

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: V. K. CHOPRA, WHOLE TIME MEMBER

ORDER

{Under Section 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 and Regulation 11 and 12 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 for irregular trading in the scrip of Hitech Jewellery Industries Ltd by Manish Radhanpura, Kavita Radhanpura, Monalisa Collections, Earnest CapFund and Ujwal Investrade}

1.0 BACKGROUND

1.1 Hitech Jewellery Industries Ltd. (hereinafter referred to as “the company”) was incorporated as a public limited company in June 1992. The main business of the company is production, manufacturing and marketing of fashion costume jewellery and accessories made of precious, semi precious metals. The company came out with a public issue aggregating to 23,33,700 shares @ Rs 10 each amounting to Rs 2,33,37,000/- in April 1994. As on March 31, 2000, the issued capital of the company was Rs. 3,23,81,700/- comprising of 32,38,170 equity shares at the rate of Rs 10/- each. The shares were mainly traded at BSE and minor volumes were observed at NSE.

1.2 The Board of Directors of the company was headed by Shri Narendra Chunilal Soni, the Chairman and Managing Director. The other directors were Jyoti T. Ranpura, Devendra Patadia and Geeta B. Mehta. The share holding pattern as on 5th July, 2001 (around the investigation period) is given hereunder:

Particulars	No. of Shares	% of Holding
Body Corporate	19,85,374	61.31
Directors and Relatives	6,24,870	19.30
Public	6,27,926	19.39
Total	32,38,170	100.00

- 1.3 The un-audited quarterly results for the period ended on the 31.03.2001, (alongwith comparative figures of last year) and Audited results for the year ended on 31.03.2001 (alongwith comparative figures of previous year) is as under:

(Rs. In Cr.)

Particulars	Qr. Ended 31.03.2001 (Un Audited)	Qr. Ended 31.03.2000 (Un Audited)	Year Ended 31.03.2001 (Audited)	Year Ended 31.03.2000 (Audited)
Net Sales	14.85	12.99	59.45	51.97
PBIDT	0.55	0.99	3.39	3.85
APAT	0.11	0.29	0.76	1.10
EPS	0.33	0.91	2.34	3.39
Equity Capital	3.24	3.24	3.24	3.24

- 1.4 It was observed from the annual report for the year 1999-2000 that the company did not have adequate system of internal control for the purchase of raw materials, plant and machinery, equipment and other similar assets and sale of goods, commensurate with the size of the company and nature of its business. It was also pointed out in the report that the company did not have any internal audit system.
- 1.5 Securities and Exchange Board of India (hereinafter referred to as “SEBI”) received a report from the Bombay Stock Exchange Ltd (BSE) in December 2001 in respect of the investigations carried by the exchange into the trading in the shares of the company (Hitech Jewellery Industries Ltd.). The investigation was initiated by BSE based on a complaint received by them from a broker, Khambatta Securities Ltd. who contended that one of the clients of their sub broker had given third party cheques for shares purchased by the client and one of the cheques so given had bounced. The broker also stated that the said client had given instructions that shares so purchased should be delivered to the depository account of that third party which had issued the cheques.
- 1.6 During investigation by BSE for the period 01.01.2001 to 23.03.2001, the share price had increased from Rs. 37 to Rs. 41. The scrip was shifted for trading to “Z” group from “BI” group with effect from June 5, 2000. However, during the investigation period, the scrip registered sharp increase in trading volumes. BSE observed that trading was concentrated among some common clients who also

appeared to be related to the company. BSE further noticed that third party deliveries and payments were made. In addition, investigations of BSE also revealed order matching between buying and selling clients of different brokers within the mechanism of 'Sell-N-Cash' scheme of Stock Holding Corporation of India Ltd. (SHCIL).

- 1.7 In view of the aforesaid, the case was taken up for investigation by SEBI. Investigations inter alia revealed strong linkages between some entities viz Manish Radhanpura, Kavita Radhanpura, Monalisa Collections, Earnest CapFund and Ujwal Investrade. (hereinafter referred to as "Noticees") and the company and trading was concentrated among them. The Noticees executed synchronised and circular trades among themselves and also misused 'Sell-N-Cash' facility provided by SHCIL to avail of instant cash for sale transaction and there was thus creation of huge volume without changing the beneficial ownership of the shares. The Noticees thus, violated Regulation 4(b) and 4(c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 1995 (hereinafter referred to as "PFUTP Regulations").

2.0 SHOW CAUSE NOTICE

- 2.1 Show cause notice dated 12.07.2004 was issued to the Noticees advising them to show cause as to why suitable directions under Section 11, 11 B and 11(4) of SEBI Act, 1992 read with Regulations 11 of PFUTP Regulations including restraining them from accessing the securities market and prohibiting them from buying, selling or dealing in the securities in any manner whatsoever for a particular period should not be initiated against them for the violations mentioned at paragraph no. 1.8 above. The show cause notices could not be delivered to the entities at their addresses and had to be posted on SEBI website as alternate mode of service. None of the Noticees responded to the show cause notice issued to them.

3.0 PERSONAL HEARING

- 3.1 An opportunity of personal hearing before me at SEBI's Head Office at Mumbai was given to the Noticees on 16.08.2007. However, they failed to avail the opportunity given to them. Therefore, I am proceeding in the matter on the basis of material before me.

4.0 CONSIDERATION OF ISSUES AND FINDINGS

- 4.1 The scrip was listed at BSE and the price of the scrip had increased from Rs.37/- on 01.01.2001 to Rs. 46/- on 02.03.2001. The trading in the scrip was suspended twice for the period of 02.12.1996 to 23.12.1996 and from 8.05.2000 to 05.06.2000 by BSE for non-compliance with the listing agreement. The present status of the scrip was verified from BSE website and it is observed that the scrip is suspended on account of non-compliance with the listing agreement.
- 4.2 It was also seen that there was significant increase in trading volume during the investigation period, details whereof are given hereunder:

Period	Months	Trading volume
For 3 Months prior to investigation	October 2000	3.84 lakh
	November 2000	3.18 lakh
	December 2000	3.46 lakh
For 83 days of investigation	January 1, 2001 to March 23, 2001	22.81 lakh (around 8.23 lakh per month)
For 4 months after investigation	April 2001	0.16 lakh
	May 2001	0.67 lakh
	June 2001	1.52 lakh
	July 2001	11 shares

- 4.3 It may be observed from the above tabulation that during the investigation period that the average traded volume was to the tune of around 8.23 lakh shares per month which incidentally was more than 2.2 times the average trading volumes in the scrip for the three months preceding the investigation. At the same time four months after investigation, between April 2001 and July 2001, the traded volumes fell substantially.

- 4.4 From an examination of the trading details of the entities who traded in the scrip, it was observed that the Noticees were the major entities dealing in the scrip during the period under investigation.
- 4.5 It is also observed that the Noticees are connected with each other and the company, details whereof are given hereunder:
- 4.5.1 Shri Manish Ratnapura is the son of the sister of Shri Narendra Soni, Chairman of the company and the director of Ujwal Investrade, Shri Suketu Patadia is son of Narendra Soni's brother. Further, Shri Manish Ratnapura had also acted as a manager of the company.
- 4.5.2 Smt Kavita M. Radhanpura is the wife of Shri Manish Ratnapura as evident from the Memorandum and Article of Association of Earnest Cap Fund Pvt. Ltd. Both Manish C. Radhanpura and Kavita M. Radhanpura are Directors of Earnest Cap Fund Pvt. Ltd as seen from the account opening form of Earnest with Janta Sahakari Bank, Pune. Further, office address of Earnest CapFund Pvt. Ltd. at C-6, Om Shivam Apartments, Station Road, Bhayender (W) is also stated to be the residential address of Manish and Kavita.
- 4.5.3 Monalisa Collections was a proprietary concern of Kavita Radhanpura as evident from the account opening form of Monalisa Collections with Janta Sahakari Bank, Pune. Earnest and Monalisa have common address – namely C-6, Om Shivam Apartments, Station Road, Bhayender (W).
- 4.5.4 The former address of Kavita M. Radhanpura mentioned in the Leave & License Agreement (submitted to member Kantilal Chaganlal Se. Pvt. Ltd.) was Rai Village, Hitech Building. The Company's Factory address was also in Rai Village, Bhayender (West), Dist. Thane. Further, Manish C. Radhanpura's name is 4th in the list of top 50 share holders of the company.
- 4.5.5 The directors in Ujwal Investrade Pvt. Ltd. were Suketu P. Patadia and Samir J. Soni. The office address of Ujwal Investrade Pvt. Ltd. and the residential address of Suketu Patadia were same as evident from account

opening form and related documents of Ujwal with Janta Sahakari Bank. Further, Ujwal Investrade was introduced to the bank by Earnest CapFund Pvt Ltd.

4.5.6 Ujwal Investrade Pvt. Ltd had given the Fax No. 2003764 in the client agreement form to the broker, Satco Securities & Financial Services Ltd. The address to this number mentioned in the MTNL software was the company address at Hitech Jewellery Industries Ltd., V Kanji, S Gandhi Marg – 2.

4.5.7 Suketu Patadia, one of the director of Ujwal Investrade Pvt. Ltd., had given the telephone number 8071732 in the client registration form to Investmart India Limited. Further, the address of the said telephone number in the MTNL software was of Hitech Sales Corporation, Manibhai Apt., Vivekanand Rd.-64, Malad. Hitech Sales Corporation was a Proprietary concern of Shri Narendra Chunilal Soni, the chairman of Hitech Jewellery Industries Ltd.

4.6 The analysis of the order and trade log in the scrip revealed that the Noticees misused the “Sell-N-Cash” scheme of SHCIL. As per this scheme, clients sell the shares through SHCIL under Sell N Cash scheme and take payment in 24 hours of the execution of trades. In this manner, clients get immediate payment (less commission of SHCIL) for sales made by them and they do not have to wait for payout date to get their sale consideration.

4.7 It was also observed that sometimes the Noticees were acting as the counter party in order to ensure execution of the sale orders and at other times, they presented a different entity to match the buy orders. However, the shares were transferred to their Depository account. Such trades in Settlement Nos. 41 to 50 are explained as under:

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
41	2/1/2001	Monalisa Collections	Sharedeal Financial Consultants	Monalisa Collections	Anand Rathi	5000	37.25

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
	1/1/2001	Earnest Capital Fund	Mitra Equities P Ltd.	Earnest Capital Fund	V K Patel	14000	36
	3/1/2001	Monalisa Collection	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chaganlal	3600	38
	4/1/2001	Monalisa Collection	Sharedeal Financial Consultants	Manish Radhanpura	Prakash K. Shah Shares & Securities Pvt. Ltd	5000	38
	1/1/2001	Monalisa Collection	Sharedeal Financial Consultants	Earnest Capital fund	ULJK Sec. Ltd	10000	36.
	1/1/2001	Monalisa Collection	Sharedeal Financial Consultants	Earnest Capital fund	V K Patel Ltd	3000	36
	1/1/2001	Earnest Capital Fund	SPS Shares	Manish Radhanpura	ULJK Sec Ltd	10000	36
	1/1/01	Monalisa Collections	Anand Rathi	Earnest Capital Fund	V K Patel	3000	36
	2/1/2001	Monalisa Collections	Anand Rathi	Earnest Capital Fund	V K Patel	5000	37.25
	2/1/2001	Earnest Capital Fund	SPS Shares	Kavita Radhanpura	Kantilal Chaganlal	1400	37.1
	2/1/2001	Earnest CapFund	Mitra Equities	Kavita Radhanpura	Kantilal Chaganlal	5000	37.25
	3/1/01	Earnest CapFund	Mitra Equities	Kavita Radhanpura	Kantilal Chaganlal	1000	38
	4/1/01	Earnest CapFund	Mitra Equities	Kavita Radhanpura	Kantilal Chaganlal	900	37.4
	4/1/01	Earnest Capital Fund	SPS Shares	Kavita Radhanpura	Kantilal Chaganlal	1000	37.3.
	2/1/2001	Kavita Radhanpura	Satco Sec	Kavita Radhanpura	Kantilal Chaganlal	5000	37.3
	4/1/01	Kavita Radhanpura	Satco Sec	Kavita Radhanpura	Kantilal Chaganlal	100	37.4
	4/1/01	Kavita Radhanpura	Satco Sec	Kavita Radhanpura	Kantilal Chaganlal	3000	37.5
42	08/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	3500	37.2
	08/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	5290	37.1
	08/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	7060	37
	09/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	3000	37.2
	09/01/01	Hasmukh and	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	2000	37.1

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
		Monalisa					
	10/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	3500	37.3
	10/01/01	Hasmukh and Monalisa	Satco Sec	Earnest Capital Fund	ULJK Sec & V K Patel	10000	37.1
	08/01/01	Earnest Cap. Fund	SPS Shares	Earnest Cap. Fund	ULJK Sec	200	37
	10/01/01	Earnest Cap. Fund	SPS Shares	Earnest Cap. Fund	ULJK Sec	9000	37.25
	10/01/01	Earnest Cap. Fund	SPS Shares	Earnest Cap. Fund	ULJK Sec	5000	37
	08/01/01	Earnest Cap Fund	SPS Shares	Earnest Cap Fund	V K Patel	10000	37
	09/01/01	Earnest Cap Fund	SPS Shares	Earnest Cap Fund	V K Patel	5000	37.05
	09/01/01	Earnest Capital Fund	SPS Shares	Kavita Radhanpura	Kantilal Chaganlal	700	37.05
	09/01/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chaganlal	4300	37
	10/01/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chaganlal	3750	37.05
	12/01/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chaganlal	5000	37.25
	11/01/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	SPS Shares	11500	37.25
	11/01/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	SPS Shares	500	38.05
	8/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Cap Fund	ULJK Sec	9000	37.15
	9/01/01	Monalisa	Sharedeal Financial Consultants	Earnest Cap Fund	ULJK Sec	5000	37.25
	8/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel	50	37
	8/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel	50	36
	8/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel	50	35
	10/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel	10000	37.2

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
43	15/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	ULJK Securities	6000	37.6
	17/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	ULJK Securities	9000	37.5
	17/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	ULJK Securities	9000	39.2
	17/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	ULJK Securities	1000	39.1
	15/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	V K Patel Securities	13400	37.5
	16/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	V K Patel Securities	2500	38.2
	16/1/01	Hasmukh/Monalisa	Satco Securities	Earnest Capital Fund	V K Patel Securities	100	38.1.
	15/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	3500	38.5
	17/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	10000	39.5
	19/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	5000	39.
	16/1/01	Monalisa	Sharedeal Financial Consultants	Cydel Securities	V K Patel Securities	7000	39
	16/1/01	Monalisa	Sharedeal Financial Consultants	Cydel Securities	V K Patel Securities	5400	38.8
	16/1/01	Monalisa	Sharedeal Financial Consultants	Cydel Securities	V K Patel Securities	5000	38.5
	17/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	10000	39.2
	18/1/01	Hasmukh/Monalisa	Satco Securities	Kavita Radhanpura	Kantilal Chagganlal Securities	6000	39.8
44	22/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	1000	41
	22/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	100	41.75
	24/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	4000	41
	25/1/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	3000	40.9
	22/1/01	Monalisa	Sharedeal Financial	Earnest Capital Fund	ULJK Securities	3000	40.4

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
			Consultants				
	23/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	19500	40
	22/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel Securities	8000	40.2
	22/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel Securities	3500	40
	23/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V K Patel Securities	3000	40
	25/1/01	Hasmukh	Angel Securities	Kavita Radhanpura	Kantilal Chagganlal Securities	500	41
	24/1/01	Hasmukh	Angel Securities	Earnest Capital Fund	V. K. Patel Securities	5000	41.7
45	2/2/01	Monalisa	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	2000	41.5
	29/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	5000	40.9
	30/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	7000	40.4
	30/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	5000	40.2
	30/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	10000	40
	31/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	ULJK Securities	3000	41
	29/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	5000	40.6
	31/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	2000	41.4
	31/1/01	Monalisa	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	5000	41.2
	30/1/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	Joindre Capital Securities	5000	43
	30/1/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	Joindre Capital Securities	100	40.5
	29/1/01	Hasmukh	Angel	Kavita	Kantilal	1000	41.2

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
			Securities	Radhanpura	Chagganlal Securities		
	29/1/01	Hasmukh	Angel Securities	Earnest Capital Fund	ULJK Securities	4000	41.2
	30/1/01	Hasmukh	Angel Securities	Earnest Capital Fund	ULJK Securities	2000	41.1
	31/1	Hasmukh	Angel Securities	Earnest Capital Fund	ULJK Securities	5000	41
46	5/2/01	Hasmukh	Angel Securities	Earnest Capital Fund	ULJK Securities	3000	41.6
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.25
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.2
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.15
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.05
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	100	41.5
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	10000	41.75
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	41.45
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	41.35
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	41.25
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	100	41
	5/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	41.1
	7/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	200	41.7
	7/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	200	41.6
	7/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	200	41.5
	7/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	11200	41
	5/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Aries Enterprises	Joindre Securities	5000	42
	5/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	5000	42
	5/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	10800	41
	5/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	17000	41.5

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
	6/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	5000	41.25
	6/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	7000	41.9
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	700	41.75
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	600	41.4
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	400	41.4
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	300	41.1
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	200	41
	7/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	V. K. Patel Securities	22000	42
	8/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	2100	42.5
	5/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	8000	41.75
	5/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	3000	41.5
	6/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	2000	41.8
	5/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	10000	41.45
	7/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest Capital Fund	V. K. Patel Securities	4000	42
	5/2/01	Monalisa	Anand Rathi	Kavita Radhanpura	Kantilal Chagganlal Securities	10000	41.45
	7/2/01	Monalisa	Anand Rathi	Kavita Radhanpura	Kantilal Chagganlal Securities	4000	42
	6/2/01	Monalisa	Anand Rathi	Earnest Capital Fund	V. K. Patel Securities	3000	42
47	15/2/01	Earnest Capital Fund	Sharedeal Financial	Kavita Radhanpura	Kantilal Chagganlal	8400	42.5

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
			Consultants		Securities		
	12/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	5000	41.75
	12/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	5000	41.6
	12/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	4600	41.5
	13/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	20000	42
	14/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	4500	42.6
	12/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	5000	42.55
	12/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Manish Radhanpura	ULJK Securities	25000	42
	14/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Aries Enterprises	Joindre Capital	10000	42.5
	12/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	10000	42.95
	12/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	10000	41.9
	12/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	5000	41.5
48	19/2/01	Hasmukh	Angel Securities	Kavita Radhanpura	Kantilal Chagganlal Securities	2000	42.3
	19/2/01	Monalisa	Anand Rathi	Kavita Radhanpura	Kantilal Chagganlal Securities	6000	42.25
	19/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	15000	42.5
	19/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	10000	42.3
	20/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	14000	43.5
	20/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	6000	43.5

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
	20/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	12000	41.5
	19/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	24800	42.75
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.9
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.7
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.5
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.25
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.1
	20/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	20500	42
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	2000	95
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	2000	42.9
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.85
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	2000	42.8
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.7
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	43.65
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.60
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.55
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.5
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	2000	42.35
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	3000	42.3
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	5000	42.3
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	100	42.1
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	100	42.5
	22/2/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	ULJK Securities	1300	42
	19/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Kavita Radhanpura	Kantilal Chagganlal Securities	2000	42.1
49	26/2/01	Ujwal Investrade	Orient Shares and Stock	Ujwal Investrade	ULJK Securities	15500	42.85

Settl. No	Date	Buying client	Buying Broker	Selling Client	Selling Broker	Quantity traded	Rate Rs.
			Broking				
	27/2/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	ULJK Securities	40000	43
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	5000	42.8
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	42.75
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	5000	42.65
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	42.6
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	5000	42.55
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	42.5
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	42.4
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	42.25
	26/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	11625	42
	27/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	100	43.1
	27/2/01	Ujwal Investrade	ULJK Securities	Ujwal Investrade	ULJK Securities	13900	43
	26/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest CapFund	ULJK Securities	30000	43
	28/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest CapFund	ULJK Securities	10000	45.5
	28/2/01	Earnest Capital Fund	Sharedeal Financial Consultants	Earnest CapFund	ULJK Securities	15000	45.25
	27/2/01	Kavita Radhanpura	Khambatta Securities	Kavita Radhanpura	Kantilal Chagganlal Securities	2000	43.2
	1/3/01	Aries	Joindre Capital	Ujwal Investrade	Satco Securities	21500	45.55
50	8/3/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	Investsmart Securities	22500	42.75
	8/3/01	Ujwal Investrade	Orient Shares and Stock Broking	Ujwal Investrade	Investsmart Securities	25000	42.5
	8/3/01	Ujwal Investrade	Satco Securities	Ujwal Investrade	Investsmart Securities	25000	43

- 4.8 The above details clearly indicate that orders were matched for rate and quantity and both buy as well as sell orders were for same rate and quantity. In many instances, orders were put in time proximity to each other to ensure that buyer gets desired sellers and vice versa. In many cases, to execute these sell orders, sometimes the Noticees and their front entities were present as the counter client (as buyer). These trades were in the nature of cross deals. At other times clients/entities presented different clients to match the buy orders but the shares were transferred to their own Depository account. Shri Hasmukh Shah and Smt Harsha Ashish Gor were evidently used as front entities.
- 4.9 Investigations revealed that Hasmukh Shah had Depository account no. 1301420000014161 with CDSL (Depository Participant No 14200 – Janta Sahakari Bank). He was the director/Authorised signatory of proprietorship firm, Pearl Investment. The Noticee, Smt Kavita Radhanpura had given the same DP A/c. No. ‘1301420000014161’ as her DP A/c with member Kantilal Chaganlal Sec. Pvt. Ltd. and member J.G. Shah Fin. Con. Pvt. Ltd. This is despite the fact that Smt. Kavita Radhanpura had own account no 1301420000013892 with CDSL through her firm, Monalisa Collections. Further, Pearl Investments was introduced to the Punjab and Sind Bank by Earnest CapFund Pvt Ltd. (who has indicated having known Pearl Investments for 3 months prior to the account opening date – 8/8/2000) having Smt. Kavita and Shri Manish Radhanpura as directors. Further, in his deposition, Hasmukh Shah testified that Manish is the son of the sister of the Chairman of Hitech, Shri Narendra Soni and Shri Suketu Patadia (director of Ujwal Investrade) is son of Narendra Soni’s brother. Shri Hasmukh Shah also stated that Manish was a Manager in Hitech and was controlling several activities there. He further stated having met Manish in the office of Hitech.
- 4.10 Shri Hasmukh Shah further stated that all his dealing in the shares of Hitech had been done by Shri Narendra Soni and Shri Manish and his Depository account was opened & operated by them. He (Hasmukh) signed all documents as per their instructions and stated that he had worked with the company during 1999-2000 as an assistant but the company has not cleared his salary dues.

4.11 On examination of the trading details of the Noticee, it was observed that there was synchronisation in order entry to ensure matching. This was further facilitated since shares of the company are in Z group, illiquid in trading and there was lack of outside /general market interest. As brought out in para 4.5 above, the buyers and sellers were related / linked to each other and the company as well. A summarised statement for the Noticees, broker-wise is as shown below:

1) Sharedeal Fin. Cons. Pvt. Ltd. (Clg. No. 794)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Buy	41	25600	Monalisa Collection	Monalisa Collection/ Kavita Radhanpura/ Earnest Capfund
42	Buy	84	49200	Monalisa Collection	Kavita Radhanpura/ Earnest Capfund
43	Buy	74	45900	Monalisa Collection	Kavita Radhanpura/ Earnest Capfund
44	Buy	92	45100	Monalisa Collection	Kavita Radhanpura/ Earnest Capfund
45	Buy	98	44000	Monalisa Collection	Kavita Radhanpura/ Earnest Capfund
46	Buy	28	15100	Earnest Capfund	Kavita Radhanpura/ Earnest Capfund
47	Buy	87	77500	Earnest CapFund	Kavita Radhanpura/ Earnest Capfund
48	Buy	4	2000	Earnest Capfund	Kavita Radhanpura
49	Buy	47	55000	Earnest Capfund	Earnest Capfund
	Total	555	359400		

2) SPS Share Brokers Pvt. Ltd. (Clg. No. 557)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Buy	14	12400	Earnest Capfund	Manish Radhanpura/ Kavita Radhanpura
42	Buy	52	29700	Earnest Capfund	Earnest Capfund/ Kavita Radhanpura
	Sell	20	12000	Earnest Capfund	Earnest Capfund
	Total	86	54100		

3) Anand Rathi (Clg. No. 30)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Sell	10	5000	Monalisa Collection	Monalisa Collection

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
	Buy	2	3000	Monalisa Collection	Earnest Capfund
46	Buy	24	17000	Monalisa Collection	Earnest Capfund/ Kavita Radhanpura
48	Buy	6	6000	Monalisa Collection	Kavita Radhanpura
	Total	42	31000		

4) Angel Securities Ltd. (Clg. No. 28)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
44	Buy	11	5500	Hasmukh	Earnest Capfund/ Kavita Radhanpura
45	Buy	32	12000	Hasmukh	Earnest Capfund/ Kavita Radhanpura
46	Buy	6	3000	Hasmukh	Earnest Capfund
48	Buy	10	2000	Hasmukh	Kavita Radhanpura
	Total	59	22500		

5) Joindre Capital Ser. Ltd. (Clg.No.89)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
45	Sell	11	5100	Aries Enterprises	Ujwal Investrade
46	Sell	5	5000	Aries Enterprises	Ujwal Investrade
47	Sell	19	10000	Ujwal Investrade	Ujwal Investrade
49	Buy	10	21500	Aries Enterprises	Ujwal Investrade
	Total	45	41600		

6) Khambatta Securities Ltd. (Clg. No. 599)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
49	Buy	10	2000	Hasmukh Shah	Kavita Radhanpura
	Total	10	2000		

7) Mitra Equities Pvt. Ltd. (Clg. No. 107)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Buy	22	20900	Earnest Capfund	Earnest Capfund/ Kavita Radhanpura
	Total	22	20900		

8) Orient Share Fin. Con. Pvt. Ltd. (Clg. No. 180)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
44	Buy	11	5100	Ujwal Investrade	Aries Enterprises

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
46	Buy	55	74000	Ujwal Investrade	Aries Enterprises/ Ujwal Investrade
47	Buy	43	35000	Ujwal Investrade	Ujwal Investrade
48	Buy	62	57000	Ujwal Investrade	Ujwal Investrade
49	Buy	21	55500	Ujwal Investrade	Ujwal Investrade
	Total	192	226600		

9) Satco Sec. & Fin. Ser. Ltd. (Clg. No.664)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Buy	21	8100	Hasmukh	Manish Radhanpura
42	Buy	100	34750	Hasmukh	Earnest Capfund
43	Buy	71	47000	Hasmukh	Kavita Radhanpura/ Earnest Capfund
46	Buy	63	60000	Ujwal Investrade	Ujwal Investrade
48	Buy	96	108800	Ujwal Investrade	Ujwal Investrade
49	Buy	26	41125	Ujwal Investrade	Ujwal Investrade
	Sell	10	21500	Ujwal Investrade	Aries Enterprises
	Total	387	321275		

10) V K Patel Pvt. Ltd. (Clg. No. 678)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Sell	12	20000	Earnest Capfund	Monalisa Collection/ Earnest Capfund
42	Sell	95	46110	Earnest Capfund	Hasmukh/ Earnest Capfund/ Monalisa
43	Sell	52	33400	Earnest Capfund	Earnest Capfund
44	Sell	33	19500	Earnest Capfund	Monalisa Collection/ Hasmukh
45	Sell	40	12000	Earnest Capfund	Monalisa Collection
46	Sell	17	22000	Ujwal Investrade	Ujwal Investrade
	Sell	7	5000	Earnest Capfund	Earnest Capfund/ Monalisa Collection
	Total	256	158010		

11) ULJK Sec. Pvt. Ltd. (Clg. NO. 675)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Sell	5	10000	Earnest Capfund	Monalisa Collection
	Sell	10	10000	Manish Radhanpura	Earnest Capfund
42	Sell	90	41790	Earnest Capfund	Hasmukh /Earnest Capfund/ Monalisa

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
43	Sell	59	35000	Earnest Capfund	Hasmukh/ Monalisa Collection
44	Sell	45	22500	Earnest Capfund	Monalisa Collection
45	Sell	84	41000	Earnest Capfund	Monalisa/ Hasmukh
46	Sell	6	3000	Earnest Capfund	Hasmukh
	Sell	96	107000	Ujwal Investrade	Ujwal Investrade
	Sell	14	11000	Manish Radhanpura	Earnest Capfund
47	Sell	66	69100	Manish Radhanpura	Earnest Capfund
	Sell	24	35000	Ujwal Investrade	Ujwal Investrade
48	Sell	158	165800	Ujwal Investrade	Ujwal Investrade
49	Sell	47	96625	Ujwal Investrade	Ujwal Investrade
	Sell	47	55000	Earnest Capfund	Earnest Capfund
	Total	751	702815		

12) Kantilal Chaganlal Sec. Pvt. Ltd. (Clg. NO. 391)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
41	Sell	63	25000	Kavita Radhanpura	Monalisa/Hasmukh/Earnest CapFund
42	Sell	29		Kavita Radhanpura	Monalisa Collection/ Earnest CapFund
43	Sell	37	24500	Kavita Radhanpura	Monalisa/Hasmukh
44	Sell	25	8600	Kavita Radhanpura	Monalisa/Hasmukh
45	Sell	6	3000	Kavita Radhanpura	Monalisa/Hasmukh
46	Sell	31	16100	Kavita Radhanpura	Monalisa/Earnest Capfund
47	Sell	21	8400	Kavita Radhanpura	Earnest CapFund
48	Sell	20	10000	Kavita Radhanpura	Monalisa/Hasmukh/Earnest Cap Fund
49	Sell	10	2000	Kavita Radhanpura	Hasmukh shah
	Total	242	97600		

13) Investsmart India Ltd.(Clg. No.125)

Sett. No.	Order	Fictitious Trades	Fictitious Volume	Ultimate Client	Counter Client
50	Sell	27	72500	Ujwal Investrade	Ujwal Investrade
	Total	242	97600		

4.12 It was observed from the above that in many cases, the buying client as well as the selling client were the same entities revealing thereby that transactions were fictitious in nature and there being no change in beneficial ownership. This is further borne out by the fact that in many cases, shares were flowing in and out of

common demat accounts. In effect, one demat account was used by more than one entity. This shows that these entities had been used to give an appearance that several different entities were trading in the market giving an impression of broad based cliental.

- 4.13 The above brokers through whom the Noticees had executed manipulative trades in the nature of synchronised, circular and cross trades had already been the subject of action by BSE who levied monetary penalty on some brokers and also issued warning/caution letters to the others. Apart from this, SEBI had also issued administrative warning to these brokers.
- 4.14 It was also noticed that on the one hand, the Noticees and their front entities were buying shares through one broker while on the other hand, they were selling through another broker. There was thus creation of artificial volumes. Detailed examination revealed that the combined trading of these entities comprised a significant portion of the day's trading volume as detailed hereunder:

Date	Quantity	Total Trading for the Day	Percentage of total Trading
1-Jan-01	40000	41800	95.69
2-Jan-01	25000	25000	100.00
3-Jan-01	5000	8500	58.82
4-Jan-01	10000	15800	63.29
8-Jan-01	35200	74000	47.57
9-Jan-01	20000	28000	71.43
10-Jan-01	32250	33800	95.41
11-Jan-01	12000	18350	65.40
12-Jan-01	5000	8000	62.50
15-Jan-01	31900	55600	57.37
16-Jan-01	20000	45000	44.44
17-Jan-01	30000	34500	86.96
18-Jan-01	6000	8000	75.00
19-Jan-01	5000	8000	62.50
22-Jan-01	15600	59600	26.17
23-Jan-01	22500	78950	28.50
24-Jan-01	9000	36550	24.62
25-Jan-01	3500	9000	38.89
29-Jan-01	15000	53000	28.30
30-Jan-01	29100	65200	44.63
31-Jan-01	15000	45025	33.31
2-Feb-01	2000	15000	13.33
5-Feb-01	120000	128100	93.68
6-Feb-01	17000	78000	21.79

Date	Quantity	Total Trading for the Day	Percentage of total Trading
7-Feb-01	44000	61000	72.13
8-Feb-01	2100	10000	21.00
12-Feb-01	39600	89200	44.39
13-Feb-01	20000	34000	58.82
14-Feb-01	34500	90715	38.03
15-Feb-01	8400	14900	56.38
19-Feb-01	59800	90200	66.30
20-Feb-01	75500	140000	53.93
22-Feb-01	37500	42800	87.62
26-Feb-01	72625	107125	67.79
27-Feb-01	56000	96050	58.30
28-Feb-01	25000	64600	38.70
1-Mar-01	21500	24100	89.21
8-Mar-01	72500	192950	37.57

- 4.15 It was noticed from the above details that the trading was mostly in the range of more than 60% of the day' trading volume. In some cases, it was more than even 80-90%, clearly indicating thereby the extent of concentration and dominance of trading by the Noticees in the total volume.

Use of Sell N Cash Scheme of SHCIL

- 4.16 The Noticees were selling shares on one side and buying shares of the company on the other side. While selling the shares, they made use of the "Sell-N-Cash" Scheme of SHCIL to obtain immediate cash, as illustrated hereunder:

In settlement 49, on 27th Feb. 2001, Ujwal Investrade Pvt. Ltd had sold 36,000 shares under SHCIL's 'Sell N Cash' scheme and had taken the payment for its sold shares, in 24 hours of the execution of trade from SHCIL. These transactions were matched with buying client Smt. Harsha Ashish Gor. However, towards the payment of Smt. Harsha Ashish Gor, payment was made through the cheque issued by 'Monalisa Collections', signed by its proprietor Kavita Radhanpura and those cheques had bounced. These appeared to be essentially financial transactions. Both the buying and selling client were belonging to same group; effectively there was no change in beneficial interest of the shares.

Again, on 27th Feb. 2001, Kavita Radhanpura has sold 2000 shares and had matched its transactions with buying client Harsha Ashish Gor, but the payments for these purchases were made through cheques signed by Kavita Radhanpura on behalf of Kavita Radhanpura's Proprietary concern 'Monalisa Collections'. And the cheques were bounced and have not been paid till date. These trades are fictitious in nature which have created volumes in the scrip.

In settlement 50, on 3rd Mar. 2001, Ujwal Investrade Pvt. Ltd. had sold 89,000 shares under SHCIL's 'Sell N Cash' scheme and had taken the payment for its sold shares, in 24 hours of the execution of trade from SHCIL. These transactions were matched with buying Smt Harsha Ashish Gor. But the payments for these purchases were made through cheques signed by Kavita Radhanpura on behalf of Kavita Radhanpura's Proprietary concern 'Monalisa Collections' and those cheques were bounced and have not been paid till date. These trades are fictitious in nature which succeeded in creating volumes in the scrip.

- 4.17 From the above details, it is clear that the Noticees misused the facility of "Sell-N-Cash" by taking payment in 24 hours of the execution of the trades where the payment for these purchases were made by cheques which were bounced. It goes to prove that the Noticee got instant finance by simply executing circular trading without changing the beneficial ownership. The cheques for the payments which bounced implied that the actual payment was not made by the group. I also find that arbitration proceedings were initiated between the broker and the clients for the default of payment, decision whereof went in favour of the broker.
- 4.18 In view of what has been stated above, I find that that the Noticees connected with the company created artificial volume in the trading of the shares of the company on the BSE. It was also brought out that matching trades comprised significant percentage of trading volumes during the investigation period. The Noticees indulged in circular transaction by buying and selling shares of the company among themselves and creating a misleading appearance of trading. The Noticees misused the Sell N Cash facility provided by SHCIL to avail of instant cash for sale transaction and have sold shares on one hand through a set of brokers and obtaining instant sale consideration through SHCIL while they had simultaneously bought shares through another set of brokers. As per the scheme of SHCIL, clients sell the shares through SHCIL under Sell N Cash scheme and take the payment in 24 hours of the execution of trades. The clients thus get immediate payment (less commission of SHCIL) for sales made by them and they do not have to wait for payout date to get their sale consideration. The above

referred transactions of the Noticee created artificial volumes and financing transaction were given the colour of purchase and sale. It was observed that orders were matched for rate and quantity. In many cases, to execute these sell orders, the Noticees themselves were appearing as the counter party (as buyer). At other times they presented different entities to match the buy orders when the shares were transferred to their own Depository account which again is common to all entities. In some cases, the Noticees had created front entities and traded through them. In many instances, orders are put in time proximity to each other to ensure that buyer gets desired sellers and vice versa. Thus, there was synchronization in order entry to ensure matching. Further, this was also facilitated since shares of the company were in Z group, illiquid in trading and there was general lack of market interest. The Noticees were linked to each other and to the company as well. Self deals of Earnest Capfund Pvt. Ltd. and self-deals of Ujwal Investrade Pvt. Ltd. and deals between Earnest Capfund Pvt. Ltd. and Ujwal Investrade Pvt. Ltd. had created artificial volumes in the scrip. If these matched transactions are not considered, then the scrip would have been very thinly traded.

- 4.19 For the sound functioning of the securities market, all instances of circular trading need to be curbed. The circular trading in particular scrip happens when a closely knit set of entities, buy and sell shares frequently among themselves to push up the stock price or volume. In such cases, there is no change in beneficial ownership and there are no genuine intentions to trade, and as such, the trading volumes thus generated are referred to as artificial volumes. These entities indulged in circular trading with a fraudulent or deceptive intention to create a misleading appearance of trading and to manipulate the price and volume of the scrip. Not only does this menace gravely affect the market by tampering the discovery mechanism, but it invariably harms the interests of investors. In view of what has been stated above, it is clear that the Noticees had violated the provisions of Regulation 4(b) and 4(d) of PFUTP Regulations. Regulation 4 (b) of the PFUTP Regulations categorically makes it an offence to indulge in any act, which is calculated to create a false or misleading appearance of trading on the

securities market. Regulation 4 (b) further prohibits dealing in a security not intended to effect a transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for the wrongful gain or avoidance of loss. All the ingredients of the provisions of Regulation 4(b) and 4(d) of PFUTP Regulations are clearly available and proved from the facts as discussed in the above paragraphs. I am of the view that this is a fit case to restrain Noticees from accessing the securities market with a view to protect the interest of investors since, it will act as a deterrent for similar actions in the securities market in future.

5.0 ORDER

5.1 Therefore, taking into consideration facts and circumstances of the case and in exercise of the powers conferred upon me under Sections 19 of the SEBI Act read with Sections 11(4) of SEBI Act, 1992 and Regulation 11 and 12 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 read with Regulation 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I hereby restrain Manish Radhanpura, Kavita Radhanpura, Monalisa Collections, Earnest CapFund and Ujwal Investrade from buying, selling and dealing or accessing the securities market in any manner for a period of two years.

5.2 This order shall come into force with immediate effect.

Place: Mumbai

Date: November 27, 2007

V. K. CHOPRA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA