Pvt. Ltd., Noted Infotech Pvt. Ltd., PTL, STIL by their timely transfer of shares of STIL, had facilitated the KP entities in their bid to manipulate the securities market? Before examining the same, I note that some of the entities / persons have filed their reply to the show cause notice and the same are mentioned below:

3.29 Iris Infrastructurals Pvt. Ltd. and Saral Website and Exim Pvt. Ltd., Ltd vide their separate letters dated August 14, 2004 denied the allegations leveled against them and further requested for the relied upon documents. Pursuant to their requests, the relied upon documents were furnished to them by SEBI vide letter dated October 05, 2004. SEBI had also forwarded the documents to M/s Spectrum. Com. Pvt. Ltd., Ankur Cultivators Pvt. Ltd., Mikona Impex and Traders Pvt. Ltd., Churuwala

Exports Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Noted Infotech Pvt. Ltd. Padmini Technologies Ltd., Shri Vivek Nagpal, Chairman and Managing Director of Padmini Technologies Ltd. as requested by them.

3.30 However, the aforesaid entities, despite providing all the relied upon documents had failed to give their replies to the show cause notice, except Padmini Technologies Ltd. and its Chairman and Managing Director Shri Vivek Nagpal. Shri Vivek Nagpal vide letter dated April 10, 2006 inter alia stated that he had no controlling interest either in ACPL or in AHCL. He denied of having any relationship with Shri S K Gupta, Shri Pawan Gupta, Shri Mukesh Malhotra and Shri Mahesh Malhotra. Padmini Technologies Ltd. (for short PTL) pursuant to the availing of the opportunity of inspection of documents and after the receipt of copies of various documents from SEBI, vide letter dated April 10, 2006 inter alia stated that it had no link / nexus with Iris Infrastructurals Pvt. Ltd. and the KP entities which had allegedly acquired shares from Iris Infrastructurals Pvt. Ltd.. It added that it had not violated the provisions of Regulations 4 of the FUTP Regulations. PTL contended that SEBI has no power to pass orders under sections 11 and 11B of the Act for the alleged violations of the FUTP Regulations. PTL urged that, it had sold its shareholding in STIL to Iris Infrastructurals Pvt. Ltd. as it was in need of funds for its growing business needs.

3.31 ACPL vide letter dated April 10, 2006 inter alia stated that SEBI did not have power to pass orders under section 11 and 11B of the SEBI Act for the alleged violations of the provisions of the FUTP Regulations. It further stated that Shri Vivek Nagpal was not having any stake or controlling interest in it. ACPL added that it had no nexus either with the

KP entities or the entities through which the shares of STIL reached the KP entities. In respect of the sale of 10 lac shares and 11 lac shares of STIL to M/s DKG Buildkon Pvt. Ltd. and Churuwala Exports Pvt. Ltd. respectively at a price of Rs.10/-, ACPL stated that the same were done in the normal course of business. It also claimed that the provisions of Regulation 4 were not applicable to the present case as alleged. In respect of the nature of evidence required, ACPL inter alia relied upon the judgments of Hon'ble Supreme Court and the Hon'ble Securities Appellate Tribunal (SAT) in the matter of Nandakishore Prasad Vs. state of Bihar and Sterlite Industries Ltd. vs. SEBI, respectively. AHCL, vide letter dated April 12, 2006 took the same stand as that of ACPL and further added that it had neither bought nor sold any share of STIL during the relevant period.

- 3.32 Various opportunities of hearing were provided by SEBI to the aforesaid entities/persons. Finally, the matter was heard on March 30, 2007. Shri Joby Mathew, Advocate appeared before me on March 30, 2007, on behalf of Shri Vivek Nagpal and PTL and inter alia stated that Shri Vivek Nagpal was not associated with Shri Ketan Parekh or the entities controlled by him. He further stated that Shri Vivek Nagpal had not transferred any shares of STIL to any of the KP entities, as alleged. In respect of the sale of shares of STIL by Padmini to Iris, it was submitted that the same was effected, as Padmini was in need of funds and that since there was no buyer available in the market to purchase the bulk quantity of 25 lac shares, the same were transferred to Iris at a discounted rate. The learned counsel also submitted that Shri Vivek Nagpal was not even a shareholder either of ACPL or AHCL. Pursuant to the hearing, written submissions were also filed by Shri Vivek Nagpal and Padmini Technologies Ltd. vide letters dated April 19, 2007, on the

lines of their earlier replies' inter alia highlighting that they had not transferred shares of STIL to any of the entities described by SEBI as KP entities. PTL further stated that the prosecution proceedings initiated by SEBI before the Tis Hazari Courts, New Delhi was yet to be committed for trial.

- 3.33 STIL, though failed to attend the hearing, vide letter dated April 24, 2007, submitted that SEBI had not furnished all the documents relied upon by it in the show cause notices despite its request. It has been stated that Shri Vivek Nagpal was neither a shareholder nor a director in ACPL and AHCL (promoters of STIL). It was contended that SEBI had failed to prove the fact that the entities viz Sanyo Finance Pvt. Ltd., Churuwala Exports Pvt. Ltd. etc. were controlled by Shri Ketan Parekh and that they acted according to his directions. It stated that it was not aware or concerned with the transfer of shares by its share holders after the allotment. It claimed that there was no association between the entities which were alleged to be connected to KP entities. In respect of transfer of shares of STIL from PTL and Iris Infrastructurals Pvt. Ltd. and from them to Saimangal Investrade, STIL claimed that it was not aware of the motives and objectives of the transferors to sell and for the transferees to purchase the shares of STIL. STIL claimed that Shri Mahesh Malhotra was not associated with it as alleged by SEBI and that the transfer of shares of STIL from Iris Infrastructurals Pvt. Ltd. to Mikona Impex and Traders Pvt. Ltd and ultimately to KP entities, were done after following the procedures established by law. In respect of the allegation of the transfer of Rs.37 crores to Goldfish Computers Pvt. Ltd., STIL stated that the said company was an investment company and that the said money was entrusted to it, in order to identify and acquire a company as a part

of its strategic investment. It also added that it had not violated the provisions of FUTP Regulations, as alleged.

3.34 None of the other entities viz. Mikona Impex and Traders Pvt. Ltd. Iris Infrastructurals Pvt. Ltd., Churuwala Exports Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Saral Website and Exim Pvt. Ltd., Zodiac.com Pvt. Ltd., Noted Infotech Pvt. Ltd., either filed any reply to the show cause notice or attended the hearing despite various opportunities. A paper publication was also given by SEBI in respect of the hearing scheduled on March 30, 2007 in the newspaper having wide circulation at the places where the said entities were doing business. Pursuant to the hearing on March 30, 2007, SEBI received separate letters from Iris Infrastructurals Pvt. Ltd., Zodiac.com Pvt. Ltd., Spectrum.com Pvt. Ltd., and DKG Buildcon Pvt. Ltd inter alia stating that they would be filing the reply to the show cause notice. However, SEBI, so far, has not received the reply as informed by them. They also did not participate in the hearing. The non – compliance of the said entities would entail adverse inference against them.

3.35 The fact that PTL was allotted 27,06,000 (15.41% of the total paid up capital of STIL) shares of SYIL, pursuant to the acquisition of the entire business undertaking of STL by SYIL was not disputed. The said shares were allotted as PTL was one of the shareholders of STL. PTL dematerialized the said shares on December 28, 2000 and admittedly, it had sold 25 lakh shares of STIL to Iris Infrastructurals Pvt. Ltd. in an off market deal at a price of Rs.234/- The majority of the said shares were found to be transferred by Iris Infrastructurals Pvt. Ltd. to various entities as detailed hereinafter. On December 28, 2000 (on the date of demat of STIL shares by PTL), it transferred 2 lac shares to M/s Sanyo Finance

Pvt. Ltd, 5.5 lac shares to., M/s Saral Website and Exim Pvt. Ltd, 3 lac shares M/s Spectrum.com Pvt. Ltd., 7.5 lac shares to M/s Churuwala Exports Pvt. Ltd., 1.41 lac shares to M/s Noted Infotech Pvt. Ltd. and 4.5 lac shares to M/s Zodiac.com Pvt. Ltd. The said shares were ultimately transferred to Saimangal Investrade Private Limited (KP entity). In addition to the above, I also note that Iris Infrastructurals Pvt. Ltd. had also transferred 1,09,000 shares of STIL directly to Saimangal Investrade on December 28, 2000.

3.36 The details of the transfer of shares of STIL from M/s Spectrum.com Pvt. Ltd., M/s Saral Website and Exim Pvt. Ltd., M/s Churuwala Exports Pvt. Ltd., M/s Zodiac.com Pvt. Ltd., M/s Sanyo Finance Pvt. Ltd. and M/s Noted Infotech Pvt. Ltd. to Saimangal Investrade are as follows:

a) Transfer of shares of STIL from M/s Spectrum.com Pvt. Ltd. to Saimangal Investrade Private Limited

Client id	Clt. name	Date	Narration	Counter Party id	Counter Party name	credit	debit	balance
10047723	Spectrum	28.12.2000	By Demat			300,000		300,000
10047723	Spectrum	28.12.2000	By ALANKIT ASSIGNMENT S LTD. / 10355988	10355988	Iris	300,000		600,000
10047723	Spectrum	28.12.2000	To INDSEC SEC. FIN. LTD. / 10000383	10000383	Saimangal		300,000	300,000

From the above, it can be seen that the aforesaid transfers of 3,00,000 shares of STIL were made on December 28, 2000 .

- b) The movement of shares from the demat account of M/s Saral Website and Exim Pvt. Ltd. to Saimangal Investrade:

Client id	Clt name	Date	Narration	Clt id	Entity	Credit	Debit
10047475	SARAL	28.12.2000	By dematerialisation			550,000	
10047475	SARAL	28.12.2000	By alankit assignments ltd.	10355988	Iris Infrastructure (P) Ltd	550,000	
10047475	SARAL	28.12.2000	To indsec sec. Fin. Ltd.	10000383	Saimangal		550,000

- c) The movement of shares from the demat account of M/s Churuwala Exports Private Limited to Saimangal Investrade:

Client id	Clt name	Date	Narration	Clt id	Entity	Credit	Debit	Balance
10050590	Churuwala	18.11.2000	By Dematerialisation			200,000		200,000
10050590	Churuwala	18.11.2000	To INDSEC SEC. FIN. LTD.	10000965	Goldfish Comp.		200,000	0
10050590	Churuwala	28.12.2000	By Dematerialisation			750,000		750,000
10050590	Churuwala	28.12.2000	To INDSEC SEC. FIN. LTD.	10000383	Saimangal		750,000	750,000

- d) The movement of shares from the demat account of M/s Zodiac.Com Private Limited to Saimangal Investrade:-

Clt id	Name	Date	Narration	Id	Entity	Credit	Debit	Balance
10373262	Zodiac	28.12.2000	By ALANKIT ASSIGNMENTS LTD.	10355988	Iris Infrastructure (P) Ltd	450,000		450,000
10373262	Zodiac	28.12.2000	To INDSEC SEC. FIN. LTD.	10000383	Saimangal		450,000	0

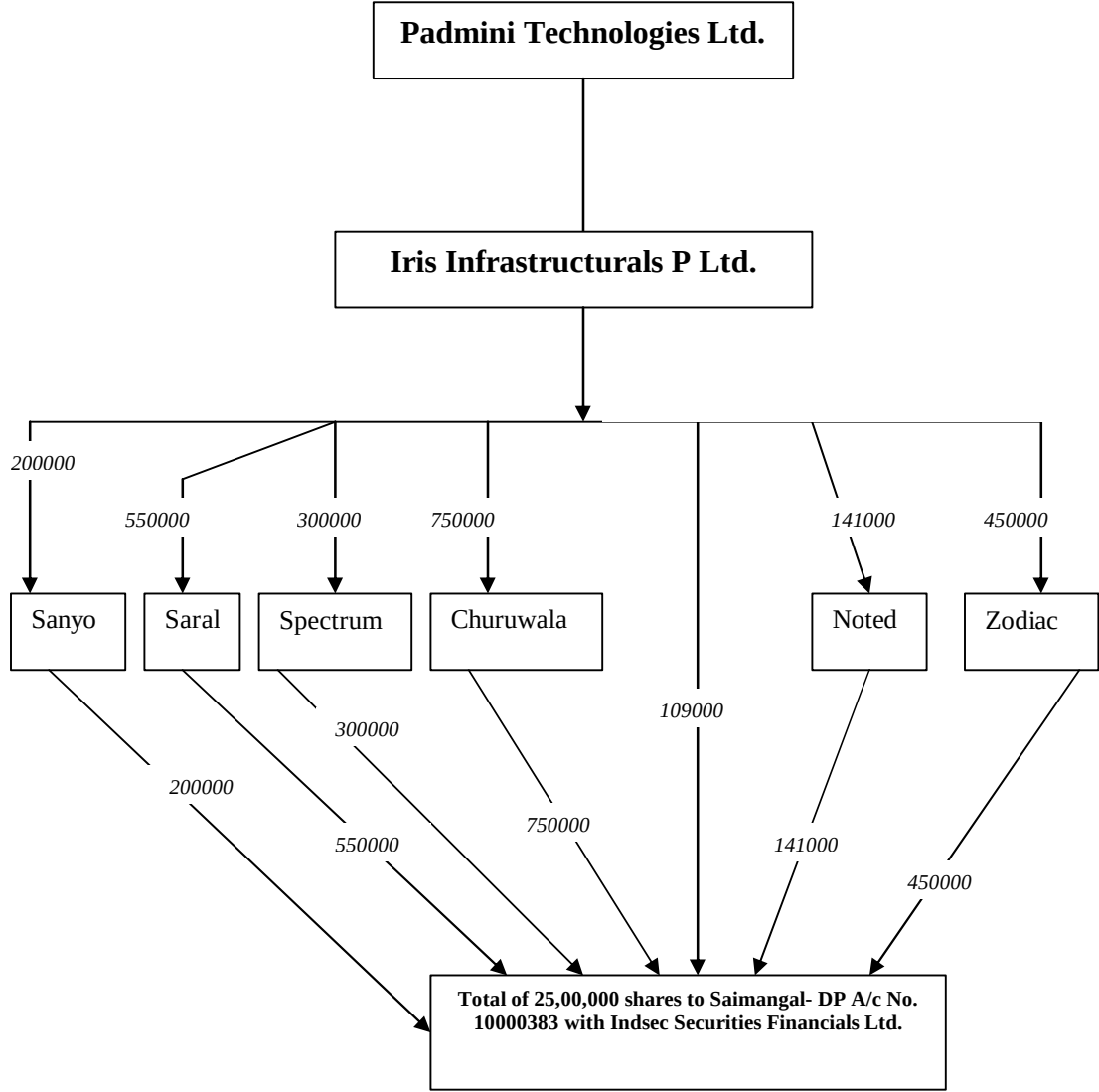
e) The movement of shares from the demat account of M/s Sanyo Finance Private Limited to Saimangal Investrade

CLt Id	Client name	Date	Narration	Counter party Id	Counter party name	Credit	Debit	Balance
10017918	Sanyo	28.12.2000	By ALANKIT ASSIGNMENTS LTD. / 10355988	10355988	Iris Infrastructure (P) Ltd	200,000		200,000
10017918	Sanyo	28.12.2000	To INDSEC SEC. FIN. LTD. / 10000383	10000383	Saimangal		200,000	0

f) The movement of shares from the demat account of M/s Noted Infotech Private Limited to Saimangal Investrade:

CITI ID	NAME	DATE	NARRATION	ID	ENTITY	CREDIT	DEBIT	BALANCE
10360547	NOTED	28.12.2000	By ALANKIT ASSIGNMENT S LTD.	10355988	Iris Infrastructure (P) Ltd	141,000		141,000
10360547	NOTED	28.12.2000	To INDSEC SEC. FIN. LTD.	10000383	SAIMANGAL		141,000	0

3.37 The pictorial representation of transfers in the shares of STIL on December 28, 2000 is as under :



3.38 Besides, Iris Infrastructurals Pvt. Ltd. had also transferred 5 lakh shares, 1.4 lakh shares and 7.2 lakh shares of STIL on October 10, 2000, November 03, 2000 and February 05, 2001 respectively to Classic Credits Ltd., a KP entity. The demat account statement of Iris Infrastructurals Pvt. Ltd. reveals that Classic Credit Ltd. returned a total of 10.50 lakh shares to it on March 31, 2001 and April 03, 2001. In addition to the above, Iris Infrastructurals Pvt. Ltd. had also sold another 2,00,000 shares to M/s Mikona Impex and Traders Private Limited in an off market deal for a total consideration of Rs.2,80,00,000/-i.e @ Rs.140/- well below the existing market price on February 10,2001.

3.39 I note that, in addition to the above transfer of shares to KP entities, Mikona Impex and Traders Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., DKG Buildcon Pvt. Ltd. (allottees of STIL shares on July 18, 2000) had also transferred the shares of STIL, either directly or indirectly, to the KP entities viz. Classic Credit Ltd., Goldfish Computers Pvt. Ltd., during the second period of investigation.

3.40 The movement of shares from the demat account of M/s Mikona Impex and Traders Private Limited to Classic Credits Ltd. are given in the following table.

Clt id	Name	Date	Narration	Id	Entity	Credit	Debit	Balance
10355970	Mikona	10.10.2000	By Demat			270,000		270,000
10355970	Mikona	10.10.2000	To INDSEC SEC. FIN. LTD.	10000650	Classic credit		200,000	70,000
10355970	Mikona	03.11.2000	To INDSEC SEC. FIN. LTD.	10000650	Classic credit		60,000	10,000
10355970	Mikona	06.11.2000	To HDFC BANK LTD	10319585	#N/A		2,500	7,500

10355970	Mikona	06.11.2000	To HDFC BANK LTD	10319552	#N/A		2,500	5,000
10355970	Mikona	06.11.2000	To HDFC BANK LTD	10319593	#N/A		2,500	2,500
10355970	Mikona	06.11.2000	To HDFC BANK LTD	10319544	#N/A		2,500	0
10355970	Mikona	14.12.2001	By ALANKIT ASSIGNMENTS LTD.	10411777	Padmini Technolo-gies	200,000		200,000
10355970	Mikona	22.02.2001	To INDSEC SEC. FIN. LTD.	10000650	Classic credit		145,000	0

It shows that Mikona Impex and Traders Private Limited transferred a total of 4.05 lakh shares of STIL to Classic Credits Ltd. on different dates. M/s Mikona Impex and Traders Private Limited had also received 2,00,000 shares of STIL on February 14, 2001 from PTL for a total consideration of Rs.2,80,00,000/- i.e. at a price of Rs.140/- per share i.e at a discount of 52% to the prevailing market price.

3.41 The movement of STIL shares from the demat account of M/s DKG Buildcon to Goldfish Computers Pvt. Ltd., are given below:

Client id	Clt name	Date	Narration	Clt id	Entity	Credit	Debit	Balance
10373279	DKG	03.11.2000	By dematerialisation			65,000		65,000
10373279	DKG	03.11.2000	By dematerialisation			500,000		565,000
10373279	DKG	03.11.2000	To indsec sec. Fin. Ltd.	10000650	Classic credit		300,000	265,000
10373279	DKG	20.11.2000	To indsec sec. Fin. Ltd.	10000965	Goldfish Comp.		200,000	30,000
10373279	DKG	28.12.2000	By dematerialisation			50,000		50,000
10373279	DKG	31.03.2001	By indsec sec. Fin. Ltd.	10000650	Classic Credit	300,000		301,000

- 3.42 I also note that RC Gupta & Co. Ltd. had transferred 50,000 shares of STIL to one Richie Rich Overseas Pvt. Ltd. on December 27, 2001 and the said shares were in turn transferred to Classic Credits Ltd by Richie Rich Overseas Pvt. Ltd. on the same date. Similarly, RC Gupta & Co. Ltd. had also transferred 1,43,000 shares of STIL, indirectly, to Classis Credits Ltd. on December 27, 2000.
- 3.43 I note that M/s Sadshiv Securities transferred 2 lakh shares of STIL to Iris Infrastructurals Pvt. Ltd. on January 22, 2001. Thereafter, the said Iris Infrastructurals Pvt. Ltd had transferred 4,00,000 shares of STIL to M/s Yasheka Impex Private Limited on February 02, 2001 and 6,00,000 shares of STIL to Roopali Agencies on February 05, 2001. The said shares were transferred by M/s Yasheka Impex Private Limited and Roopali Agencies on February 27, 2001 and February 22, 2001/ February 27, 2001 respectively to Classic Credits Ltd.
- 3.44 Further, M/s Saral Website and Exim Private Ltd. had transferred 5,00,000 shares on October 10, 2000 and 1,40,000 shares on November 3, 2000 and 7, 00, 000 shares of STIL on February 5, 2001 respectively to the demat account of M/s Classic Credit Pvt. Ltd. I note that ACPL had also sold 10 lakh shares of STIL to M/s. DKG Buildcon Pvt. Ltd. and 11 lakh shares of STIL to M/s. Churuwala Exports Pvt. Ltd. at a price of Rs.10 per share on March 18, 2000 and March 26, 2000 respectively. Churuwala Exports Pvt. Ltd. also sold 5 lakh shares of STIL to Classic Credits Ltd. on November 18, 2000. Besides ACPL had also sold 1,43,000 shares to M/s.RC Gupta & Co. Pvt. Ltd. @ Rs.10/- per share at a time when the price of the share was around Rs.130/-.

3.45 In the course of the investigations, it was seen that the entities mentioned above who transferred the shares of STIL to KP entities were related to each other and to STIL, directly or indirectly. The investigation conducted by SEBI found that, Shri Mahesh Malhotra, director of ACPL and AHCL (promoters of STIL) shared the same address as that of Iris Infrastructurals Pvt. Ltd. i.e C - 10, Vipin Garden, Kakrola Mor, Delhi - 59. Further, one Shri Navneet Kumar and Shri. Gaurav Bansal (directors of Iris Infrastructurals Pvt. Ltd.) shared the same address as that of ACPL and R C Gupta & Co. Pvt. Ltd., i.e 438 – C, Chajjupir, Shahdara, Delhi. Further, I note that Shri Navneet Kumar, one of the directors of DKG Buildcon Pvt. Ltd. was also one of the directors of Iris Infrastructurals Pvt. Ltd. Further, it was also noted that the directors of Spectrum.com Pvt. Ltd., Shri. Navneet Kumar and Shri. Vinod Kumar shared the same address i.e D – 322 Newada Housing Complex. Kakrola Mod, Delhi, which was found to be the address of Shri. Pradeep Kumar, the director of ACPL and AHCL.

3.46 Further, Shri Gaurav Bansal, one of the directors of Saral Website and Exim Pvt. Ltd. was also found to be the director of Iris Infrastructurals Pvt. Ltd. I also note that the said company had pledged 3,50,000 shares of STIL as security for a loan availed by STIL from Global Trust Bank. The above instance shows the business relationship between them. I note that one of the addresses given by Churuwala Exports Pvt. Ltd., was shop No. 2-3 1/7184, Shivaji Park, Shahdara, Delhi – 110 032 and the same was found to be the same as of Mikona Impex and Traders Pvt. Ltd. Moreover, Churuwala Exports Pvt. Ltd., had pledged 7,50,000 shares of STIL as security for the loan availed by STIL from Global Trust Bank. This again is indicative of the business relationship between Churuwala Exports Pvt. Ltd. and STIL. It was also found that Shri.

Navneet Kumar, director of Zodiac.com Pvt. Ltd. was also the director of Iris Infrastructurals Pvt. Ltd. and the address of the said company (Zodiac.com Pvt. Ltd.) was the same as that of Iris Infrastructurals Pvt. Ltd.

- 3.47 From the above, it can be seen that the above entities were closely connected to each other and to the promoters of STIL as well as STIL, directly or indirectly. These entities acting in concert with promoters of STIL colluded with Ketan Parekh entities in creation of artificial market and market manipulations in the scrip of STIL. The following tabular chart tracks the strands of connection as described supra :

Entities	Connecting strands
ACPL/AHCL (promoters of STIL) and Iris Infrastructurals Pvt. Ltd.	Shri Mahesh Malhotra, Director of ACPL and AHCL shared the same address as that of Iris Infrastructurals Pvt. Ltd. i.e C - 10. Vipin Garden, Kakrola Mor, Delhi - 59.
ACPL/ R C Gupta & Co. Pvt. Ltd./ Iris Infrastructurals Pvt. Ltd.	Shri Navneet Kumar and Shri. Gaurav Bansal (directors of Iris Infrastructurals Pvt. Ltd.) shared the same address as that of ACPL and R C Gupta & Co. Pvt. Ltd., i.e 438 – C, Chajjupir, Shahdara, Delhi.
DKG Buildcon Pvt. Ltd./ Iris Infrastructurals Pvt. Ltd. / Zodiac.com Pvt. Ltd./ Spectrum.com Pvt. Ltd./ ACPL/AHCL.	Shri Navneet Kumar was a common director of the said entities. Zodiac.com Pvt. Ltd. and Iris Infrastructurals Pvt. Ltd. shared the same address. Shri. Navneet Kumar shared the same address as that of Shri. Pradeep Kumar, the director of ACPL and AHCL.
Saral Website and Exim Pvt. Ltd./ Iris Infrastructurals Pvt. Ltd.	Shri. Gaurav Bansal was a common director.
Churuwala Exports Pvt. Ltd./ Mikona Impex and Traders Pvt. Ltd.	Shared the same address.

- 3.48 I also note that on March 31, 2001, STIL transferred an amount of Rs.37 crore to M/s. Goldfish Computers Pvt. Ltd., an entity associated with Shri Ketan Parekh. It was observed that this transfer of funds was done

during a period when Shri Ketan Parekh was facing payment problems. Investigation revealed that Global Trust Bank (hereinafter referred to as 'GTB') had given a cash credit limit of Rs.40 crores to STIL for working capital requirement and STIL availed of the limits to the extent of Rs.38.5 crores. Investigation revealed that the above mentioned funds of Rs.37 crores, which were transferred to Goldfish Computers, were part of Rs.38.5 crores availed by STIL from the cash credit limit given by GTB. Moreover, the shares that were required to be pledged as security for this advance were pledged by M/s. Churuwala Exports Pvt. Ltd., M/s. Saral Website and Exim Pvt. Ltd. and M/s. Spectrum.com Pvt. Ltd., which were found to be having business relationship to the promoter associated entities of STIL. The above transfer of securities to the KP Group entities and subsequent transfer of funds establishes the connection of STIL with the KP Group entities in the market manipulation. Moreover, the explanation of STIL that M/s. Goldfish Computers Pvt. Ltd. was an investment company and that the said money was entrusted to it, in order to identify and acquire a company as a part of its strategic investment fails to convince in the attendant circumstances of the present case. Also it is not known whether the said plan had ultimately worked out or not. This would indicate that STIL was facilitating the KP entities in manipulation by transfer of shares and active funding.

- 3.49 The highlight of the case is that the shares of STIL were ultimately transferred to the accounts of entities such as Saimangal Investrade, Classic Credit Ltd. Gold Fish Computers Ltd. and Luminant Investments Pvt. Ltd., belonging to KP entities. I note that the said KP entities initially traded in the scrip of STIL, when the volume of shares traded daily was in the range of 10000 shares. However, on November 21, 2000 and

November 22, 2000, the traded volume of KP, in the shares of STIL was 10,97,000 shares and 4,21,750 shares respectively, at BSE. The trades of the KP entities on November 23, 2000 comprised a substantive portion of the total volume on that day, viz. out of the total volume of 5,03,650 shares traded on that day, the trades done by the KP Group entities accounted for 4,95,000 shares constituting 98.3% of the total traded volume on that date at BSE. Such high levels of trading definitely carried the ingredients of market manipulation and artificial benchmarking of prices. It has been found that the KP entities held 73,02,000 shares on March 9, 2001, which constituted 41.69% holding of paid up equity capital of STIL, the details of which are that Classic Credit Ltd held 36,52,700 shares, Panther Fincap 21,82,150 shares, Panther Investrade 3,00,000 shares, Triumph International 10,90,000 shares, Triumph Securities 70,500 shares and Luminant Investments Pvt. Ltd. 6650 shares. The said entities either received the shares directly from STIL (17,00,000 shares by way of preferential allotment) or from other entities, some of which were found to be allottees of the preferential shares of STIL.

3.50 The details of trading by the KP entities collectively in the shares of STIL during the second period of investigation are as follows:-

DATE	VOLUME TRADED (V)	VOLUME MATCHED BY KETAN PAREKH ENTITIES	Volume matched AS % OF V	BUY ORDERS OF SHARES PUT BY KETAN PAREKH ENTITIES (<i>Buyers</i>)	B AS % OF V.
21.11.2000	1097000	1090000	99.4	1090000	99.4
22.11.2000	421750	410000	97.3	410000	97.3
23.11.2000	503650	495000	98.3	495000	98.3
19.01.2001	837950	617550	73.7	705000	84.2

22.01.2001	824850	625000	75.77	630000	76.38
29.01.2001	753650	505000	67.01	505000	67.01
30.01.2001	1561900	550000	35.21	550000	35.21
31.01.2001	1836750	550000	29.94	550000	29.94
01.02.2001	1167950	500000	42.81	500000	42.81
05.02.2001	2104700	1591050	75.6	1610500	76.52
06.02.2001	1321300	749650	56.74	750000	56.76
09.02.2001	567650	500000	88.08	500000	88.08
12.02.2001	656500	543000	82.71	543000	82.71
16.02.2001	890450	850000	95.46	850750	95.54
19.02.2001	1048750	999900	95.34	1008900	96.2
20.02.2001	2026450	2000000	98.69	2012000	99.29
22.02.2001	551600	500000	90.65	500300	90.7
26.02.2001	723700	200000	27.64	200000	27.64
27.02.2001	2798100	2658500	95.01	2688350	96.08
02.03.2001	2155700	1000000	46.4	1000000	46.4

3.51 Thus, the KP entities created artificial volume in the shares of STIL during the period. From the details of transactions made by KP entities, it can be seen that the shares of STIL were circulated among themselves without the change in beneficial ownership. The buyer and seller in the said transactions were found to be KP entities and the trade orders were placed at the same time or within a gap of few seconds. I note that in most of the trades in the shares of STIL during the second period of investigation, the parties (buying and selling) were closely connected to each other (KP entities) and thus there was no change in the beneficial ownership of shares. In the intricate web of transfer of shares to KP entities, STIL and other entities as mentioned were necessary parties and the circumstances are tell – tale enough to establish that they had a distinct role in the entire manipulation through KP entities. In so far as such a well crafted design is of the very essence of manipulation, the entities in that design are inseparable from the same. In a market

dynamics, where the connecting strands are getting increasingly scattered beyond recognition and opaque as well, where tracking is smothered in the swathe of intractables, where intentions are shrouded in secrecy and stealth and remain inscrutable in their own domain of arcane esoterics, where ferreting out the makers of mischief in the market is becoming a matter of insuperable difficulty and where the pattern of trades is the only tool to find mind's construction on the face in a case history of unknown etiology, the market malaise can be treated only on a diagnosis based on symptoms, at once manifest and festering, since the standard of proof in such circumstances is a prudent man's estimate as to the probabilities of the case and not an el dorado of absolute proof.

3.52 As mentioned earlier in this order, KP entities had manipulated the securities market. If that is so, the entities who have dealt with Shri Ketan Parekh in some capacity or other in the scrips he traded for rigging the market would have definitely had a role in market manipulation. Market dynamics is replete with interplay of forces, though the size of the market and scale of operations in market may overshadow them. There is no gainsaying the fact that such interplay of forces accounts for the kinesis of the market under the overlay of voluminous trade and order logs. The influence of such interplay in the market cannot be discounted merely on a scale of numbers because its influence can either be subtle or overly aggressive depending upon the level of support to the prime mover, as in the cases of Ketan Parekh and related entities. Therefore, such activities adjudged in the broadspread of the market on real time impact cannot be dismissed as of no consequence on the plea that the entity was not aware of the intentions of Ketan Parekh et al while dealing with them. A mere denial on self serving assertion cannot displace the presumption of

fact arising from inferences drawn from a mass of factual details which are incontrovertible.

3.53 The facts and circumstances of the case indicate that the said entities (other than the KP entities) facilitated the KP entities to manipulate the securities market by their direct/indirect transfer of shares of STIL to KP entities. The series of incidents starting from the allotment of STIL shares to various entities including PTL (and KP entities) and the subsequent transfers to KP entities post haste on the same day (on most of the occasions) would indicate that the all the said entities facilitated KP entities in its bid to manipulate the securities market. Besides, there was fund flow from STIL to Shri Ketan Parekh when he was facing the financial crisis and STIL could not explain as to whether it had received back the said fund. I would also like to observe that there are certain types of manipulations which are easier to prove because the guilt may be imputed from the fact of the transaction itself. In a given case, when direct evidence is not available, the proof of manipulation always depends on inferences drawn from a cluster of factual details. When all of these factual details are considered together, they can emerge as ingredients in a manipulative scheme designed to meddle with free market forces.

3.54 It would be reasonable to presume that cumulatively such activities had an impact on the market as was evident from the market itself at the material point of time in the instant case, notwithstanding the assertions to the contrary. Therefore, such activities adjudged in the broad spread of the market on real time impact cannot be dismissed as of no consequence on the plea that the entity was not aware of the intentions of Shri. Ketan Parekh while dealing with them. Through interference with

the market, a manipulator (in the present case the KP entities) may effect a price increase by artificially either constricting supply or increasing demand.

3.55 Therefore, a mere denial on self serving assertion cannot displace the presumption of fact arising from inferences drawn from a mass of factual details which are incontrovertible. The circumstances are tell tale and the presumption based upon them should prevail, more so where intentions are cloaked in secrecy or within the special or peculiar knowledge of persons concerned. Several circumstances of a determinative character coupled with the inference arising from the conduct of the parties in a major market manipulation which could not simply be the handiwork of Ketan Parekh alone could reasonably lead to conclusion that the others were also responsible in varying measures. As pointed out by Best in “Law of Evidence”, the presumption of innocence is no doubt *presumptio juris*; but everyday practice shows that it may be successfully encountered by the presumption of guilt arising from circumstances, though it may be a presumption of fact. Since it is exceedingly difficult to prove facts which are especially within the knowledge of parties concerned, the legal proof in such circumstances partakes the character of a prudent man’s estimate as to the probabilities of the case.

3.56 Given the fact that there was enormity of market manipulation by Shri Ketan Parekh and his related entities in certain scrips (including STIL) and that Shri Ketan Parekh and his related entities could not have manipulated the market to such huge proportions alone, it stands to reason that the entities who had direct dealings with KP entities can't escape their responsibility on the plea that they were not aware of Shri Ketan Parekh's manipulative intentions in the market. Some times, there

can be no direct evidence in the context of market operations as to whether there was a constructive knowledge on the part of the entities on manipulation while dealing with Shri Ketan Parekh and his entities. Further such a proof has to be a prudent man's estimate as to the probabilities of the case in the absence of any direct evidence. Accordingly, presumption plays a critical role in coming to a finding as to the involvement or otherwise of a market participant in any large scale manipulation. Therefore, the hackneyed plea based on intentions in the market place can not pass muster in all circumstances, more so when such intentions are in the special / peculiar knowledge of the parties to the transactions.

3.57 While appraising the conduct of any market participants, the same has to be viewed in the overall context of the happenings in the market at the material point of time and can not be viewed in isolation. Also any suggestion attributing innocence to the parties involved in such transactions would give rise to an untenable situation where Shri Ketan Parekh and his entities alone would be responsible for the manipulation and none else.

3.58 Thus, it is found that all the above entities who were linked to each other are seen to have acted in a concerted manner to create an artificial increase in the share price of STIL. The whole picture on the canvass contains tell- tale strands of how each one of the entities at various sequences in the chain has catalysed the routing of shares, in a web of make believe transfers meant to mislead the trading in the shares of STIL.

- 3.59 The case history establishes all the ingredients of how a series of unauthorised activities starting from the allotment of shares of STIL to various people including PTL and KP entities till the culmination of alluring and entrapping of the genuine investors by the entities associated with Shri Ketan Parekh through a web of transfers could virtually wreck the integrity of the securities market, under-mine the system and provide for a fertile ground to wangle unfair gains.
- 3.60 Further, I note that entities viz. Iris Infrastructurals Pvt. Ltd., Churuwala Exports Pvt. Ltd., and DKG Buildkon Pvt. Ltd. and Mikona Impex and Traders Pvt. Ltd. have come to the adverse notice of SEBI in the case of Padmini Technologies Ltd. wherein they (including PTL) were found to have involved in the manipulation of the shares of PTL in a similar way more or less during the same period and SEBI, vide order dated March 31, 2007/January 31, 2007 inter alia restrained them from dealing in securities for a period of five years.
- 3.61 In the facts and circumstances, it is fairly established that Padmini Technologies Ltd., Shri Vivek Nagpal, Chairman and Managing Director of Padmini Technologies Ltd. Ankur Cultivators Pvt. Ltd., M/s Advance Hovercrafts and Composites (India) Ltd. and Shonkh Technologies International Ltd. have violated provisions of Regulation 4 (a), (b), (d) and (e) of the FUTP regulations. The entities viz. Mikona Impex and Traders Pvt. Ltd. Iris Infrastructurals Pvt. Ltd., Churuwala Exports Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Saral Website and Exim Pvt. Ltd., Zodiac.com Pvt. Ltd. (now known as Zodiac.com Solutions Pvt. Ltd.) , Spectrum.com Pvt. Ltd., Noted Infotech Pvt. Ltd., DKG Buildcon Pvt. Ltd. , Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt.

Ltd., Rajkar Electricals and Electronics Ltd. and Harpal Associates Pvt. Ltd. have violated the provisions of Regulation 4 (a), (b), (c), (d) and (e) of the FUTP regulations. further, the entity viz. Moneygrowth Finance and Consultants Pvt. Ltd. has violated the provisions of Regulation 4 (b) of the FUTP regulations and that the entities viz. Shamit Finvest Pvt. Ltd., Atromax International Ltd. and Ms Simmy Gupta have violated Regulations 4(a), (b) and (c) of the FUTP Regulations.

3.62 The address of the aforesaid persons/ entities (including Permanent Account Number, wherever available) is mentioned below:

Sr. No.	Name of the Entity	Address	Permanent Account Number
1.	D.K.G. Buildcon Pvt. Ltd.	D-2, Bal Udhyan Marg, Uttam Nagar Extension, New Delhi.	AAACD6821F
2.	Saral Website & Exim Pvt. Ltd.	202, A.J. Chambers, Pyare Lal Road, Karol Bagh, New Delhi.	Not available
3.	Spectrum.Com Pvt. Ltd.	D-322, Nawada Housing Complex, Kakrola Mod, New Delhi – 110 059.	Not available
4.	Noted Infotech Pvt. Ltd.	202, A.J. Chambers, Pyare Lal Road, Karol Bagh, New Delhi.	Not available
5.	Iris Infrastructurals Pvt. Ltd.	D-322, Nawada Housing Complex, Kakrola Mod, New Delhi – 110 059.	AAAC14074M
6.	M/s Zodiac.Com Pvt. Ltd. (now known as Zodiac. Com Solutions Pvt. Ltd.)	P-69, South Extension Part II, New Delhi – 110049.	AAACZ2289D
7.	Shri Vivek Nagpal	H-27/ 1, Western Avenue, Sainik Farms, New Delhi – 110 062.	AAEPN0284D
8.	M/s Padmini Technologies Ltd.	245, IInd Floor, Dayanand Vihar, Near Raghunath Mandir, Delhi – 110 092	AAACP3934F
9.	M/s Ankur Cultivators Private Limited	KNS Business Centre, A-71, IInd Floor, Lane No.4 Madhu Vihar, Delhi 110 092.	AAACA7885L
10.	M/s Advance Hovercrafts and Composites India Limited	KNS Business Centre, A-71, IInd Floor, Lane No.4 Madhu Vihar, Delhi 110 092.	Not available
11.	Mikona Impex and Traders Pvt. Ltd.	1/7184, Shivaji Park, Shahdara, Delhi – 110 032	Not available
12.	Sanyo Finance Pvt. Ltd.	31, Central Market, Ashok Vihar, Phase I, Delhi 110 052.	Not available
13.	Churuwala Exports	Shop No.2-3, 1/3184, Shivaji Park, Shahdara	Not available

	Pvt. Ltd.	New Delhi 110 032	
14	R C Gupta & Co. Pvt. Ltd.	438-C, Chajjupur, Shahdara, Delhi	AAACR7168P
15	Sadashiv Securities Pvt. Ltd.	No. 19, Rani Jhansi Road, New Delhi	Not available
16	Money Growth Finance and Consultants Private Ltd. (now known as Moneygrowth Investment and Consultants Pvt. Ltd.)	E-18, Model Town, Delhi 110 009.	AAACM0140M
17	Shamit Finvest Private Limited	C/1, New Rising Sun, Near Dilsukh School, Juhu, Mumbai 400 049.	Not available
18	Shri Mukesh Gupta	A-66 1 st Floor, Tagore Garden Ext. New Delhi	Not available
19	Shri. Baldev Raj	R-1/32, Vijay Vihar, Uttam Nagar, New Delhi.	Not available
20	Baldev Harish Elect. Pvt. Ltd.	WZ 480/1, Tyagi Market, Basai Dharapur, New Delhi	Not available
21	FNS Consultants Pvt. Ltd.	A-22A, Tagore Garden Extn. New Delhi	Not available
22	Rajkar Electricals & Electronics Ltd.	50/12. Ashok Nagar, New Delhi 110018.	Not available
23	Ms. Simmy Gupta	919 South Patel Nagar, New Delhi 110 008.	Not available
24	Atromax International Ltd.	289, Kucha Ghashi Ram, Chandni Chowk, Delhi – 110 006.	Not available
25	M/s Shonkh Technologies International Ltd.	6, 1 st Floor, Apollo House, 84, B.S. Marg, Fort, Mumbai 400 001.	Not available
26	Harpal Associates Pvt. Ltd.	824, Tagore Market, Kirti Nagar, New Delhi	Not available

4.0 ORDER.

4.1 In view of the foregoing, I in exercise of the powers conferred upon me by virtue of sections 19 and 11B of Securities and Exchange Board of India Act, 1992 read with regulation 11 of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation, 2003 hereby restrain Shonkh Technologies International Ltd. Padmini Technologies Ltd., Shri Vivek Nagpal, Chairman and Managing Director of Padmini Technologies Ltd. Ankur Cultivators Pvt. Ltd., M/s Advance Hovercrafts and Composites (India) Ltd., Mikona Impex and Traders Pvt. Ltd. Iris Infrastructurals Pvt. Ltd.,

Churuwala Exports Pvt. Ltd., R C Gupta & Co. Pvt. Ltd., Sadashiv Securities Pvt. Ltd., Sanyo Finance Pvt. Ltd., Saral Website and Exim Pvt. Ltd., Zodiac.com Pvt. Ltd.(now known as Zodiac .Com Solutions Pvt. Ltd.), Spectrum.com Pvt. Ltd., Noted Infotech Pvt. Ltd., DKG Buildcon Pvt. Ltd., Moneygrowth Finance and Consultants Pvt. Ltd. (now known as Moneygrowth Investment and Consultants Pvt. Ltd.), Shamit Finvest Pvt. Ltd., Shri Mukesh Gupta, Shri Baldev Raj, Baldev Harish Electrical Pvt. Ltd., FNS Consultants Pvt. Ltd., Rajkar Electricals and Electronics Ltd., Harpal Associates Pvt. Ltd. Ms. Simmy Gupta, and M/s Atromax International Ltd, from accessing the securities market for a period of five years. Further they are also prohibited from buying, selling or dealing in securities either directly or indirectly for a period of five years.

4.2 This order shall come into force with immediate effect.

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

Place: Mumbai

Date: October 16, 2007.