

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: Dr. T.C.NAIR, WHOLE TIME MEMBER

IN THE MATTER OF ABHINAV INVESTMENTS LIMITED

Date of hearing: October 12, 2006

Appearances

For noticee : Shri Dipak Shah, Proprietor
For SEBI : Shri P K Nagpal, Executive Director
Shri Bibhu Datta Samal, Manager
Ms Kshama Chavan, Legal Officer

ORDER

Under Section 11 and 11B of SEBI Act 1992 read with SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations against Abhinav Investments Ltd.

1.0 FACTS

1.1 In the wake of steep rise in the price and volume of the shares of Adani Exports Limited (hereinafter referred to as AEL), Securities & Exchange Board of India (hereinafter referred to as SEBI) conducted investigations into the trading of the scrip of AEL.

1.2 The investigation revealed that:

- (i) on National Stock Exchange of India Limited (hereinafter referred to as NSE) the price of the scrip of AEL went up from Rs. 242/- to Rs. 498/- during the period January 1, 1999 to March 31, 1999. There was also increase in number of trades per

day from single digit levels (4-9 trades per day) to 40-60 trades per day. Volumes also increased from around 400 shares per day to levels of 7000-8000 shares per day. It was observed that total volume of AEL on NSE during January to March 1999 was 2,66,900 shares while the total volume on the Bombay Stock Exchange Limited (hereinafter referred to as BSE) during the same period was 2,14,400 shares;

- (ii) there were wide fluctuations in the prices and volumes of shares traded on both the Stock Exchanges from the beginning of February 3, 1999 (Sett no. 1999005) to March 31, 1999 when the price increased from Rs. 293.5 to Rs. 498 on March 31, 1999 (Sett No. 11). It was also seen that during this period, while the traded quantity was increasing and was at higher levels, the total net quantity (percentage delivery) was low- i.e. in the range of 5-20%;
- (iii) on an analysis of trading patterns of members and clients who had traded in the scrip of AEL during the period under investigation in the present case, it was seen that the trading was mainly concentrated among 3 brokers namely M/s JBS Securities, M/s Madhuvan Securities and M/s Moneycare Securities (hereinafter referred to as JBS, Madhuvan and Moneycare) and 3 clients namely M/s Abhinav Investments Ltd, M/s Prerak Capital Services Pvt. Ltd. and M/s Anand Investment (hereinafter referred to as Abhinav, Prerak and Anand). Further the trades executed by these three clients

accounted for around 68% of the combined trades executed at NSE and BSE during the investigation period;

- (iv) on NSE, Prerak and Abhinav dealt through 3 brokers namely JBS, Moneycare and Madhuvan. Further on analyzing the trade logs and order logs on NSE, it was revealed that Abhinav, on several instances, acted as buyer and seller simultaneously from two counters i.e. it gave buy order to one member broker and sell order to another at the same time resulting in squaring off of its own position at the same time;
- (v) an analysis of the trading pattern of Abhinav in BSE also revealed the same nature of transactions resulting in artificial creation of volume and misleading appearance in the market.

1.3 On the basis of the above mentioned findings, the investigation concluded that Abhinav dealt in the shares of AEL during the investigation period in large quantities on BSE and NSE. Those transactions were in the nature of self deals as well as matched deals apart from being circular in nature. Those deals comprised a significant portion of volume traded during the relevant period. There was proximity in logging in of buy and sell orders in as much as the orders were entered for same price, same quantity and at the same time so as to ensure that they get each other as buyer and seller and vice versa. They created false / misleading appearance of trading in the scrip of AEL and thereby attempted to induce investors' interest in the scrip to the detriment of the interest of the investors and orderly

development of the securities market. Thus the investigation alleged that Abhinav, by trading in the above mentioned manner, violated regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 1995 (hereinafter referred to as PFUTP Regulations).

2.0 SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

2.1 Accordingly, a show cause notice dated January 04, 2005 was issued to Abhinav calling upon it to show cause within 21 days of the date of receipt of the notice, as to why suitable directions under Section 11(4) (b) & 11B of the SEBI Act, 1992 read with regulation 11 and 13(2) of SEBI (PFUTP) Regulations, 2003 including a direction to prohibit them from dealings in securities for a particular duration, should not be passed against it.

2.2 Abhinav, vide its letter dated May 16, 2005 replied to the aforesaid show cause notice interalia submitting the following:

- a) as regards the movement of price of Adani from Rs.242/- to Rs.498/- during the period January 1, 1999 to March 31, 1999 it was stated that during the said period, Indian Stock Market as well as stock markets all over the world were in a bull phase and prices of shares were on a fast racing trend and Abhinav could not be held responsible for the price rise as depicted in the show cause notice.

- b) as regards simultaneous increase in the volume from around 400 shares per day to a level of 7000 shares per day, it was submitted that in a Stock Exchange it is natural for the levels of volume to increase when there is a sharp increase in price and it could not be attributed only to the trades of Abhinav but would be on account of increased market interest generated with an increase in the price of the scrip.
- c) with regard to the allegation that though there was an increase in the traded quantity, the percentage of delivery was low i.e upto 20%, it was submitted that the delivery in the range of 5% - 20% of the traded quantity could not be considered low.
- d) with regard to the allegation that there has been a wide fluctuation in the price and volume of shares traded on the stock exchanges during the period under investigation, it was submitted that the volume of 2,67,000 shares on NSE and 2,15,000 shares on the BSE for the 3 month period between 1-1-1999 and 31-3-1999 could not be considered high as alleged in the show cause notice. It was submitted that an increase in price from Rs 240/- to Rs 490/- also could not be considered as a significant increase in view of the fact that during the period of investigation the stock market was booming.
- e) with regard to the allegation that nearly 68% of the combined trades in NSE and BSE were concentrated among 3 brokers viz. M/s. JBS Securities, M/s. Madhuvan Securities and M/s. Moneycare Securities and 3 clients M/s. Abhinav Investment, M/s. Prerak Capital and M/s. Anand Investment during the period under investigation, it was

submitted that Abhinav was in no way connected or concerned with the trades of M/s. Anand Investment and M/s. Prerak Investments. It was further submitted that the transparent mechanism of the stock exchange ensures that the identity of the counterparty buyer or seller is not known prior to trade or after the trade and in such transparent mechanism of price and time priorities, it is impossible to synchronize trade in a manner which ensures that their trades are picked up by the intended counter party only and no one else particularly. Further the buy or sell order depends on the demand on the scrip and in many cases the moment trades are punched on the screen, it is being bought by the other parties.

- f) with regard to the allegation that their trades accounted for a significant portion of the market trades, it was submitted that those trades were undertaken with the sole purpose of profit making and no other malafide purpose as mentioned in the show cause notice.
- g) with regard to the allegation that Abhinav was a client on both buy and sell sides, trading through the same member, it was submitted that those trades were carried out for tax planning purposes and not for the manipulative purposes as alleged in the show cause notice. Further, these trades were not, in any manner, tainted with illegality or malicious or ulterior motives as alleged.
- h) with regard to the allegation that Abhinav, along with M/s. Prerak Capital Services Pvt. Ltd. dealt in the shares of AEL between themselves and that the trading was done in concert, it was submitted

that Abhinav did not act in concert either with any of the persons referred to in the show cause notice or with any other person/s and its intentions for executing the trades were not to create illusionary volumes but were for making profits.

- i) with regard to the allegation that the buy and sell provisions were reversed either in the same settlement or in subsequent settlements , it was submitted that in order to book profits, all buy trades had to be squared off by a sell trade and vice versa and such reversal of trades is a natural phenomenon of a trading cycle. It was further submitted that without the completion of the cycle it is not possible to book profits/losses and such reversal of trades is a perfectly legitimate and permitted activity.
- j) with regard to the allegation that the trades of Abhinav were done with the purpose of churning the same stock, it was submitted that Abhinav was very keen to take position in the scrip of Adani in view of upward price movements and the same resulted in an illusion of buying and selling of the same stock. It was further submitted that the stocks are fungible goods and SEBI's assumption that the same stocks were traded is not supported by any credible and tangible evidence.
- k) with regard to the allegation that the transactions were done by Abhinav with an intention not to effect transfer of beneficial ownership, it was submitted that the beneficial ownership has changed in most of these cases on delivery of the scrip except in the

case of few self-deals executed for the purpose of tax planning and in all these cases the pay-in and pay-out obligations had also been met.

- l) with regard to the allegation that the purpose of the trades of Abhinav in the scrip was to induce investors' interest in the scrip to their detriment, it was submitted that no person had been induced as alleged and SEBI has failed to give even a single instance of an investor being so induced or even a complaint by any investor of being so induced to undertake sale or purchase in the scrip based on the alleged false misleading appearance of trading.
- m) with regard to the allegation that the trades done by Abhinav were circular in nature, it was submitted that the trades which had resulted in delivery could not be considered as circular trades and in so far as trades which had not resulted into delivery, the same had been entered into with the sole motive of profits and not with any fraudulent intentions as depicted in the show cause notice.
- n) with regard to the allegation that the orders had been input into the system with near proximity with buy and sell price and quantity only with a price to ensure that the buyer and seller got each other and vice versa, it was submitted that it was a mere coincidence and could not be equated to a grave crime of synchronisation as suggested in the show cause notice.
- o) with regard to the allegation of violating the provisions of SEBI (Prohibition of Unfair Trade Practices Relating to Securities Market)

Regulations, 1995, it was submitted that SEBI has not produced any evidence to prove that all these transactions were done with ulterior intention to manipulate the market.

- 2.3 Vide the aforesaid reply Abhinav inter alia requested to grant an opportunity of personal hearing to explain its case. Accordingly an opportunity of personal hearing was granted to Abhinav on October 12, 2006 when Shri Dipak Shah, Proprietor of Abhinav appeared and made submissions.

3.0 CONSIDERATION OF ISSUES AND FINDINGS

- 3.1 I have carefully considered the facts of the case, the findings of the investigation, the allegations leveled in the show cause notice, the oral and written submissions made by Abhinav and other material available on record.
- 3.2 I note that during the period from January 1, 1999 to March 31, 1999 the price and volume of the AEL increased manifold both at BSE and NSE. The number of trades per day rose from 4 -9 trades per day to 40-60 trades per day whereas the volume also hurdled from 400 shares per day to a level of 7000-8000 shares per day. Further, there were wide fluctuations in the price and volume of shares traded on both the Stock Exchanges from beginning of February 3, 1999 (sett no. 1999005) to March 31, 1999 when the price increased from Rs. 293.5 to

Rs. 498 on March 31, 1999 (Sett No. 11). During this period, while the traded quantity was increasing and was at higher levels, the total net quantity (percentage delivery) was low- i.e. in the range of 5-20%.

- 3.3 The trading in AEL for the relevant period was concentrated (for around 68% of the combined trading in NSE and BSE) among 3 brokers namely M/s JBS Securities, M/s Madhuvan Securities and M/s Moneycare Securities (hereinafter referred to as JBS, Madhuvan and Moneycare) and 3 clients namely M/s Abhinav Investments Ltd., M/s Prerak Capital Services Pvt. Ltd. and M/s Anand Investment (hereinafter referred to as Abhinav, Prerak and Anand). The details of combined trading of these three clients are as under:

	Total (One Side - Purchase or sale)	Three Clients Combined
NSE	266900	164600 (61.7%)
BSE	214400	165100 (77%)
Total	481300	329700 (68.5%)

- 3.4 From the trading statement, I note that Abhinav was client on both, buy as well as sell side for its respective trades, while trading through the same member. The trading statement which is summarised by the investigation is as under:

Trading of Abhinav on the NSE

Settlement No.	Total Traded Quantity	Abhinav	Abhinav	Abhinav	Abhinav	Total	% cont. to total traded qty.
Buy /Sell		Buy	Sell	Buy	Sell		
Broker		JBS Securities		Madhuvan Securities			
9905	29700	10700	11000	12000	12000	22700	76.43
9906	28100	9200	9700	9500	9500	18700	66.55
9907	31200	10100	10100	10000	10000	20100	64.42
9908	35300	8900	10100	9300	9300	18200	51.56
9909	33600	2600	2600	0	0	2600	7.74
9910	27100	1900	600	0	0	1900	7.01

3.5 As already recorded, Abhinav and Prerak were dealing through 3 brokers namely JBS, Moneycare and Madhuvan on the NSE. Settlement wise transactions of these three brokers as a whole are reproduced as under:

Settlement No.	Total Traded Quantity (Shares)	Total of three Members			
		Gross Buy	% of Total	Gross Sell	% of Total
9905	29700	27000	90.91%	25700	86.53%
9906	28100	25200	89.68%	21300	75.80%
9907	31200	26300	84.29%	23700	75.96%
9908	35300	32200	91.22%	23900	67.71%
9909	33600	11300	33.63%	8900	26.49%
9910	27100	13300	49.08%	6800	25.09%
9911	21800	8500	38.99%	6900	31.65%

From the above, I note that Abhinav and Prerak dealt in the shares of Adani Exports between themselves. It appeared that the trading was conducted in concert so as to create illusory volumes and thus giving misleading appearances of trading on the Stock Exchanges and enhanced liquidity. From the trading pattern, I note that Prerak and Abhinav created artificial market and volumes for the trading in the shares of Adani. There were self trades as well as reversal of trades. The buy and sell positions were reversed either during the settlement itself or in the succeeding settlements.

Orders were placed into the trading system within a gap of few seconds/ minutes. This ensured that buyers got the desired sellers and vice versa. To this extent, there was synchronisation of orders; trades were matched which is indicative of prior understanding between buyers and sellers. The transactions were in the nature of structured deals. The trades were done through 3 brokers. The settlement wise transaction details of the clients are as under:

Particulars			JBS Securities		Madhuvan Securities		Moneycare	
Settlement No	Buying Client	Selling Client	Buy	Sell	Buy	Sell	Buy	Sell
1999005	Abhinav	Abhinav	10000			10000		
3/2 – 9/2	Abhinav	Abhinav		10500	10500			
	Abhinav	Prerak	700					700
	Abhinav	Prerak			1500			1500
	Prerak	Abhinav				2000	2000	
	Prerak	Abhinav		500			500	
1999006	Abhinav	Prerak	1900					1900
10/2- 16/2	Abhinav	Abhinav	7300			7300		
	Abhinav	Abhinav		9400	9400			

Particulars			JBS Securities		Madhuvan Securities		Moneycare	
Settlement No	Buying Client	Selling Client	Buy	Sell	Buy	Sell	Buy	Sell
	Prerak	Abhinav				2000	2000	
1999007	Abhinav	Abhinav	7500			7500		
17/2-23/2	Abhinav	Prerak	2500					2500
	Abhinav	Abhinav		9000	9000			
	Abhinav	Prerak			1000			1000
	Prerak	Abhinav				2500	2500	
1999008	Prerak	Abhinav		1800			1800	
24/2- 1/3	Abhinav	Abhinav		7300	7300			
	Abhinav	Prerak			2000			2000
	Abhinav	Prerak	1500					1500
	Abhinav	Abhinav	6300			6300		
1999009	Abhinav	Abhinav	700			700		
3/3 -9/3	Abhinav	Prerak	400					400
	Abhinav	Abhinav		2200	2200			
	Abhinav	Prerak		400			400	

From the above tables, it is evident that:

- 1) In Settlement no. 1999005 (3/2/99 – 9/2/99), Prerak and Abhinav traded amongst themselves. Abhinav purchased 10,700 shares through JBS. Abhinav had also purchased another 12,000 shares through Madhuvan. Thus Abhinav ended up purchasing a total of 22,700 shares through these 2 brokers. Abhinav also sold 11,000 shares through JBS and 12000 shares through Madhuvan – totally selling 23,000 shares. Abhinav thus had a net obligation of only 300 shares in this settlement. In sum, the total trades of Abhinav were 45,700 shares which comprised 76% of the total trading volumes of 59,400 shares

during this settlement. It is also seen that Prerak bought as well as sold 2500 shares in this settlement through Moneycare. When Prerak bought 2500 shares, it was Abhinav which sold these shares (500 shares through JBS and 2000 shares through Madhuvan). Similarly, when Prerak sold these 2500 shares through Moneycare, a total of 2200 shares were purchased by Abhinav (700 shares through JBS and 1500 shares through Madhuvan).

- 2) In Settlement no. 1999006 Abhinav bought 9200 and sold 9700 shares through JBS. Further, Abhinav bought 9500 and sold 9500 shares through Madhuvan also. Prerak bought 2000 and sold 2000 shares in this settlement through Moneycare. There were self deals by Abhinav to the extent of 16700 shares viz. it purchased 7300 shares through JBS and simultaneously in the same settlement sold 7300 shares through Madhuvan. Similarly, it purchased 9400 shares through Madhuvan and sold 9400 shares through JBS.
- 3) In Settlement No. 199007, there were self deals by Abhinav to the extent of 16500 shares. There were squaring off /reversal of transactions between Prerak and Abhinav to the extent of 7000 shares in this settlement.
- 4) In Settlement No. 1999008, there were self deals by Abhinav to the extent of 13600 shares. There were squaring off /reversal of

transactions between Prerak and Abhinav to the extent of 5300 shares.

- 5) In settlement No. 1999009, there were self deals by Abhinav to the extent of 2900 shares. There were squaring off /reversal of transactions between Prerak and Abhinav to the extent of 800 shares in this settlement.

From the analysis of above trades executed by Abhinav and Prerak, I find that Abhinav was buying and selling shares at the same time i.e. when it was buying shares through JBS, it was simultaneously selling shares through Madhuvan. This suggests that Abhinav had indulged in circular trading with Prerak which eventually resulted in creation of artificial market and volumes in the scrip of Adani.

- 3.6 Further while analysing the trade logs and order logs on NSE, I find that at many occasions Abhinav acted as buyer and seller simultaneously from two counters i.e. gave buy order to one member and sell order to another at the same time resulting in squaring up of his own position at the same time. Moreover the self trades of Abhinav accounted for a substantial quantity of the trades and volumes traded during the said period. There was proximity in timing of orders and also all these orders were entered at the same price and for the same quantity. There was synchronisation in logging of orders. This ensured that there was matching of orders and buyer (Abhinav) gets itself as the seller and vice versa. The following table clearly

shows that how the trades got matched leading to synchronisation in logging of orders.

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
03-Feb-99	290.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
03-Feb-99	291.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
03-Feb-99	292.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	4800
Total		1500			31%
04-Feb-99	290.10	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	290.20	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	290.15	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	293.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	293.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	292.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	291.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	291.05	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
04-Feb-99	291.10	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	5400
		4500			83%
05-Feb-99	287.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
05-Feb-99	287.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
05-Feb-99	288.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
05-Feb-99	288.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
05-Feb-99	291.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
05-Feb-99	291.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
05-Feb-99	292.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
05-Feb-99	289.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
05-Feb-99	289.10	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
05-Feb-99	289.20	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
05-Feb-99	289.30	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	5900
Total		5500			93%
8-Feb-99	288.00	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	288.10	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	288.20	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	288.30	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	288.50	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	287.00	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	287.25	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	287.50	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	288.00	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
08-Feb-99	289.00	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	6800
Total		5000			85%
09-Feb-99	285.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
09-Feb-99	286.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
09-Feb-99	287.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
09-Feb-99	291.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
09-Feb-99	292.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
09-Feb-99	286.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
09-Feb-99	287.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
09-Feb-99	287.10	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	6800
		4000			59%
10-Feb-99	291.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
10-Feb-99	293.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
10-Feb-99	295.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
10-Feb-99	296.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
10-Feb-99	297.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	5200
		2500			48%
11-Feb-99	292.50	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
11-Feb-99	293.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
11-Feb-99	294.00	500	Madhuvan Securities P Ltd	Jbs Securities Pvt. Ltd.	
11-Feb-99	293.00	200	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
11-Feb-99	293.10	100	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
11-Feb-99	293.10	100	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
11-Feb-99	291.00	200	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
11-Feb-99	292.00	200	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
11-Feb-99	292.50	200	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	6300
		2500			40%
12-Feb-99	303.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt Ltd	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
12-Feb-99	304.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt Ltd	
12-Feb-99	307.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt Ltd	
12-Feb-99	307.25	500	Madhuvan Securities Ltd	Jbs Securities Pvt Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	303.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	304.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	304.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	304.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	304.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	304.50	100	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	306.00	200	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	306.00	300	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	
12-Feb-99	307.00	500	Jbs Securities Pvt Ltd	Madhuvan Securities Ltd	5400
		4000			74%
15-Feb-99	300.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
15-Feb-99	301.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
15-Feb-99	302.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
15-Feb-99	294.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
15-Feb-99	295.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
15-Feb-99	292.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
15-Feb-99	292.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
15-Feb-99	293.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	5400
		4000			74%
16-Feb-99	285.00	400	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
16-Feb-99	284.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
16-Feb-99	289.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
16-Feb-99	289.10	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
16-Feb-99	285.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
16-Feb-99	286.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
16-Feb-99	280.00	400	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
16-Feb-99	281.00	400	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	5800
		3700			64%
17-Feb-99	284.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
17-Feb-99	284.10	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
17-Feb-99	295.00	400	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
17-Feb-99	295.00	100	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
17-Feb-99	295.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	5100
		2000			39%
18-Feb-99	281.00	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
18-Feb-99	281.50	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
18-Feb-99	281.00	3500	Madhuvan Securities Ltd	Jbs Securities Pvt.	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
				Ltd.	
18-Feb-99	281.10	400	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
18-Feb-99	281.20	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	7300
		5400			74%
19-Feb-99	282.10	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	282.20	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	282.30	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	282.10	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	282.20	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	283.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	283.20	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
19-Feb-99	283.30	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	6700
		4000			60%
23-Feb-99	283.00	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
23-Feb-99	283.50	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
23-Feb-99	280.5	500	Jbs Securities Pvt. Ltd.	Madhuvan Securities P Ltd	
23-Feb-99	284	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
23-Feb-99	285	600	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	
23-Feb-99	280	500	Madhuvan Securities Ltd	Jbs Securities Pvt. Ltd.	7500
		3100			41%
26-Feb-99	310.05	500	Jbs Securities Pvt Ltd	Madhuvan Securities	
26-Feb-99	312.05	500	Jbs Securities Pvt Ltd	Madhuvan Securities	
26-Feb-99	313.50	500	Jbs Securities Pvt Ltd	Madhuvan Securities	
26-Feb-99	314.00	500	Madhuvan Securities	Jbs Securities Pvt Ltd	
26-Feb-99	315.00	500	Madhuvan Securities	Jbs Securities Pvt Ltd	
26-Feb-99	310.50	400	Madhuvan Securities	Jbs Securities Pvt Ltd	

Date	Price	Qty	Buying Broker Name	Selling Broker Name	Total trd qty of the day/ % to total trd
26-Feb-99	311.00	500	Madhuvan Securities	Jbs Securities Pvt Ltd	
26-Feb-99	313.00	500	Madhuvan Securities	Jbs Securities Pvt Ltd	6300
		3900			62%

3.7 Details with respect to time, quantity and price of buy and sell order for the aforementioned trades where it acted both as buying and selling client for 6 trading days are given as below:

February 3, 1999

Date	Trade time	Trade Price	Qty	Buying Broker	Selling Broker	Buy Time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time diff
03-Feb-99	11:11:20	290.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:11:20	500	290.00	11:10:25	500	290.00	0:00:55
03-Feb-99	11:11:33	291.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:11:33	500	291.00	11:10:32	500	291.00	0:01:01
03-Feb-99	11:11:47	292.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:11:47	500	292.00	11:10:38	500	292.00	0:01:09

February 4, 1999

Date	Trade time	Trade Price	Qty	Buying Broker	Selling Broker	Buy Time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time diff
04-Feb-99	11:55:36	290.10	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:55:36	500	290.10	11:54:48	500	290.10	0:00:48
04-Feb-99	11:55:57	290.15	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:55:51	500	290.15	11:55:06	500	290.15	0:00:45
04-Feb-99	11:56:09	290.20	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	11:56:09	500	290.20	11:54:57	500	290.20	0:01:12

04-Feb-99	14:14:46	292.50	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:14:46	500	292.50	14:14:03	500	292.50	0:00:43
04-Feb-99	14:14:55	293.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:14:55	500	293.00	14:13:45	500	293.00	0:01:10
04-Feb-99	14:15:06	293.50	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:15:06	500	293.50	14:13:55	500	293.50	0:01:11
04-Feb-99	11:57:30	291.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	11:57:30	500	291.00	11:56:35	500	291.00	0:00:55
04-Feb-99	11:57:40	291.05	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	11:57:40	500	291.05	11:56:44	500	291.05	0:00:56
04-Feb-99	11:57:48	291.10	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	11:57:48	500	291.10	11:56:51	500	291.10	0:00:57

February 5, 1999

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
05-Feb-99	15:09:20	287.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:09:20	500	287.00	15:08:22	500	287.00	0:00:58
05-Feb-99	15:09:39	287.50	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:09:34	500	288.00	15:08:29	500	287.50	0:01:05
05-Feb-99	15:09:52	288.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:09:52	500	288.00	15:08:35	500	288.00	0:01:17
05-Feb-99	15:10:08	288.50	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:10:08	500	288.50	15:08:41	500	288.50	0:01:27
05-Feb-99	10:07:06	291.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	10:07:06	500	291.00	10:06:17	500	291.00	0:00:49
05-Feb-99	10:07:25	291.50	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	10:07:25	500	292.00	10:06:25	500	291.50	0:01:00

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
05-Feb-99	10:07:25	292.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	10:07:25	500	292.00	10:06:33	500	292.00	0:00:52
05-Feb-99	15:11:31	289.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	15:11:31	500	289.00	15:10:38	500	289.00	0:00:53
05-Feb-99	15:11:42	289.10	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	15:11:42	500	289.10	15:10:52	500	289.10	0:00:50
05-Feb-99	15:11:51	289.20	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	15:11:51	500	289.20	15:11:01	500	289.20	0:00:50
05-Feb-99	15:11:58	289.30	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	15:11:58	500	289.30	15:11:11	500	289.30	0:00:47

February 8, 1999

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Rate	Buy Qty	Sell Time	Sell Qty	Sell Rate	Time Diff
08-Feb-99	14:50:27	287.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:50:27	287.00	500	14:49:22	500	287.00	0:01:05
08-Feb-99	14:50:43	287.25	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:50:43	287.25	500	14:49:28	500	287.25	0:01:15
08-Feb-99	14:50:57	287.50	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:50:57	287.50	500	14:49:32	500	287.50	0:01:25
08-Feb-99	14:51:13	288.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:51:13	288.00	500	14:49:37	500	288.00	0:01:36
08-Feb-99	14:51:26	289.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:51:26	289.00	500	14:49:46	500	289.00	0:01:40
08-Feb-99	11:06:17	291.00	500	MONEYCARE SECURITIES	JBS SECURITIES PVT LTD	11:06:17	291.00	500	10:34:30	500	291.00	0:31:47

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Rate	Buy Qty	Sell Time	Sell Qty	Sell Rate	Time Diff
08-Feb-99	14:53:08	288.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:53:08	288.00	500	14:51:42	500	288.00	0:01:26
08-Feb-99	14:53:19	288.10	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:53:19	288.10	500	14:51:52	500	288.10	0:01:27
08-Feb-99	14:53:28	288.20	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:53:28	288.20	500	14:52:06	500	288.20	0:01:22
08-Feb-99	14:53:39	288.30	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:53:37	288.30	500	14:52:17	500	288.30	0:01:20
08-Feb-99	14:53:48	288.50	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:53:48	288.50	500	14:52:28	500	288.50	0:01:20

February 12, 1999

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Rate	Buy Qty	Sell Time	Sell Qty	Sell Rate	Time Diff
12-Feb-99	10:46:52	303.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	10:46:52	303.00	500	10:45:47	303.	500	0:01:05
12-Feb-99	10:47:08	304.00	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	10:47:08	304.00	500	10:45:50	304.0	500	0:01:18
12-Feb-99	15:05:44	306.00	200	MADHUVAN SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	15:05:44	306.00	200	15:04:31	306.0	200	0:01:13
12-Feb-99	15:05:54	306.00	300	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:05:54	306.00	300	15:04:31	306.0	300	0:01:23
12-Feb-99	15:06:13	307.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	15:06:09	307.00	500	15:05:02	307.0	500	0:01:07

February 26, 1999

Date	Trade Time	Rate	Qty	Buying Broker	Selling Broker	Buy Time	Buy Qty	Buy rate	Sell Time	Sell Qty	Sell Rate	Time Diff
26-Feb-99	10:08:57	314.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	10:08:57	500	314.00	10:08:20	500	314.00	0:00:37
26-Feb-99	10:09:13	315.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	10:09:13	500	315.00	10:08:16	500	315.00	0:00:57
26-Feb-99	13:02:23	310.50	400	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	13:02:23	400	310.50	13:01:04	500	310.50	0:01:19
26-Feb-99	13:02:44	311.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	13:02:44	500	311.00	13:00:55	500	311.00	0:01:49
26-Feb-99	14:26:13	313.00	500	MADHUVAN SECURITIES PVT LTD	JBS SECURITIES PVT LTD	14:26:11	500	313.00	14:13:12	500	313.00	0:12:59
26-Feb-99	12:11:34	310.05	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	12:11:34	500	310.05	12:10:30	500	310.05	0:01:04
26-Feb-99	12:11:44	312.05	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	12:11:44	500	312.05	12:10:46	500	312.05	0:00:58
26-Feb-99	14:27:21	313.50	500	JBS SECURITIES PVT LTD	MADHUVAN SECURITIES PVT LTD	14:27:21	500	313.50	14:26:36	500	313.50	0:00:45

3.8 While analysing the trades of Abhinav during the same period at BSE, I find similar trading pattern resulting in creation of artificial volume and misleading appearance in the market. At BSE also the reversal of transactions by Abhinav and Prerak comprised a substantial portion of trading on those days which continued throughout the period. Moreover the orders were placed at around the same time and there was proximity in timing of orders. Further, orders were entered at the

same price and for the same quantity. The details of those trades by Abhinav which resulted in synchronisation at BSE are as under:

Date	Rate	Qty	BSE Vol	% to total trd volume
1/27/1999	270	500		
1/27/1999	270	500		
		1000	4100	25%
1/28/1999	275	500		
1/28/1999	283	500		
		1000	4400	23%
1/29/1999	287.5	200		
1/29/1999	289	200		
1/29/1999	291	100		
1/29/1999	289	500		
1/29/1999	289.5	500		
1/29/1999	292	400		
		1900	6200	31%
2/1/1999	296	200		
2/1/1999	297	300		
2/1/1999	298	200		
2/1/1999	287.5	1000		
		1700	5700	30%
2/2/1999	291	200		
2/2/1999	293	200		
2/2/1999	295	100		
2/2/1999	297.5	500		
		1000	3900	26%
2/5/1999	288	700	5300	14%

Trading between Abhinav to Prerak

Date	Abhinav To Prerak	BSE Volume	(2) as % Of (3)	Date	Abhinav to Prerak	BSE Volume	(2) as % of (3)
	(2)	(3)			(2)	(3)	
27-01-99	2500	4100	60.98%	22-02-99	4000	5200	76.92%
28-01-99	1500	4400	34.09%	24-02-99	3500	6200	56.45%
29-01-99	2100	6200	33.87%	25-02-99	4000	6100	65.57%

Date	Abhinav	BSE Volume	(2) as % Of (3)	Date	Abhina v	BSE Volume	(2) as % of (3)
	To Prerak				to Prerak		
	(2)				(2)		
02-02-99	1500	3900	38.46%	26-02-99	2000	4900	40.82%
03-02-99	1500	5000	30.00%	27-02-99	4900	11100	44.14%
04-02-99	1500	3200	46.88%	01-03-99	1500	5200	28.85%
05-02-99	1300	5300	24.53%	03-03-99	700	3200	21.88%
08-02-99	2000	4100	48.78%	04-03-99	1700	3800	44.74%
09-02-99	2500	5100	49.02%	05-03-99	1600	4500	35.56%
10-02-99	3000	5500	54.55%	08-03-99	400	3200	12.50%
11-02-99	5000	8000	62.50%	09-03-99	500	4700	10.64%
12-02-99	3500	4500	77.78%	11-03-99	1200	5200	23.08%
15-02-99	3000	4100	73.17%	12-03-99	500	3800	13.16%
16-02-99	500	5100	9.80%	15-03-99	900	5000	18.00%
17-02-99	2000	5100	39.22%	17-03-99	800	3900	20.51%
18-02-99	1000	2700	37.04%	19-03-99	400	2000	20.00%
19-02-99	1500	3800	39.47%	30-03-99	400	3300	12.12%

Trading between Prerak to Abhinav

Date	Qty	BSE Vol	Qty as % of BSE Vol
27-01-99	1000	4100	24.39
28-01-99	1000	4400	22.73
2/2/1999	500	3900	12.82
11/2/1999	2500	8000	31.25
12/2/1999	1500	4500	33.33
22-02-99	1000	5200	19.23
24-02-99	1000	6200	16.13
25-02-99	2000	6100	32.79
27-02-99	1900	11100	17.12
3/3/1999	200	3200	6.25
4/3/1999	1100	3800	28.95
5/3/1999	500	4500	11.11
8/3/1999	200	3200	6.25
9/3/1999	500	4700	10.64
11/3/1999	500	5200	9.62
17/03/99	400	3900	10.26
19/03/99	400	2000	20.00

Having noted various trades conducted by Abhinav at BSE during the relevant period, now I shall deal with the settlement wise details of those trades so as to get a clear nature of the trading.

Settlement No. 1999005, (February 03, 1999 - February 09, 1999) – Transactions when Prerak is buying and Abhinav is selling.

Date	Time	Rate	Qty	Buying Broker	Cli	Sell bro	Sell clt	Buy time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
03-Feb-99	11:13:03	293.00	500	MC	P	MD	A	11:13:03	293.00	500	11:12:07	500	293.00	0:00:56
03-Feb-99	11:13:34	293.50	500	MC	P	MD	A	11:13:34	293.50	500	11:12:17	500	293.50	0:01:17
03-Feb-99	11:13:53	294.00	500	MC	P	MD	A	11:13:53	294.00	500	11:12:24	500	294.00	0:01:29
09-Feb-99	14:35:45	287.00	500	MC	P	MD	A	14:35:45	287.00	500	14:34:53	500	287.00	0:00:52

Note: MC: Moneycare P: Prerak, A: Abhinav, MD: Madhuvan

Settlement No. 1999006, (February 10, 1999 - February 16, 1999) – Transactions when Abhinav is buying and Prerak is selling

Date	Time	Rate	Qty	Buying Broker	Cli	Sell bro	Sell clt	Buy time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
10-Feb-99	15:09:03	293.10	400	JBS	A	MC	P	15:09:03	400	293.10	15:05:52	500	293.10	0:03:11
10-Feb-99	15:09:16	293.15	500	JBS	A	MC	P	15:09:16	500	293.15	15:06:08	500	293.15	0:03:08
11-Feb-99	13:02:45	292.50	500	JBS	A	MC	P	13:02:45	500	292.50	13:00:33	500	292.50	0:02:12
11-Feb-99	13:02:58	293.00	500	JBS	A	MC	P	13:02:58	500	293.00	13:00:43	500	293.00	0:02:15

Settlement No. 1999007, (February 17, 1999 - February 23, 1999) – Transactions when Abhinav is buying and Prerak is selling

Date	Time	Rate	Qty	Buying Broker	Cli	Sell bro	Sell clt	Buy time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
17-Feb-99	11:04:02	295.00	500	JBS	A	MC	P	11:04:02	500	295.00	11:03:13	500	295.00	0:00:49
17-Feb-99	11:04:11	296.00	500	JBS	A	MC	P	11:04:11	500	296.00	11:03:23	500	296.00	0:00:48
18-Feb-99	13:25:08	280.00	500	JBS	A	MC	P	13:25:08	500	280.00	13:24:40	500	280.00	0:00:28
18-Feb-99	13:25:22	281.00	500	JBS	A	MC	P	13:25:22	500	281.00	13:24:18	500	281.00	0:01:04
19-Feb-99	15:08:05	282.50	500	JBS	A	MC	P	15:08:05	500	282.50	15:07:27	500	282.50	0:00:38

Settlement No. 1999008, (February 24, 1999 – March 1, 1999) – Transactions when Abhinav is buying and Prerak is selling

Date	Time	Rate	Qty	Buying Broker	Cli	Sell bro	Sell clt	Buy time	Buy Qty	Buy Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
27-Feb-99	13:37:28	330.50	500	MD	A	MC	P	13:37:28	500	330.50	13:36:04	500	330.50	0:01:24
27-Feb-99	13:37:46	331.00	500	MD	A	MC	P	13:37:46	500	331.00	13:36:15	500	331.00	0:01:31
27-Feb-99	13:38:17	331.50	500	MD	A	MC	P	13:38:17	500	331.50	13:36:27	500	331.50	0:01:50
27-Feb-99	13:38:33	332.00	500	MD	A	MC	P	13:38:33	500	332.00	13:36:36	500	332.00	0:01:57

Settlement No. 1999009, (March 3, 1999 – March 9, 1999) – Transactions when Prerak is buying and Abhinav is selling

Date	Time	Rate	Qty	Buying Broker	Clt	Sell bro	Sell clt	Buy time	Buy Qty	Rate	Sell Time	Sell Qty	Sell Rate	Time Diff
04-Mar	13:02:23	374.50	200	MC	P	JBS	A	13:02:23	200	374.50	12:59:53	400	374.50	0:02:30
04-Mar	13:02:56	374.50	200	MC	P	JBS	A	13:02:56	200	374.50	12:59:53	400	374.50	0:03:03

3.9 In the light of the foregoing discussion I have no hesitation to hold that all the aforesaid transactions discussed in detail, were in the nature of self deals. Those deals comprised a significant portion of the volume traded in the shares of AEL during that day /settlement. There was proximity in logging in of buy and sell orders, orders were entered for same price and same quantity so as to ensure that they got each other as buyer and seller and vice versa. Taking into account the nature of the transactions, their frequency and value as compared to total trading volume in the scrip of Adani during the relevant period, I am of the view that these transactions were circular in nature and there is no real change of beneficial ownership. The trades in question were resorted to for shifting the positions and thereby giving a false

impression of increased volume and activity which resulted in price manipulation in the scrip of Adani. In my view, Abhinav through these artificial trades interfered with the market equilibrium and thereby effected the manipulation of price and volume of Adani.

Even assuming, without admitting the claim of Abhinav that these trades were executed for tax planning purposes, in my view nobody can be allowed to create artificial volume and thereby manipulate the prices in the securities market which have potential to induce the innocent investor in buying and selling a particular scrip. The trades executed herein by Abhinav were admittedly not the real trades as there was no intention to change the beneficial ownership. When the trades were inherently non genuine, I do not feel that it is necessary to prove that investors had, in fact got induced and bought and / or sold on the basis of these trades. Similar views were expressed by the Hon'ble SAT in its judgement dated 14.7.2006 in *Ketan Parekh Vs. SEBI* wherein it had 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. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations.”

The creation of artificial volume itself is sufficient to establish the violation committed by Abhinav and deserves appropriate disciplinary action.

- 3.10 I have also taken into consideration the submissions made by Abhinav countering the allegations levelled against it. One of the main submissions of Abhinav was that during the period from January 1, 1999 to March 31, 1999 not only the Indian Stock market but Stock markets all over the world were on a fast racing trend and only Abhinav could not be held responsible for the rise in price as alleged in the show cause notice. Considering the volume traded by Abhinav and particularly the percentage of matched and synchronised trades which was concentrated only among three trading members of India's two major stock exchanges, the argument/defence of Abhinav can not be accepted. Moreover, the attendant circumstances lead me to conclude that Abhinav was trying to hinder the natural interaction of market forces and intentionally misled the investor by hiding the true value of the scrip. Similarly, the

submission of Abhinav with regard to the anonymity of the three trading members through whom it executed all these dubious trades and two other clients who were on the other side of the trade, is not acceptable as there is no merit in such an argument. Manipulation connotes intentional or wilful conduct designed to deceive or defraud investors by controlling or artificially affecting the price of the securities. When the parties decide to synchronise or match the trade, which Abhinav has admittedly done, the argument of the anonymity of the counterparty has no value at all.

In this regard I would like to place reliance on the judgment of Hon'ble Securities Appellate Tribunal (SAT) in the matter of **Nirmal Bang Securities Private Limited Vs SEBI** dated October 31, 2003 wherein SAT has inter alia opined that :

“... .. Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes. The argument that the parties had no means of knowing whether any entity controlled by the client is simultaneously entering any contra order elsewhere for the reason that in the online trading system, confidentiality of counter parties is ensured, is untenable. It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity, price etc. As the Respondent rightly stated it is too much of a coincidence over too long a

period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. The data furnished in the show cause notice certainly goes to prove the synchronized nature of the transaction which is in violation of regulation 4 of the FUTP Regulations. The facts on record categorically establishes that BEB had indulged in synchronized trading in violation of regulation 47 of the FUTP Regulations. In a synchronized trading intention is implicit.”

Further in the matter of **Ask Holdings Pvt. Ltd. vs. SEBI**, Hon'ble SAT has held as under :

“... ..The buyer and the seller were the appellants themselves and these trades were executed primarily with a view to artificially increase the trading volumes in the scrip of the Company. Artificial increase in the volumes of scrip has the adverse effect on the innocent investors of the market who get induced to buy the shares because they seldom have knowledge about the scrip and follow the herd mentality while trading. The adjudicating officer was, therefore, right in holding that the appellants had violated the provisions of Regulation 4 of the Securities & Exchange Board of India (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 1995. The allegations are rather serious and the appellants by indulging in artificial trades had polluted the stock market. The penalty of Rs. 10 lakh imposed appears to be reasonable in the circumstances of the present case and it does not call for any interference in appeal.”

3.11 Generally synchronized / structured trades are the instruments/ tools that are employed by market manipulators to deceive the market place. A synchronized trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. I find that, in the instant case pattern of trades, behaviour of parties, apparent irregularities and the available trading data prove manipulation which always depends on inferences drawn from a mass of factual detail. When all of these are considered together, they can emerge as ingredients in a manipulative scheme designed to tamper with free market forces.

3.12 For the reasons stated in the foregoing paragraphs, I hold that the charges levelled against Abhinav are proved and I hold Abhinav guilty of violating regulation 4(a), (b), (c) and (d) of SEBI (PFUTP) Regulations, 1995. Therefore, it would be in the interest of justice to take appropriate preventive actions against Abhinav that would not only deter Abhinav but also other potential violators from indulging in similar activities in future.

4.0 ORDER

4.1 Now therefore, I in exercise of powers conferred upon me under section 11 and 11B read with Section 19 of the SEBI Act, 1992 further read with Section SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 hereby restrain M/s. Abhinav Investments from accessing the securities

market either directly or indirectly and also prohibit it from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of six months.

4.2 This order shall come into force with immediate effect.

DATE: 24.10.2007

T.C. NAIR

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA