

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

CORAM: V. K. CHOPRA, WHOLE TIME MEMBER

In the matter of Sun Infoways Ltd.

Against the sub-broker, M/s CompuAction Securities Private Ltd.,

DATE OF HEARING: 20.03.2007

APPEARANCES:

FOR THE NOTICEE:

1. Shri Anil Seth, Director, CompuAction Securities Private Ltd
2. Shri Rakesh Gulati, CompuAction Securities Private Ltd

FOR SEBI

1. Mrs Barnali Mukherjee, DGM.
2. Shri Deepesh M.U, Manager
3. Shri Mohamed Rahaz. P.M, Legal Officer

ORDER

**Under Regulation 13(4) SEBI (Procedure for Holding Enquiry
by Enquiry Officer and Imposing Penalty) Regulations, 2002**

1. SEBI initiated investigations into the alleged price manipulation in the trading of Sun Infoways Limited shares (hereinafter referred to as “the scrip”) between February 2000 and December 2000. On analyzing the price/volume data of the scrip during the investigation period, it was observed that on February 9, 2000, only one trade for 100 shares was executed in the scrip at a price of Rs.10/- per share for Rs.1000/-. However, thereafter the price of the scrip, continued to rise and reached at a highest level of Rs 697/- on September 11, 2000 with volume of 24,800 shares. This was allegedly effected through large number of entities, associated with the new promoters, directors and associates of SIL as well as few brokers and sub-brokers including CompuAction Securities Private Ltd (hereinafter referred to as ‘Noticee’) acting as sub-broker of IKM Investment Services Ltd. (hereinafter referred to as “IKM”) from May 16, 2000 onwards

with SEBI Registration No. 1NS050579239 and INS010579238. It is further seen that Noticee hold broker registrations in Calcutta Stock Exchange (INB 030794433), Delhi Stock Exchange (INB050794435), National Stock Exchange (INB230794438) and OTC Exchange of India (INB 200794434).

2. Investigations inter alia revealed that Shri Dilip Nabera who was the auditor of SIL and his friend Shri Kuldip Handoo were behind the entire manipulative trades in SIL scrip. The Noticee had executed manipulative trades on behalf of the clients who were connected to Shri Kuldip Handoo and Shri Dilip Nabera and created artificial market in the scrip.

3. After considering the Investigation Report, SEBI appointed an Enquiry Officer to enquire into the violations allegedly committed by the Noticee under SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, (hereinafter referred to in short as “PFUTP Regulations”) and SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to in short as “Stock brokers Regulations”).

4. A show cause notice dated December 20, 2004 was issued by the Enquiry Officer to the Noticee under Regulation 6(1) of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 (hereinafter referred to as “the Enquiry Regulations”) to show cause, as to why enquiry proceedings should not be initiated against the Noticee for the violations of Regulation 4 (a) and 4(b) of PFUTP Regulations and code of conduct as per schedule II read with Regulation 15 of Stock brokers Regulations.

5. The Enquiry Officer had given opportunities of personal hearing to the Noticee who did not avail the same. The Noticee however filed written submissions vide its two letters dated March 10, 2006 wherein the Noticee inter alia submitted that it had acted and exercised proper skill and diligence in the normal course of business in its dealings as a sub-broker of IKM. It had no knowledge of artificial trading in the scrip since its

clients were trading in many scrips besides SIL. All its trading related matters as a sub broker had been continuously supervised by IKM. It had provided all the documents as demanded by SEBI and had given full cooperation in the case. These details required specialized skills and large funding and should be managed by the main broker and exchanges equipped with high tech software, computers and MBA level staff members. It's directors or the staff hardly did any trading and their income was from brokerage and not from trading. It had no financial interest in the case except brokerage charged from the clients, which rates are very competitive. They were not aware of any artificial trading in the scrip.

6. The Enquiry Officer, after conducting enquiry in accordance with the provisions of the Enquiry Regulations submitted a report dated April 13, 2006. The Enquiry Officer in her report recommended that the certificate of registration granted to the Noticee be suspended for a period of four months.

7. Pursuant to the receipt of the Enquiry Report, Show Cause Notice dated April 26, 2006 was issued to the Noticee along with copy of the Enquiry Report advising it to show cause as to why the action, as recommended by the Enquiry Officer should not be imposed on it.

8. The Noticee filed reply vide letter dated May 10, 2006 stating that the whole plan was seen to be devised by the traders and BSE could have identified and prevented such trades. It has submitted that they were not having any knowledge of the matched trades. It further added that the sub brokers like them are actually working for the main brokers and as such the responsibility lies with the broker who could have identified the manipulation and could have prevented such trades. They went on to state that there was no reason for them to suspect the trades and none of their clients were related with them. They further stated that they had fully co-operated with the Investigations and requested to drop the entire proceedings against them.

9. An opportunity of personal hearing was given to the Noticee before me at SEBI's Head office at Mumbai on March 20, 2007. Shri Anil Sethi and Shri Rakesh Gulati of the Noticee attended the hearing and reiterated the submissions they have already made in the enquiry proceedings as well as in the reply to the show cause notice.

10. I have carefully examined the Enquiry Report, Show Cause Notices, Replies of the Noticee and submissions made at the time of hearing.

11. I find that the new promoter group purchased 98% of the capital of the company in January 2000 for a total consideration of Rs. 98,34,659/- . After acquiring the shares the new promoters with the help of related entities entered into large volume of trading in the shares as purchasers as well as sellers. Some of the related entities viz Shri Ashok Kumar Chaudhary and his brother Shri Ramesh Kumar Choudhary, Shri S. K. Marwah and Shri Rajendra Rai executed large number of structured / matched trades at successively higher prices.

12. I observe that consequent to a change in shareholding of SIL during January 2000, large scale volumes accompanied with price hike were witnessed in the trading of SIL scrip. The price and volume in the SIL scrip as on February 9, 2000 were only Rs 10 and 100 shares respectively which peaked to the highest level of Rs 697/- with a volume of 24,800 shares as on September 11, 2000. The details of price and volume in the scrip for the period under investigation are given below:

DATE	OPEN	HIGH	LOW	CLOSE	NO. OF TRADES	QTY. TRADED	VALUE
09.02.2000	10				1	100	1000
10.02.2000	10				1	100	1000
11.02.2000	11	12.4	10		5	1000	11580
14.02.2000	12.45	10.5	11.1		5	700	8035
15.02.2000	11.95				1	100	1195
16.02.2000	12.5	12.85			4	400	5105
17.02.2000	12.5				5	500	6250
18.02.2000	13.45				1	100	1345
22.02.2000	14.5				2	200	2900
23.02.2000	15.65				1	100	1565
24.02.2000	16.85				2	600	10110

DATE	OPEN	HIGH	LOW	CLOSE	NO. OF TRADES	QTY. TRADED	VALUE
25.02.2000	18.15				3	600	10890
28.02.2000	18.85				1	100	1885
01.03.2000	19.55				1	200	3910
02.03.2000	20.3				2	300	6090
03.03.2000	21.1				1	100	2110
06.03.2000	21.9				3	300	6570
07.03.2000	22.75				6	1000	22750
08.03.2000	23.65				1	100	2365
09.03.2000	24.55				5	1000	24550
10.03.2000	25.5				4	800	20400
13.03.2000	26.5				3	500	13250
14.03.2000	27.55				2	300	8265
15.03.2000	28.6				2	300	8580
16.03.2000	29.7				4	700	20790
21.03.2000	30.85				2	200	6170
22.03.2000	32.05				1	200	6410
23.03.2000	33.3				1	100	3330
24.03.2000	34.6				3	1500	51900
27.03.2000	35.95				1	100	3595
28.03.2000	37.35				1	100	3735
29.03.2000	38.8				1	100	3880
30.03.2000	40.3				5	600	24180
31.03.2000	41.9				16	3600	150840
03.04.2000	43.55				5	2700	117585
04.04.2000	45.25	41.85	42.6		97	43100	1861105
05.04.2000	41.1	40.9	44.25		34	17600	729930
06.04.2000	46				31	6600	303600
07.04.2000	47.8				13	1900	90820
10.04.2000	49.7				4	2000	99400
11.04.2000	51.65				7	1500	77475
12.04.2000	53.7				4	1200	64440
13.04.2000	55.8	55	55.8		21	5600	312295
17.04.2000	58	56	58		9	5400	311200
18.04.2000	60.3				1	500	30150
19.04.2000	62.7				6	1500	94050
20.04.2000	65.15				18	4000	260600
24.04.2000	67.7	62.55	67.7		38	17700	1171150
25.04.2000	70.35				8	1800	126630
26.04.2000	73.15				11	1200	87780
27.04.2000	76.05				1	100	7605
28.04.2000	79.05				15	6100	482205
02.05.2000	82.2				14	3900	320580
03.05.2000	85.45				9	2000	170900
04.05.2000	88.85				5	1100	97735
05.05.2000	92.35				25	7600	701860
08.05.2000	96				5	800	76800
09.05.2000	99.8	95	99.8		63	22300	2204465

DATE	OPEN	HIGH	LOW	CLOSE	NO. OF TRADES	QTY. TRADED	VALUE
10.05.2000	103.75	102.9	103.75		30	11000	1140825
11.05.2000	107.85	105	107.85		20	6200	667670
12.05.2000	111.95	109.25	112.15		76	8400	934805
15.05.2000	116.6				19	5000	583000
16.05.2000	121.25				10	6000	727500
17.05.2000	126.05				24	4900	617645
18.05.2000	131.05	126.2	131.05		65	11300	1478655
19.05.2000	136.25	134.15	135.5		44	10500	1427650
22.05.2000	140.9	140	140.9		16	5300	746560
23.05.2000	146.5				8	2800	410200
24.05.2000	152.35	151.9	152.35		30	4200	639330
25.05.2000	158.4				17	7400	1172160
26.05.2000	164.7	152.1	157.7		118	20600	3278165
29.05.2000	163.9	158	163.95		27	3900	638150
30.05.2000	170.45				13	5400	920430
31.05.2000	177.25				18	6900	1223025
01.06.2000	183.2	180.5	184.3		71	15500	2844845
02.06.2000	191.4	191.65			44	20300	3890395
05.06.2000	199.3				4	4500	896850
06.06.2000	207.25				6	3700	766825
07.06.2000	215.5				19	4900	1055950
08.06.2000	223.9	220	224.1		58	16500	3696650
09.06.2000	233	233.05			42	22000	5127075
12.06.2000	242.35				37	10900	2641615
13.06.2000	252				35	6800	1713600
14.06.2000	262.05				21	4600	1205430
15.06.2000	272.5	252.65	272.5		136	19600	5273530
16.06.2000	283	277.5	283.35		112	23300	6583680
19.06.2000	294.65				8	3200	942880
20.06.2000	306.4				9	2200	674080
21.06.2000	318.6	300	318.6		94	13600	4297665
22.06.2000	331.3	324.5	331.3		139	25700	8493095
23.06.2000	338.9	341.5	318.05	319.85	130	20300	6665735
26.06.2000	332.6	310	332.6		59	8900	2942500
27.06.2000	344	340	345.85		106	13400	4622250
28.06.2000	351	358	345	349.95	56	5900	2064035
29.06.2000	356	358.5	336	344.35	125	17000	5963530
30.06.2000	330.6	335	330.6		35	4800	1587740
03.07.2000	317.4				23	4100	1301340
04.07.2000	304.75				1	100	30475
05.07.2000	292.6				2	200	58520
06.07.2000	280.9				31	3300	926970
07.07.2000	269.7	279	270.05		107	23700	6423400
10.07.2000	275	280.8			8	1500	420620
11.07.2000	292				1	2300	671600
12.07.2000	303.65				42	12000	3643800
13.07.2000	310	298	315.75		100	18200	5651015

DATE	OPEN	HIGH	LOW	CLOSE	NO. OF TRADES	QTY. TRADED	VALUE
14.07.2000	328	324	328.35		102	16700	5470945
17.07.2000	341.45				3	1100	375595
18.07.2000	355.05				6	1700	603585
19.07.2000	369.2				30	6300	2325960
20.07.2000	383.95	360	383.95		175	26600	10017250
21.07.2000	391	385	399.25		93	15500	6142410
24.07.2000	415.2				12	2800	1162560
25.07.2000	431	398.6	431.75		120	15500	6503720
26.07.2000	440	430	449		114	15300	6790205
27.07.2000	460	449	466.95		105	12300	5704930
28.07.2000	483.9	480	485.6		106	15700	7609985
31.07.2000	505	490	505		57	11100	5600600
01.08.2000	525	525.15			33	4500	2362950
02.08.2000	545	546.1			41	6200	3385140
03.08.2000	567.9				50	8200	4656780
04.08.2000	589	590.6	545.2	561.4	210	28300	16199665
07.08.2000	539	575	538.95		184	22900	12718270
08.08.2000	521	517.4			32	4300	2226790
09.08.2000	496.75				4	400	198700
10.08.2000	476.9	487	476.9		163	27200	12982165
11.08.2000	476.9	494.7	457.85	459.15	215	32900	15489325
14.08.2000	461	452	477.5		49	5600	2612475
16.08.2000	496.55	494.9	496.55		47	5900	2927920
17.08.2000	516.4				6	1100	568040
18.08.2000	537	513	537		220	36100	19078755
21.08.2000	579.95	553	572.95		167	22200	12623870
22.08.2000	600	527.15	543.75		322	43300	23452870
23.08.2000	540.7	500.3			115	21600	10970965
24.08.2000	461	480	460.3		70	20700	9571110
25.08.2000	423.5	480	445.8		159	26300	11234485
28.08.2000	481.45				2	500	240725XD
29.08.2000	519.95				3	400	207980
30.08.2000	561.5				3	400	224600
31.08.2000	606.4				11	1900	1152160
04.09.2000	654.9	557.9	654.9		233	50300	31528435
05.09.2000	666	700	620	638.35	185	29800	19190460
06.09.2000	640	643	587.3	599.75	170	30700	18978625
07.09.2000	605	631	573.1	624.8	151	28000	16425885
08.09.2000	607.05	674.75	606	674.6	264	34800	22332070
11.09.2000	697	724	651	663.7	160	24800	16867765
12.09.2000	660	663	615	620.45	127	16000	10128560
13.09.2000	625	644.95	605	630	85	16200	10139350
14.09.2000	625	630	620	624.2	103	23700	14801390
15.09.2000	625	628	588	602.05	107	19300	11742280
18.09.2000	592	553.9	558.85		86	15400	8711775
19.09.2000	520.05	582	514.15	533	63	9000	4897200
20.09.2000	545	575.6	542.1	554.65	120	15100	8380705

DATE	OPEN	HIGH	LOW	CLOSE	NO. OF TRADES	QTY. TRADED	VALUE
21.09.2000	565	570	511	515.2	81	12100	6399010
22.09.2000	485	513	474	474.8	79	13400	6420040
25.03.2000	507	512.75	490		49	21600	11037160
26.09.2000	473	485	450.85	453	116	16900	7793320
27.09.2000	442	450	416.8		89	14300	6317325
28.09.2000	401.5	406	384	389.5	115	15300	6092920
29.09.2000	415	358.35	360.2		69	16200	6136690
03.10.2000	331.4	370	331.4		151	21300	7141505
04.10.2000	304.9	357.9			228	31600	10322165
05.10.2000	378	386.5	371	375.35	232	34700	13223135
06.10.2000	367	380	345.35	355	81	9600	3503905
09.10.2000	383.3	366.5	383.35		12	2900	1108390
10.10.2000	414	365	390		113	17000	6643745
11.10.2000	375	400	358.85	363.2	63	6600	2449445
12.10.2000	355	370	345	363	140	21800	7843225
13.10.2000	350	365	334	342.65	115	15900	5531190
16.10.2000	370.05	365	370.05		25	3900	1435340
17.10.2000	352.05	386.95	340.45	344	107	15400	5407245
18.10.2000	339	359.95	338.1	349.95	61	6100	2082980
19.10.2000	340	377.8			56	8500	3091925
20.10.2000	400	404.9	347.6	350.05	61	6400	2393330
23.10.2000	364.95	365	348	354	80	9000	3209595
24.10.2000	368	345			88	11700	4149910
25.10.2000	340	345	335	339	75	10100	3435000
26.10.2000	359.95	366.1			7	900	328265
30.10.2000	351.05	385	336	371.2	172	21900	7730005
31.10.2000	375	379.95	365	371.2	109	16400	6079305
01.11.2000	379	345	352		93	11700	4178680
02.11.2000	350	355	338	340	79	9400	3241000
03.11.2000	340	350	325	332.65	83	12600	4277730
06.11.2000	350	355.7	335	345.4	136	16200	5621905
08.11.2000	345	357	332.5	341.5	72	8300	2839475
07.11.2000	352	354.95	343	349.9	123	17300	6002895
08.11.2000	345	357	332.5	341.5	72	8300	2839475
09.11.2000	368.25	337.25			89	12000	4101345
10.11.2000	337	340	322.2		53	5400	1814830

13. The clients of the Noticee who traded in SIL scrip through the main broker IKM were Ashok Kumar Chaudhary, Ramesh Kumar, S. K. Marwah, Rajendra Rai and Chander Mohini Anand. I find that Ashok Kumar Chaudhary had introduced S. K. Marwah and Ramesh Kumar Chaudhary to the Noticee. Rajesh Kumar Chaudhary is the brother of Ashok Kumar Chaudhary. S. K. Marwah is the father of Manish Kumar Marwah who was associated with the meager of SIL and Zap Infotech. It was also

observed that Shri Asok Kumar Choudhary and Shri Manish Kumar Marwah had placed orders and taken deliveries on behalf of Rajendra Rai who was actually a front of Kuldip Handoo. All these clients traded heavily in the scrip during the investigation period through the Noticee who was registered as a sub-broker only on March 16, 2000.

14. Investigation revealed that Shri Ashok Kumar Chaudhary was the friend of Shri Kuldip Handoo who along with Shri Dilip Nabera had made the entire game of manipulation in the scrip. Dilip Nabera also traded in the scrip in his HUF account (Dilip Nabera HUF) and Adhunik Finance Pvt. Ltd., an entity in which his wife Sadhana Nabera was a director.

15. The Enquiry Officer has found several instances of trading done by the Noticee for their client; Rajendra Rai with the counter party member being; N.C. Jain for their client; R.K. Chaudhary, brother of Asok Kumar Chaudhary. Several of the trades of the Noticee through IKM, for Rajender Rai were found to be matched with the trades of another broker; JCL Securities Pvt Ltd for their client; Adhunik Finance Private Limited (AFPL) on the other side. The transactions of the Noticee through their main broker; IKM (member code D0766) who bought for Rajendra Rai and NC Jain (Member code D0519) sold for Rajesh Kumar Chaudhary, are as follows:

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
14-Jul-00	10:23:02 AM	D0766	100	327.9	B	D0519	RR	RAJ2
28-Jul-00	10:45:31 AM	D0766	2000	485.6	B	D0519	RR	RAJ2
4-Aug-00	10:22:56 AM	D0766	200	570	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:06 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:43:35 AM	D0766	100	521.5	B	D0519	RR	RAJ2
18-Aug-00	11:46:10 AM	D0766	2000	525	B	D0519	RR	RAJ2
18-Aug-00	1:22:21 PM	D0766	100	524	B	D0519	RR	RAJ2
22-Aug-00	1:31:10 PM	D0766	100	544	B	D0519	RR	RAJ2

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
13-Sep-00	10:13:59 AM	D0766	300	621	B	D0519	RR	RAJ2
13-Sep-00	11:34:22 AM	D0766	200	633	B	D0519	RR	RAJ2
14-Sep-00	10:18:23 AM	D0766	500	625	B	D0519	RR	RAJ2
14-Sep-00	10:18:35 AM	D0766	500	630	B	D0519	RR	RAJ2
14-Sep-00	10:23:22 AM	D0766	100	623.7	B	D0519	RR	RAJ2
14-Sep-00	10:23:22 AM	D0766	100	623.7	B	D0519	RR	RAJ2
14-Sep-00	10:25:13 AM	D0766	100	623.7	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:14 AM	D0766	100	625	B	D0519	RR	RAJ2
15-Sep-00	10:06:34 AM	D0766	200	627	B	D0519	RR	RAJ2
18-Sep-00	10:00:53 AM	D0766	200	592	B	D0519	RR	RAJ2
18-Sep-00	3:05:24 PM	D0766	300	561	B	D0519	RR	RAJ2
19-Sep-00	11:39:54 AM	D0766	100	550	B	D0519	RR	RAJ2
19-Sep-00	11:45:50 AM	D0766	100	553	B	D0519	RR	RAJ2
19-Sep-00	11:46:05 AM	D0766	100	555	B	D0519	RR	RAJ2
19-Sep-00	11:55:15 AM	D0766	100	567	B	D0519	RR	RAJ2
19-Sep-00	11:55:26 AM	D0766	200	567	B	D0519	RR	RAJ2
19-Sep-00	12:11:39 PM	D0766	300	582	B	D0519	RR	RAJ2
19-Sep-00	12:21:47 PM	D0766	200	570	B	D0519	RR	RAJ2
19-Sep-00	12:50:06 PM	D0766	100	575	B	D0519	RR	RAJ2
20-Sep-00	10:11:15 AM	D0766	100	550	B	D0519	RR	RAJ2
20-Sep-00	10:11:41 AM	D0766	100	560	B	D0519	RR	RAJ2
20-Sep-00	10:11:52 AM	D0766	100	565	B	D0519	RR	RAJ2
20-Sep-00	10:16:09 AM	D0766	100	560	B	D0519	RR	RAJ2
20-Sep-00	10:16:18 AM	D0766	100	562	B	D0519	RR	RAJ2
20-Sep-00	10:55:49 AM	D0766	200	565	B	D0519	RR	RAJ2
21-Sep-00	10:12:02 AM	D0766	200	570	B	D0519	RR	RAJ2
22-Sep-00	2:46:03 PM	D0766	100	513	B	D0519	RR	RAJ2
26-Sep-00	11:42:46 AM	D0766	100	481	B	D0519	RR	RAJ2
26-Sep-00	11:42:46 AM	D0766	100	481	B	D0519	RR	RAJ2
26-Sep-00	11:42:46 AM	D0766	100	481	B	D0519	RR	RAJ2
26-Sep-00	11:42:46 AM	D0766	100	481	B	D0519	RR	RAJ2
26-Sep-00	11:42:46 AM	D0766	100	481	B	D0519	RR	RAJ2

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
5-Oct-00	3:01:00 PM	D0766	100	385.5	B	D0519	RR	RAJ2
5-Oct-00	3:01:00 PM	D0766	100	385.5	B	D0519	RR	RAJ2
5-Oct-00	3:01:00 PM	D0766	100	385.5	B	D0519	RR	RAJ2
5-Oct-00	3:01:00 PM	D0766	100	385.5	B	D0519	RR	RAJ2
5-Oct-00	3:01:00 PM	D0766	100	385.5	B	D0519	RR	RAJ2
12-Oct-00	12:04:44 PM	D0766	100	370	B	D0519	RR	RAJ2
2-Nov-00	10:16:06 AM	D0766	100	350	B	D0519	RR	RAJ2
8-Nov-00	2:29:46 PM	D0766	100	348	B	D0519	RR	RAJ2
8-Nov-00	2:29:46 PM	D0766	100	345	B	D0519	RR	RAJ2
10-Nov-00	10:44:51 AM	D0766	100	337	B	D0519	RR	RAJ2
10-Nov-00	10:45:07 AM	D0766	100	340	B	D0519	RR	RAJ2
		TOTAL	36000					

16. Similarly, in the other leg of transactions, Rajesh Kumar Chaudhary was buying through NC Jain and the counter party broker was CompuAction via IKM, who was selling for their client; Rajendra Rai and the details of such trades are given below:

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
13-Jul-00	10:04:59 AM	D0766	300	301	S	D0519	RR	RAJ2
13-Jul-00	10:05:27 AM	D0766	200	301	S	D0519	RR	RAJ2
13-Jul-00	10:06:09 AM	D0766	500	298	S	D0519	RR	RAJ2
13-Jul-00	10:18:42 AM	D0766	500	302	S	D0519	RR	RAJ2
13-Jul-00	10:19:15 AM	D0766	500	302.1	S	D0519	RR	RAJ2
13-Jul-00	10:20:14 AM	D0766	1000	301.5	S	D0519	RR	RAJ2
13-Jul-00	10:27:08 AM	D0766	100	306	S	D0519	RR	RAJ2
20-Jul-00	10:51:51 AM	D0766	100	361.5	S	D0519	RR	RAJ2
20-Jul-00	10:55:12 AM	D0766	400	365	S	D0519	RR	RAJ2
28-Jul-00	10:44:45 AM	D0766	2000	480	S	D0519	RR	RAJ2
10-Aug-00	2:04:45 PM	D0766	200	476.9	S	D0519	RR	RAJ2
18-Aug-00	2:05:39 PM	D0766	100	520.5	S	D0519	RR	RAJ2
21-Aug-00	2:25:43 PM	D0766	100	566	S	D0519	RR	RAJ2
22-Aug-00	10:50:48 AM	D0766	500	545	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:51:47 AM	D0766	100	536	S	D0519	RR	RAJ2
22-Aug-00	10:52:33 AM	D0766	100	536	S	D0519	RR	RAJ2
23-Aug-00	11:17:15 AM	D0766	2000	500.3	S	D0519	RR	RAJ2
23-Aug-00	11:25:48 AM	D0766	400	505	S	D0519	RR	RAJ2
23-Aug-00	11:26:21 AM	D0766	100	507	S	D0519	RR	RAJ2
24-Aug-00	10:59:14 AM	D0766	500	465	S	D0519	RR	RAJ2
24-Aug-00	11:00:03 AM	D0766	500	462	S	D0519	RR	RAJ2
24-Aug-00	11:00:40 AM	D0766	1000	462	S	D0519	RR	RAJ2
4-Sep-00	10:56:55 AM	D0766	600	600	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	10:42:51 AM	D0766	100	628	S	D0519	RR	RAJ2
6-Sep-00	11:00:14 AM	D0766	300	620	S	D0519	RR	RAJ2
6-Sep-00	11:01:26 AM	D0766	300	622	S	D0519	RR	RAJ2
6-Sep-00	11:14:45 AM	D0766	100	620	S	D0519	RR	RAJ2
6-Sep-00	11:16:06 AM	D0766	300	620	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
8-Sep-00	12:32:40 PM	D0766	100	629.5	S	D0519	RR	RAJ2
11-Sep-00	10:14:55 AM	D0766	500	705	S	D0519	RR	RAJ2
11-Sep-00	10:24:24 AM	D0766	300	700	S	D0519	RR	RAJ2
11-Sep-00	10:31:34 AM	D0766	300	683	S	D0519	RR	RAJ2
11-Sep-00	10:44:33 AM	D0766	200	681	S	D0519	RR	RAJ2
12-Sep-00	10:05:14 AM	D0766	300	650	S	D0519	RR	RAJ2
12-Sep-00	10:32:12 AM	D0766	100	618	S	D0519	RR	RAJ2
13-Sep-00	10:21:28 AM	D0766	300	619.5	S	D0519	RR	RAJ2

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
13-Sep-00	11:29:30 AM	D0766	100	623.5	S	D0519	RR	RAJ2
13-Sep-00	11:29:30 AM	D0766	100	623.5	S	D0519	RR	RAJ2
13-Sep-00	11:29:30 AM	D0766	100	623.5	S	D0519	RR	RAJ2
13-Sep-00	11:29:30 AM	D0766	100	623.5	S	D0519	RR	RAJ2
13-Sep-00	11:29:30 AM	D0766	100	623.5	S	D0519	RR	RAJ2
13-Sep-00	11:29:30 AM	D0766	100	625	S	D0519	RR	RAJ2
13-Sep-00	11:30:26 AM	D0766	200	626	S	D0519	RR	RAJ2
13-Sep-00	11:34:08 AM	D0766	200	620	S	D0519	RR	RAJ2
13-Sep-00	11:59:03 AM	D0766	100	620	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
14-Sep-00	10:26:18 AM	D0766	200	625	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:05 AM	D0766	100	624	S	D0519	RR	RAJ2
15-Sep-00	10:20:36 AM	D0766	200	628	S	D0519	RR	RAJ2
18-Sep-00	10:18:56 AM	D0766	200	575	S	D0519	RR	RAJ2
19-Sep-00	11:22:37 AM	D0766	400	521.1	S	D0519	RR	RAJ2
19-Sep-00	11:58:56 AM	D0766	200	566	S	D0519	RR	RAJ2
19-Sep-00	12:17:41 PM	D0766	300	580	S	D0519	RR	RAJ2
19-Sep-00	12:18:57 PM	D0766	100	555	S	D0519	RR	RAJ2
19-Sep-00	12:23:52 PM	D0766	200	565	S	D0519	RR	RAJ2
19-Sep-00	1:31:48 PM	D0766	100	555	S	D0519	RR	RAJ2
20-Sep-00	10:50:59 AM	D0766	500	552	S	D0519	RR	RAJ2
20-Sep-00	11:04:25 AM	D0766	200	550	S	D0519	RR	RAJ2
21-Sep-00	10:23:07 AM	D0766	100	565	S	D0519	RR	RAJ2
21-Sep-00	10:23:37 AM	D0766	100	567	S	D0519	RR	RAJ2
22-Sep-00	2:45:41 PM	D0766	100	510	S	D0519	RR	RAJ2
26-Sep-00	11:42:04 AM	D0766	100	480	S	D0519	RR	RAJ2
26-Sep-00	11:42:04 AM	D0766	100	480	S	D0519	RR	RAJ2

[illegible]

[illegible]

<i>DATE</i>	<i>TIME</i>	<i>MEMBER</i>	<i>QUANTITY</i>	<i>PRICE</i>	<i>B/S</i>	<i>CPCODE</i>	<i>CLIENT CODE</i>	<i>COUNTER CLIENT</i>
5-Oct-00	11:04:36 AM	D0766	300	375	S	D0519	RR	RAJ2
5-Oct-00	11:05:05 AM	D0766	500	375	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:07:27 AM	D0766	100	374	S	D0519	RR	RAJ2
5-Oct-00	11:34:47 AM	D0766	600	373	S	D0519	RR	RAJ2
5-Oct-00	11:35:03 AM	D0766	100	380	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
11-Oct-00	1:17:08 PM	D0766	100	375	S	D0519	RR	RAJ2
8-Nov-00	3:27:16 PM	D0766	100	342	S	D0519	RR	RAJ2
8-Nov-00	3:27:16 PM	D0766	100	341	S	D0519	RR	RAJ2
		TOTAL	43100					

17. I find from the above two tables that approximately 1.5% of the total trades in the scrip of SIL during the period under investigation were initiated by these two entities i.e. the Noticee through IKM for Rajender Rai and NC Jain for Rajesh Kumar. The Enquiry Officer further found that on the same day, these two members reversed their transactions i.e. buying and selling on both sides for the same clients for almost the same number of shares. This reversal in positions of the trades by the two clients Rajendra Rai (RR) and Rajesh Chaudhary (Raj2), brother of Ashok Chaudhary, while trading through the two brokers viz: IKM (DO766) through their sub broker; CompuAction and N C Jain

(D0519) in the scrip, during the period under investigation is brought out in the table below:

Date of transaction	Buy member	Sell member	Buy client	Sell client	Total trades
28.07.00	IKM	N C Jain	RR	RAJ2	2000
	N C Jain	IKM	RAJ2	RR	2000
18.08.00	IKM	N C Jain	RR	RAJ2	100
	N C Jain	IKM	RAJ2	RR	2900
22.08.00	IKM	N C Jain	RR	RAJ2	1600
	N C Jain	IKM	RAJ2	RR	200
23.08.00	IKM	N C Jain	RR	RAJ2	2500
	N C Jain	IKM	RAJ2	RR	2500
24.08.00	IKM	N C Jain	RR	RAJ2	2000
	N C Jain	IKM	RAJ2	RR	2000
06.09.00	IKM	N C Jain	RR	RAJ2	2000
	N C Jain	IKM	RAJ2	RR	2000
08.09.00	IKM	N C Jain	RR	RAJ2	1000
	N C Jain	IKM	RAJ2	RR	1000
11.09.00	IKM	N C Jain	RR	RAJ2	1300
	N C Jain	IKM	RAJ2	RR	900
12.09.00	IKM	N C Jain	RR	RAJ2	400
	N C Jain	IKM	RAJ2	RR	400
13.09.00	IKM	N C Jain	RR	RAJ2	1400
	N C Jain	IKM	RAJ2	RR	1300
14.09.00	IKM	N C Jain	RR	RAJ2	1400
	N C Jain	IKM	RAJ2	RR	1300
15.09.00	IKM	N C Jain	RR	RAJ2	1200
	N C Jain	IKM	RAJ2	RR	1200
18.09.00	IKM	N C Jain	RR	RAJ2	500
	N C Jain	IKM	RAJ2	RR	500
19.09.00	IKM	N C Jain	RR	RAJ2	1300
	N C Jain	IKM	RAJ2	RR	1700
20.09.00	IKM	N C Jain	RR	RAJ2	700
	N C Jain	IKM	RAJ2	RR	700
21.09.00	IKM	N C Jain	RR	RAJ2	200
	N C Jain	IKM	RAJ2	RR	200
22.09.00	IKM	N C Jain	RR	RAJ2	100
	N C Jain	IKM	RAJ2	RR	100
26.09.00	IKM	N C Jain	RR	RAJ2	1000

Date of transaction	Buy member	Sell member	Buy client	Sell client	Total trades
	N C Jain	IKM	RAJ2	RR	1000
27.09.00	IKM	N C Jain	RR	RAJ2	3400
	N C Jain	IKM	RAJ2	RR	3400
03.10.00	IKM	N C Jain	RR	RAJ2	800
	N C Jain	IKM	RAJ2	RR	4000
04.10.00	IKM	N C Jain	RR	RAJ2	4000
	N C Jain	IKM	RAJ2	RR	4000
05.10.00	IKM	N C Jain	RR	RAJ2	4000
	N C Jain	IKM	RAJ2	RR	5500
08.11.00	IKM	N C Jain	RR	RAJ2	200
	N C Jain	IKM	RAJ2	RR	200

18. From the above table, it is observed that that Rajendra Rai and Rajesh Chaudhary, through the Noticee via IKM and N C Jain had done such reversal of positions which means that the trades were done without actual change in beneficial ownership, in as much as on many days, the same number of shares were bought and sold i.e. positions were merely reversed on the same day by these two clients while trading through these two brokers. When the Noticee was buying, N C Jain was selling and vice versa. These transactions were spread across July to November i.e. well within the period of investigation and thus gave a misleading appearance of trading and resulted in the creation of an artificial market and volumes, thus enhancing liquidity in the scrip of SIL, which was otherwise illiquid.

19. The Enquiry Officer has further observed that there were other trades where the buyer was Ashok Chaudhary, through the Noticee and the seller was Rajesh Kumar, brother of Ashok Chaudhary through N C Jain. Once again Ashok Chaudhary was found to have sold through the Noticee and the counter party buyer in this instance was Rajesh Kumar through N C Jain. The volumes of these transactions, though small, is significant compared to the total trade of these members and have been detailed below:

DATE	TIME	MEMBER	QUANTITY	PRICE	B/S	CPCODE	CLIENT CODE	COUNTER CLIENT
22/06/2000	10:18:32 AM	D0766	100	329.7	B	D0519	A	RAJ2
22/06/2000	10:18:32 AM	D0766	100	329.7	B	D0519	A	RAJ2
22/06/2000	10:18:32 AM	D0766	100	329.7	B	D0519	A	RAJ2

DATE	TIME	MEMBER	QUANTITY	PRICE	B/S	CPCODE	CLIENT CODE	COUNTER CLIENT
22/06/2000	10:20:32 AM	D0766	100	329	B	D0519	A	RAJ2
4/9/2000	10:57:54 AM	D0766	600	602	B	D0519	A	RAJ2
29/06/2000	10:14:43 AM	D0766	100	358.5	B	D0519	A	RAJ2
29/06/2000	10:15:54 AM	D0766	100	358.5	B	D0519	A	RAJ2
		TOTAL	1200					

Transactions where seller was Ashok Chaudhary through CompuAction/ IKM and the buyer was Rajesh Kumar through N C Jain

DATE	TIME	MEMBER	QUANTITY	PRICE	B/S	CPCODE	CLIENT CODE	COUNTER CLIENT
24/04/2000	10:45:42 AM	D0766	100	67.7	S	D0519	A	RAJ2
18/05/2000	11:01:39 AM	D0766	200	130.8	S	D0519	A	RAJ2
21/06/2000	12:23:55 PM	D0766	200	318.6	S	D0519	A	RAJ2
18/09/2000	3:04:56 PM	D0766	100	560	S	D0519	A	RAJ2
18/09/2000	3:04:56 PM	D0766	100	560	S	D0519	A	RAJ2
18/09/2000	3:04:56 PM	D0766	100	560	S	D0519	A	RAJ2
		TOTAL	800					

20. I find that Ashok Chaudhary traded in the scrip of SIL when its price rose from Rs.11.34 to Rs.566.21. Incidentally Ashok Chaudhary was also found to have traded through R S Investments, an unregistered sub broker of M/s Jhunjhunwala Stock Broker. Transactions where Ashok Chaudhary sold through R S Investments and Rajendra Rai bought through Compuaction, via IKM are given hereunder:

DATE	TIME	MEMBER	QUANTITY	PRICE	B/S	CPCODE	CLIENT CODE	COUNTER CLIENT
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	200	570	S	D0766	10007	RR
4/8/2000	2:59:49 PM	D0717	100	570	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	800	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	200	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	600	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	400	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	400	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	600	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	200	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	800	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	800	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	200	462	S	D0766	10007	RR

DATE	TIME	MEMBER	QUANTITY	PRICE	B/S	CPCODE	CLIENT CODE	COUNTER CLIENT
11/8/2000	2:47:39 PM	D0717	600	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	400	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	400	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	600	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	200	462	S	D0766	10007	RR
11/8/2000	2:47:39 PM	D0717	800	462	S	D0766	10007	RR
Total			9500					

21. The Enquiry Officer has also given instances of trades where the buyer was R. S. Investment for Telefinlease (a company belonging to S. K. Marwah, Suman Pandit and Anil Raina) and the seller was the Noticee for their clients Ashok Kumar Chaudhary and Rajender Rai, through the Noticee and the details whereof are hereunder:

Date	Time	Member	Quantity	Price	B/S	Cpcode	Client Code	Counter Party Client
4/8/2000	10:15:15	D0717	500	584	B	D0766	10007	A
4/8/2000	10:15:15	D0717	500	583	B	D0766	10007	A
15/06/2000	12:30:09	D0717	100	272.5	B	D0766	7	A
4/8/2000	10:17:44	D0717	300	582	B	D0766	10007	A
21/07/2000	10:59:21	D0717	1600	397	B	D0766	7	RR
		TOTAL	3000					

The details of the trades done by S K Marwah who traded in the scrip when its price rose from Rs.41.21 to Rs.274.23 are given hereunder:

Sett. No.	Buy Quantity	Value Paid	Price	Quantity Sold	Value Recd.	Price
02	11900	490399	41.21	11800	498314	42.23
03	2200	113740	51.70	500	27560	55.12
05	5100	372504	73.04	5100	343536	67.36
08	2900	379465	130.85	2900	381640	131.60
09	1600	242272	151.42	1600	254656	159.16
10	1400	262010	187.15	---	0	---
11	600	128058	213.43	600	136416	227.36
12	4200	1151766	274.23	100	27265	272.65
TOTAL	29900	3140214	TOTAL	22600	1669387	

22 I find that the orders of Rajinder Rai and S.K.Marwah were placed by A.K. Chaudhary and / or Manish Marwah (s/o S.K.Marwah) (clients of the Noticee) and delivery were also given / received by them as admitted by Kapil Awal, Manager of the

Noticee in his statement dated January 10, 2002. Manish Marwah was also involved in introducing the new promoters and directors to the old promoters and directors of SIL. As per the statement of Shri Shrikant Joglekar, former director of SIL, Manish Marwah had finalized the deal of the takeover of SIL through Anil Pujari, Hozefa Vohera and other persons acting in concert.

23. I find that several trades of the Noticee for their client Rajendra Rai were matched with the trades executed by Adhunik Finance Private Limited (AFPL). A director of AFPL is Sadhana Nabera, wife of Dilip Nabera who was auditor of SIL. Dilip Nabera had introduced several clients and placed orders in the scrip of SIL on their behalf and delivered the shares for trading. In 80% of these trades, the clients belonged to the Nabera Group and Kuldip Handoo Group who were associated with SIL.

24. As is apparent from the table below, of the total volume of 32,600 shares traded between the Noticee and AFPL, trades upto a volume of 19200 shares were matched, which represented 59% of the total trades between them for their respective clients. The following table illustrates such instances:

<i>Date</i>	<i>Time</i>	<i>Member</i>	<i>Quantity</i>	<i>Price</i>	<i>B/S</i>	<i>Cpcode</i>	<i>client Code</i>	<i>Counter Party Client</i>
22/08/2000	10:38:54 AM	D0216	100	562.1	B	D0766	4015	RR
22/08/2000	10:38:54 AM	D0216	100	562.1	B	D0766	4015	RR
22/08/2000	10:38:54 AM	D0216	100	562.1	B	D0766	4015	RR
22/08/2000	10:38:54 AM	D0216	100	562.1	B	D0766	4015	RR
22/08/2000	10:38:54 AM	D0216	100	562.1	B	D0766	4015	RR
22/08/2000	10:45:13 AM	D0216	100	559	B	D0766	4015	RR
22/08/2000	10:45:35 AM	D0216	100	559	B	D0766	4015	RR
22/08/2000	10:45:35 AM	D0216	100	559	B	D0766	4015	RR
22/08/2000	10:45:35 AM	D0216	100	559	B	D0766	4015	RR
22/08/2000	10:45:35 AM	D0216	100	559	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
18/08/2000	1:01:38 PM	D0216	100	527.5	B	D0766	4015	RR
22/08/2000	11:10:39 AM	D0216	100	527.2	B	D0766	4015	RR

Date	Time	Member	Quantity	Price	B/S	Cpcode	client Code	Counter Party Client
11/9/2000	11:29:36 AM	D0216	200	693	B	D0766	4015	RR
11/9/2000	11:29:36 AM	D0216	200	693	B	D0766	4015	RR
11/9/2000	11:29:36 AM	D0216	200	693	B	D0766	4015	RR
14/09/2000	12:23:02 PM	D0216	200	626	B	D0766	4015	RR
4/8/2000	3:27:05 PM	D0216	200	565	B	D0766	3001	RR
4/8/2000	11:07:41 AM	D0216	100	572	B	D0766	9A033	RR
11/9/2000	10:53:24 AM	D0216	700	695	S	D0766	9A033	RR
11/9/2000	10:53:24 AM	D0216	700	695	S	D0766	9A033	RR
11/9/2000	10:53:24 AM	D0216	600	695	S	D0766	9A033	RR
4/9/2000	10:40:58 AM	D0216	100	623	S	D0766	DILIP	RR
4/9/2000	12:10:37 PM	D0216	200	600	S	D0766	DILIP	RR
5/9/2000	10:37:37 AM	D0216	200	623	S	D0766	DILIP	RR
6/9/2000	12:50:14 PM	D0216	200	608	B	D0766	K018	RR
19/09/2000	11:50:56 AM	D0216	200	556	B	D0766	K018	RR
8/9/2000	11:17:26 AM	D0216	100	628	S	D0766	4024	A
8/9/2000	2:33:40 PM	D0216	100	660	B	D0766	4024	A
8/9/2000	2:35:37 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
8/9/2000	2:36:50 PM	D0216	100	663	B	D0766	4024	A
24/04/2000	12:23:35 PM	D0216	600	67.7	B	D0766	SADANA	A
24/04/2000	3:26:03 PM	D0216	2000	67.7	B	D0766	SADANA	A
18/07/2000	10:32:06 AM	D0216	300	355.1	S	D0766	K018	A
19/09/2000	11:50:37 AM	D0216	100	554	B	D0766	K018	A
26/07/2000	3:23:02 PM	D0216	500	449	B	D0766	4015	ZSAF1
2/6/2000	10:20:59 AM	D0216	100	191.7	S	D0766	8078	SKM
26/05/2000	3:28:33 PM	D0216	100	155	S	D0766	8099	SKM
16/06/2000	11:54:46 AM	D0216	100	283	S	D0766	8078	SKM

25. An analysis of the table given above shows that 89 of the trades between the Noticee through IKM and JCL were found to be structured and were executed in 18 trading days and several client codes were used for AFPL viz. 4131,4015,3001,9A03,ADH, ADHUNIK, ADHU, ADUNIK and 4024. Apart from these trades, similar trades were also observed where the client Apoorv was selling through Shilpa Stock Brokers and Ashok Kumar Chaudhry was buying through the Noticee, the details whereof are hereunder:

Date	Time	Member	Quantity	Price	B/S	Cpcode	Client Code	Counter Party Client
27/06/2000	9:55:47 AM	D0608	300	345.9	S	D0766	APOORV	JI02

Date	Time	Member	Quantity	Price	B/S	Cpcode	Client Code	Counter Party Client
27/06/2000	10:19:02 AM	D0608	200	341	S	D0766	APOORV	A
27/06/2000	10:19:02 AM	D0608	200	341	S	D0766	APOORV	A
27/06/2000	10:19:02 AM	D0608	100	341	S	D0766	APOORV	A
		TOTAL	1200					

26. Thus there were numerous instances of transactions executed through the Noticee in only one scrip, wherein the buy and the sell orders were placed at almost the same time, with just a difference of a minute. All the above deals evidence the fact that there was a matching of the buy and the sell quantity and the buy and the sell price. This proximity in the placing of orders at the same price and for the same quantity, resulted in getting them matched, indicates that the deals were structured. One could accept it as a coincidence in case of a solitary incident or two. However the same happened regularly throughout in investigation period. The continuous regularity with which these brokers were counter-parties, leads one to conclude, that these transactions were structured and synchronised. The structured nature of trades is evidenced by the exact matching of price and quantity of shares, resulting in the matching of trades almost on every occasion between themselves, even when there were few thousand investors spread over more than 300 cities in the country. Frequency of such trades ensured consistent matching of the orders, where one entity got themselves as the sellers and vice versa. It is clear that the buy and sell orders were matched at the same price, purely for the purpose of projection of the volumes of the shares of SIL in a way (which were not market determined volumes), to induce other persons to invest in the said scrip.

27. Further, the contention of the Noticee that the main broker is responsible for the manipulation is not tenable. The Noticee is registered with SEBI as a sub-broker and should have followed the regulations and code of conduct applicable for them. They further submitted that they were unaware of the trade matching. The trading pattern of the Noticee shows that their orders had always matched with the counterparty orders and this can not be possible unless there was a predetermined arrangement to place the order. The buy and sell prices of Noticee were close to the buy/sell rates of the counterparties in the trades reflected in the tables above. The number of matched trades of the Noticee were

quite high and the repeated matched trades can not be treated as mere coincidence. The essence of screen based computerized trading is that it enables investors to transact in a fair and transparent manner. This mechanism is also meant to ensure matching of the orders through the impersonal screen, on the basis of price time priority wherein the sellers realizes the true price of their securities within the circuit filters determined by the exchanges from time to time. It is possible for even structured transactions to be executed on the screen of the exchange, at the price and order matching mechanism of the exchange.

28. In the present case, the Noticee facilitated their clients to execute the trades on the screen of the exchange as per their prior understanding. Further, the argument that the identity of the other trading client in such cases was not known to each other can not be accepted if one considers the frequency of the trades and the perfect matching of the quantity and price and their trading pattern. One or two deals on the exchange could be synchronized or structured as a matter of chance, but trades to the extent of such large volumes, involving crores of rupees in all repeating again and again over a period of time can not be mere coincidence and points to manipulative intent of the entities trading.

29. The clients of the Noticee were trading mostly in this particular scrip and the pattern of his trading was suspicious. The nexus of the clients of the Noticee with SIL has been clearly established in the paragraphs above. Further, the consistent matching and reversal of orders by the Noticee goes to prove its knowledge of manipulation. The stock market system depends a lot on prudence of the intermediaries. The brokers/sub-brokers are the first line of monitoring and surveillance in the market. The failure at this level weakens the fundamentals of the system and harms its development as a safe market of international standards. In the instant case, the Noticee did not exercise due skill and diligence expected from it and failed to take any action even though there were enough indications suggesting clearly that the trading in the scrip by the clients was not bonafide. Further, instead of taking corrective action against the suspicious dealings of his clients, the Noticee allowed the clients to continue creating artificial market by executing repeated matched, synchronised and cross deals for the clients.

30. In view of what has been explained herein above, I find that that the Noticee misused the stock exchange mechanism by executing manipulative trades in the nature of structured and reversal trades on behalf of the clients closely related to the management of SIL during the period of price manipulation. I also find that the price and volumes in the scrip increased manifold and this type of artificial volume gives wrong message to the investors and induces them to trade in the shares. These trades abetted in creating artificial volumes and false market in the SIL scrip and are in violation of the provisions of Regulation 4 (a) and (b) of PFUTP Regulations which are extracted under:

4 No person shall

- (a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;*
- (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;*

31. In the process of perpetuating these artificial trades, Noticee had also failed to exercise proper skill, care and diligence, required of a sub-broker. By indulging in the aforesaid acts, Noticee did not maintain required standards of integrity, promptitude and fairness expected of a sub-broker. The Noticee has thus violated the provisions of Clause A (1) & (2) and D (4) & (5) of code of conduct specified under Regulation 15(1)(b) of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 which states as under:

A. GENERAL

(1) INTEGRITY: A sub-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all investment business.

(2) EXERCISE OF DUE SKILL AND CARE: A sub-broker, shall act with due skill, care and diligence in the conduct of all investment business.

D. SUB-BROKERS VIS-À-VIS REGULATORY AUTHORITIES.

(4) MANIPULATION: A sub-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(5) MALPRACTICES : A sub-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the public interest or which leads to interference with the fair and smooth functions of the market mechanism of the stock exchanges. A sub-broker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

32. I have noted that the enquiry officer has recommended imposition of a penalty of suspension of the certificate of registration of the Noticee as sub-broker for a period of four months. In the facts and circumstances of the case, I am inclined to agree with the recommendation of the Enquiry Officer.

33. Taking into consideration all facts and circumstances of the matter and in exercise of the powers conferred upon me in terms of Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 13(4) of Securities and Exchange Board of India (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002, I hereby impose a penalty of suspension of certificate of registration issued to the sub-broker, M/s CompuAction Securities Private Ltd (SEBI Registration no. INS010579238 and PAN No. AAACC3877C) for a period of four months.

34. This order shall come into force on the expiry of 21 days from the date of this order.

Place: Mumbai

Date: February 7, 2008

V. K. CHOPRA

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA