

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA**

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

**AGAINST MRS. ASHADEVI BERIWALA IN THE SCRIP OF M/S. JAGSONPAL  
PHARMACEUTICALS LIMITED.**

**WTM/TCN/ 45/IVD-3/SEPT /08**

Date of hearing : 30.08.2006, 28.09.2006, 18.10.2006

*Appearances:*

For Noticees : None

For SEBI : Mr. P.K.Bindlish, Chief General Manager  
Mr. Pradip Bhowmick, Manager  
Ms. Kshama Chavan, Legal Officer

**ORDER**

**DIRECTIONS UNDER SECTION 11 AND SECTION 11B OF THE SEBI ACT,  
1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF  
FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO  
SECURITIES MARKET) REGULATIONS, 2003**

1. The Securities and Exchange Board of India (hereinafter referred to as SEBI) had conducted investigation into the alleged price manipulation in the scrip of M/s. Jagsonpal Pharmaceuticals Ltd. (hereinafter referred to as 'Jagsonpal') for the trades during the period August, 2000 to December, 2000 (hereinafter referred to as first period) and July, 2001 to

October, 2001(hereinafter referred to as second period).

2. It is alleged that Mrs. Ashadevi Beriwal (hereinafter referred to as the noticee) had entered into synchronized trades in the said scrip during the said periods in NSE. The noticee had also carried out off-market transactions in the scrip of Jagsonpal during the said periods.
3. From the price volume data (PV data), it was observed that there was abnormal price-volume movement in the scrip of Jagsonpal during the first and second periods. The price of the scrip which was Rs.599.00/- on August 18, 2000 had shot up to Rs.660.00/- on November 01, 2000 without any change in the economic fundamentals of the company. It touched a high of Rs.700.00/- on September 11, 2000 and a low of Rs.541.00/- on October 09, 2000. The volumes varied between 39,200 shares on October 31, 2000 to only 5 shares on August 18, 2000. At BSE, the scrip witnessed comparatively less trading volume and the price of the scrip which was Rs. 576.70/- on August, 18, 2000 had shot up to Rs. 694/- on November 20, 2000. At both the exchanges, volume in the scrip was observed mainly on those days when few selected individuals/ entities traded in the scrip.
4. During the second period, price of the scrip at NSE fell from Rs.319.20/- on July 02, 2001 to Rs.129.50/- on October 31, 2001. The volume varied between 18,985 shares on July 16, 2001 to 1 share on October 08, 2001 at NSE. At BSE, price fell from Rs. 345.00/- July 02, 2001 to Rs. 149.50/- October 29, 2001, while the volume fluctuated between 1 share on September 18 and October 08, 2001 to 21,815 shares on August 06, 2001. In most of the trading days the volumes of the said scrip in both exchanges were in few hundreds only.

5. The noticee had traded through the trading member DGP Securities Ltd during the period from July, 2001 to October, 2001. The noticee is the mother of Mr. Mukund Beriwal, CEO of DGP Securities Ltd., member of NSE. It is alleged that the noticee had entered into synchronized trade in the said scrip with the Tropical/ CFL group viz., CFL Securities Ltd (hereinafter referred to as CFL), Tropical Securities & Investment P Ltd (hereinafter referred to as Tropical), Harbinger Trading Co P Ltd, Shriya Capital Services P Ltd, Mrs. Aditi Dalal and M/s S. Ramdas (proprietary account of Tropical) in NSE. The time gap between the orders punched by the noticee and the counter party were few seconds only. The price and quantity placed by concerned parties were, in most of the cases, same. The orders were put at consistently higher price than the previous day's close price. Such synchronized orders created a false market for the scrip.
6. Mr. Mukund Beriwal, the authorized representative of the noticee and also the Director of DGP Securities Ltd [member – NSE] and Mr. Milan Dalal, the authorized representative of Mrs. Aditi Dalal and also the Director of CFL [member – NSE] and Chairman and Managing Director of Tropical [member – BSE] had stated that the noticee had entered into financing deals with the CFL/ Tropical group viz, CFL Securities Ltd; Tropical Securities & Investment P Ltd; Harbinger Trading Co P Ltd; Shriya Capital Services P Ltd; Mrs. Aditi Dalal and S Ramdas (proprietary account of Tropical) to assist them to avoid default in the respective stock exchanges. The noticee had bought those shares in spot deals from the buy-side clients at the exchange or their associates with an assurance that they [the buy-side clients or their associates] would buy those shares back in the exchange. The entire process not only led artificial volume in the scrip, variation in the market price but also created illusory trading.

7. SEBI had issued a show cause notice dated September 2, 2005 to the noticee asking her to show cause as to why appropriate directions should not be issued against her, inter-alia, under section 11 B and 11 (4) (b) of SEBI Act, 1992 (hereinafter referred to as the "Act") read with Regulations 11 & 13 (3) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Markets) Regulations, 2003 (hereinafter referred to as PFUTP Regulations) alleging violation of Regulation 4 (a), (b), (c), (d) and (e) of PFUTP Regulations, 1995.
8. The noticee had given her reply vide letter dated January 30, 2006, stating that her son, Mr. Mukund Beriwal was approached by Mr. Milan Dalal on behalf of Ms. Aditi Dalal with requirement of short term funding and she agreed to it when her son asked for the available resources with her. The noticee further stated that the transactions were carried out at the prevailing market price and were all delivery based transactions as she did not do any square up transactions in them and hence there was no adverse impact on the market price of the scrip and she did not attempt to manipulate the price. Further, the noticee stated that she had no link with the promoters of Jagsonpal or any other group with vested interest and had no malafide intention in carrying the said transactions and she had dealt in a similar way in 6-7 scrips in the same period with M/s. Aditi Dalal and she had stopped doing the same after she realized that they were in violation of certain SEBI Regulations.
9. Despite several opportunities of personal hearing given on August 30, 2006, September 28, 2006 and October 18, 2006, the noticee did not appear.
10. I have carefully examined the facts and circumstances of the case, the

show cause notice, the submissions of the noticee, the materials available on record and record my findings as follows:-

11. The charge against the noticee is that she had entered into synchronized trade in the said scrip with CFL/ Tropical group and created artificial volume and price in the scrip and violated provisions of Regulation 4 (a), (b), (c), (d) & (e) of the PFUTP Regulations, 1995.
12. In her reply, the noticee had stated that her son, Mr. Mukund Beriwal, was approached by Mr. Milan Dalal on behalf of M/s. Aditi Dalal with requirement of short term funding and she agreed to it when her son asked for the available resources with her. She further stated that she used to issue the cheque or issue instruction to her NSE Broker M/s. DGP Securities to issue cheque against the credit balance lying with them in her account to M/s. Aditi Dalal for the purchase of shares of the said company in a spot transaction. She had stated that she had also instructed M/s. Aditi Dalal to transfer the shares directly to the pool account of M/s. DGP Securities to save time and cost. The shares were illiquid in nature and hence M/s. Aditi Dalal would buy the same through their broker and the cycle would get repeated when the funds were received by her from this sale on payout day after two weeks.
13. It is clear from the statements of Mr. Mukund Beriwal and Mr. Milan Dalal, referred to earlier in para 6, that the noticee had financed the transactions to tide away the financial commitments of M/s. Aditi Dalal and had misused the stock exchange mechanism for the purpose through non-genuine transactions.
14. The noticee had entered into synchronized trade in the said scrip and thereby helped in creating artificial volume and price in the scrip. She had

replied that the transactions were carried out at the prevailing market price and were all delivery based transactions as she did not do any square up transactions in them and hence there was no adverse impact on the market price of the scrip and she did not attempt to manipulate the price. Further, the noticee stated that she had no link with the promoters of Jagsonpal or any other group with vested interest and had no malafide intention in doing the said transactions and she had dealt in a similar way in 6-7 scrips in the same period with M/s. Aditi Dalal and she had stopped doing the same after she realized that they were in violation of certain SEBI Regulations.

15. Synchronised trade is a type of trade wherein the buyer and seller execute the trade for almost same quantity and price at substantially the same time. Such trades create misleading appearance of trading and manipulate the price and the volume of the scrip and interfere with normal price discovery mechanism of the stock exchange. The details of the synchronized trades of the noticee through her broker DGP Securities with CFL Securities (proprietary trading) are given in Table 1.

TABLE-1

| Trade Dt  | SN No.  | Trd Time | Trade No.       | Trd Pr | % To LTP | Trd Qty | Buy Order Entry Time | Buy Disc. Vol. | Buy Orig. Vol. | Buy Limit Price | Buy Member Name     | Buy Acc. No. | Buy Client Name | Sell Member Name    | Sell Acc. No. | Sell Client Name  | SN Mkt Gross | Trd Qty as % of Mkt Gross for the SN | Trd Qty as % of Mkt Gross for the period | Sell Order Entry Time | Sell Disc. Vol. | Sell Orig. Vol. | Sell Limit Price |
|-----------|---------|----------|-----------------|--------|----------|---------|----------------------|----------------|----------------|-----------------|---------------------|--------------|-----------------|---------------------|---------------|-------------------|--------------|--------------------------------------|------------------------------------------|-----------------------|-----------------|-----------------|------------------|
| 02-Jul-01 | 2001126 | 13 08 38 | 200107020188389 | 320.00 | 738      | 9000    | 13 08 37             | 0              | 9000           | 320.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 35970        | 25.02                                | 4.34                                     | 13 08 36              | 1000            | 9000            | 320.00           |
| 02-Jul-01 | 2001126 | 13 08 54 | 200107020188575 | 319.20 | -0.25    | 1000    | 13 08 54             | 0              | 1000           | 319.20          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 35970        | 2.78                                 | 0.48                                     | 13 08 54              | 100             | 1000            | 319.20           |
| 04-Jul-01 | 2001126 | 13 57 29 | 200107040230664 | 317.00 | -0.69    | 7000    | 13 57 28             | 0              | 7000           | 317.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 35970        | 19.46                                | 3.37                                     | 13 57 29              | 1000            | 7000            | 317.00           |
| 04-Jul-01 | 2001126 | 13 57 44 | 200107040230934 | 316.50 | 0.16     | 985     | 13 57 44             | 0              | 985            | 316.50          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 35970        | 2.74                                 | 0.47                                     | 13 57 44              | 100             | 985             | 316.50           |
| 18-Jul-01 | 2001128 | 12 15 24 | 200107180187653 | 275.00 | 1.85     | 2000    | 12 15 24             | 0              | 2000           | 275.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 42220        | 4.74                                 | 0.96                                     | 12 15 23              | 500             | 2000            | 275.00           |
| 30-Jul-01 | 2001130 | 11 34 31 | 200107300150290 | 237.00 | 0.19     | 1000    | 11 34 30             | 100            | 1000           | 237.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 2816         | 25.51                                | 0.48                                     | 11 34 31              | 200             | 1000            | 237.00           |
| 20-Aug-01 | 2001133 | 10 54 08 | 200108200099427 | 228.00 | 1.33     | 3850    | 10 54 08             | 0              | 3850           | 228.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 19762        | 19.48                                | 1.86                                     | 10 54 08              | 0               | 3850            | 228.00           |
| 20-Aug-01 | 2001133 | 10 54 21 | 200108200099691 | 227.00 | -0.44    | 4000    | 10 54 21             | 0              | 4000           | 227.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 19762        | 20.24                                | 1.93                                     | 10 54 20              | 0               | 4000            | 227.00           |
| 24-Aug-01 | 2001133 | 10 45 07 | 200108240093242 | 240.00 | 5.73     | 1000    | 10 45 06             | 200            | 1000           | 240.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 19762        | 5.06                                 | 0.48                                     | 10 46 07              | 0               | 1000            | 240.00           |
| 24-Aug-01 | 2001133 | 10 46 35 | 200108240094320 | 241.00 | 0.42     | 990     | 10 46 35             | 100            | 999            | 241.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 19762        | 5.01                                 | 0.48                                     | 10 46 35              | 0               | 1000            | 241.00           |
| 24-Aug-01 | 2001133 | 10 46 51 | 200108240094891 | 241.00 | 0.00     | 10      | 10 46 51             | 0              | 10             | 241.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 19762        | 0.05                                 | 0.00                                     | 10 45 35              | 0               | 1000            | 241.00           |
| 28-Aug-01 | 2001134 | 12 43 19 | 200108280278353 | 213.00 | 6.50     | 142     | 12 43 19             | 0              | 142            | 213.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 2908         | 4.86                                 | 0.07                                     | 12 43 19              | 0               | 142             | 213.00           |
| 13-Sep-01 | 2001136 | 14 03 24 | 200109130428724 | 214.75 | 6.84     | 2600    | 14 03 22             | 300            | 2600           | 214.75          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 7220         | 36.01                                | 1.25                                     | 14 03 24              | 0               | 2615            | 214.75           |
| 13-Sep-01 | 2001136 | 14 03 30 | 200109130428826 | 214.75 | 0.00     | 15      | 14 03 30             | 0              | 15             | 214.75          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 7220         | 0.21                                 | 0.01                                     | 14 03 24              | 0               | 2615            | 214.75           |
| 20-Sep-01 | 2001137 | 11 38 53 | 200109200231757 | 207.75 | 3.10     | 2600    | 11 38 52             | 300            | 2600           | 207.75          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 7280         | 35.71                                | 1.25                                     | 11 38 53              | 0               | 2615            | 207.75           |
| 20-Sep-01 | 2001137 | 11 39 00 | 200109200231921 | 207.75 | 0.00     | 15      | 11 39 00             | 0              | 15             | 207.75          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 7280         | 0.21                                 | 0.01                                     | 11 38 53              | 0               | 2615            | 207.75           |
| 01-Oct-01 | 2001139 | 15 50 17 | 200110010587764 | 186.00 | 3.91     | 3000    | 15 50 16             | 300            | 3000           | 186.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 43370        | 6.92                                 | 1.45                                     | 15 50 16              | 600             | 3000            | 186.00           |
| 01-Oct-01 | 2001139 | 15 50 39 | 200110010588738 | 186.00 | 0.00     | 3000    | 15 50 39             | 300            | 3000           | 186.00          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 43370        | 6.92                                 | 1.45                                     | 15 50 39              | 500             | 3000            | 186.00           |
| 01-Oct-01 | 2001139 | 15 51 06 | 200110010589761 | 185.85 | -0.08    | 1500    | 15 51 06             | 150            | 1500           | 185.85          | CFL Securities Ltd. | CT           | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 43370        | 3.46                                 | 0.72                                     | 15 51 06              | 300             | 1500            | 185.85           |
| 05-Oct-01 | 2001139 | 11 22 24 | 200110050188740 | 175.00 | -2.23    | 2800    | 11 22 22             | 300            | 2800           | 175.00          | CFL Securities Ltd. | C            | Own Trading     | DGP Securities Ltd. | 3042          | Asha Devi Beriwal | 43370        | 6.46                                 | 1.35                                     | 11 22 24              | 300             | 2800            | 175.00           |

16. From the table, it is clear that they were synchronized trades and the time difference between the buy and the sell order was 0 - 3 seconds and the quantity and price are also the same in all the cases. Synchronised deals are possible only if the trades are put in the system with prior understanding, i.e., price and quantities were negotiated outside the system and orders executed simultaneously in the system. The Hon'ble SAT in Nirmal Bang Securities Pvt. Ltd Vs SEBI (SAT order dated 31.10.2003 in Appeal Nos. 54- 57/ 2002) had observed regarding synchronized trades as follows:

*“BEB has been charged for synchronized deals with First Global. I have examined the data provided by the parties on this issue. I find many transactions between BEB and FGSB. There are many instances of such transactions. I find the scrip, quantity and price for these orders had been synchronized by the counter party brokers. Such transactions undoubtedly create an artificial market to mislead the genuine investors. Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale, can create false volumes. The argument that the parties had no means of knowing whether any entity controlled by the client is simultaneously entering any contra order elsewhere for the reason that in the online trading system, confidentiality of counter parties is ensured, is untenable. It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. ....In a synchronized trading intention is implicit.”*

17. Further, from the very submissions made by the noticee that the trades executed through market mechanism were reversed through spot

transactions establishes the charge that such trades were pre-determined and non- genuine in nature.

18. The noticee had further stated that she had similar dealings during this period in 6-7 other scrips and had stopped such transactions after she realized that they were in violation of certain SEBI Regulations. I had noted that the noticee had been debarred from dealing in securities for six months vide SEBI separate orders dated August 31, 2004 for trading in the scrip of Ravalgon Sugar Farms Ltd and Shrenuj & Co Ltd. for violating Regulation 4 (a), (c) & (d) of PFUTP Regulations, 1995 and vide order dated February 07, 2007, the noticee was debarred from dealing in the securities for a period of three months for trading in the scrip of M/s. Roofit Industries Ltd for violating Regulation 4 (b), (c) & (d) of PFUTP Regulations, 1995.
19. On a careful examination of the material on record and the facts and circumstances of the case, it is clear that the noticee had artificially created a market in the shares of Jagsonpal. They had misused the stock exchange mechanism to tide over the financial commitments of the Tropical/CFL group by executing, financing transactions through the stock exchange making it to appear as genuine trade transactions and thus created artificial volume in the scrip. These acts are violative of the provisions of Regulations 4 (a), (b), (c), & (e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.
20. In this context it is relevant to note the provisions of Regulation 4 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulation, 1995 which reads as under

Regulation 4:

*No person shall*

*a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, within 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 of securities market;*

*c) indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions*

*d) enter into purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as device to inflate, depress or cause fluctuations in the market price of securities;*

*e) pay, offer or agree to pay or offer, directly or indirectly, to any person any money or money's worth for inducing another person to purchase or sell of any security with the sole object of inflating, depressing or causing fluctuations in the market price of securities".*

21. For the aforesaid reasons and having regard to the nature and gravity of the charges established and the facts and circumstances of the case and for the protection of investors, I find it necessary to issue proper directions to the noticee. It is also noted that in the past also SEBI had issued orders against the noticee as detailed in para 18.
22. Now, therefore, in exercise of the powers conferred upon me under the Section 19, read with Section 11 and Section 11 B of the SEBI Act, 1992 and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, I hereby restrain Mrs. Ashadevi Beriwalla from buying, selling or dealing in

securities for a period of one month.

23. This order shall come into force with immediate effect.

**DATE: 23.09.2008**

**PLACE: MUMBAI**

**T C NAIR**

**WHOLE TIME MEMBER**

**SECURITIES AND EXCHANGE BOARD OF INDIA**