

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

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

ORDER UNDER 11, 11B AND 11D OF SEBI ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKETS) REGULATIONS, 2003 IN THE MATTER OF MS. PRITI DALAL IN THE SCRIP OF SINGER (INDIA) LTD.

1. SEBI conducted investigation into the buying selling or dealing in the scrip of Singer (India) Limited during the period July 04, 2004 to August 04, 2004 (hereinafter referred to as "the investigation"). Investigation revealed that the price of the scrip during the period July 23, 2004 to August 04, 2004 had increased from Rs. 12.25 to Rs. 16.97 on August 03, 2004 which is about 38% increase in 8 trading days. The scrip also witnessed inconsistent trading volume with the highest trading volume of 1,21,343 shares recorded on August 02, 2004.
2. Investigation further revealed that on the analysis of the member concentration, it was observed that VSE Stock Services Ltd. dealing for its client Preeti Dalal had the highest concentration of around 28% and 27% in gross purchases and gross sales respectively. No other member had a concentration of more than 10% in gross purchases.

3. It was found that Mrs. Priti Dalal influenced the price of M/s. Singer (India) Ltd. artificially on July 29, 2004 and July 30, 2004. In view of the above findings of investigation, a show cause notice dated March 6, 2007 was issued to Mrs. Dalal calling upon to show cause as to why suitable directions including directions restraining her from buying, selling or dealing in securities for a suitable period of time in any manner should not be issued against her u/s 11(4) read with Section 11B of the SEBI Act, 1992. The notice also called upon Priti Dalal to show cause as why direction of cease and desist should not be issued against her under section 11D of the SEBI Act, 1992.
3. Mrs. Dalal vide her letter dated March 17, 2007 requested for inspection of documents referred to and relied upon by SEBI in the show cause notice. Accordingly, Mrs. Priti Dalal was given opportunities of inspection of documents on June 1, 2007 and then upon their request, on June 18 2007. However on both the occasions, Mrs. Priti Dalal did not present herself for inspection of documents. Mrs. Priti also did not furnish any reply to the show cause notice.
6. An opportunity of personal hearing was granted to Priti Dalal, on July 31, 2007. Priti Dalal did not attend the hearing on the said date. Another opportunity of hearing was given to her on September 3, 2007, wherein Priti Dalal attended the hearing and made submissions.
7. I have carefully considered the findings of the investigation, show cause notices issued to Priti Dalal and the submissions. Having

complied with the principles of natural justice, I am proceeding ahead on the basis of material available on record. My findings are as under:

8. I note that on July 29, 2004, the scrip opened at Rs. 10.45 at 10:27:52 and immediately touched Rs. 11 with the next trade due to the buy order placed by Preeti Dalal through the member, VSE Stock Services Ltd. for 5000 shares @ Rs. 11.30 (Upper Circuit Rate), which was executed with the pending sell orders and influenced the price from Rs. 10.45 to Rs.11.30. This was the only buy order to get executed on this day. An extract of the order book is as under:

Member	Trd	IDS	type	Rate	Qty	Av qty	aud		Err	Ord	id	Client
766	26	S	L	11	40	40	A	09:57:39	076602600000020549			B2MK01
491	25	B	L	9	500	500	A	10:01:51	049102500000042457			C1C018
473	204	S	L	10.5	65	65	A	10:05:54	047320400000103335			8500192826
989	203	S	L	11	100	100	A	10:16:23	098920300000001222			AP006
367	201	S	L	14.7	150	150	A	10:22:52	26236720100000074014			7046
470	201	B	L	9.01	200	200	A	10:23:21	047020100000046530			PG621
470	201	S	L	10.45	200	200	A	10:23:30	047020100000046531			PG621
253	203	B	L	11.3	5000	5000	A	10:27:52	025320300000200224			B320P10
253	206	B	L	11.3	5000	5000	A	10:27:55	025320600000200451			B320P10
253	201	B	L	11.3	5000	5000	A	10:27:57	025320100000198617			B320P10
253	202	B	L	11.3	5000	5000	A	10:28:00	025320200000199755			B320P10
253	209	B	L	11.3	5000	5000	A	10:28:09	025320900000190598			B320P10

9. It is evident from the aforesaid table that Priti Dalal was the first buyer who placed 5 consecutive buy orders at upper circuit rate, out of which only one order got executed for 3055 shares. No other buy

orders other than this order got executed as there was a wide gap between the buy and sell order rates.

10. On July 30, 2004, Priti Dalal through the member, VSE Stock Services Ltd. placed 4 consecutive buy orders for 5000 shares @ Rs. 13.56 (upper circuit rate) each, which got executed for 16311 shares with the pending sell orders and resulted in price rise from Rs. 12.95 to Rs. 13.56 at 10:41:43. An extract of the order book is given below :

Mem	Trd ID	S	Type	Rate	Qty	Av. Qty	aud	Time	Err	Ord ID	Client Code
489	2S	L		13.5	500	75	A	09:55:07	0	48900200000101645	K252
489	2S	L		13.45	500	50	A	09:55:08	0	48900200000101646	C251
791	8B	L		11.35	200	200	A	09:55:10	0	79100800000000079	A14277
258	209S	L		13.49	750	750	A	09:55:28	0	25820900000409740	PU000Z71
287	87S	L		13.4	1200	120	A	09:55:51	0	28708700000079425	30620
258	209S	L		0	750	750	D	09:58:15	0	25820900000409740	
291	109B	L		9.05	1000	1000	A	09:58:30	0	29110900000039397	56VJ02
226	13B	L		9.15	200	150	A	09:59:42	0	22601300000010491	LV
491	39S	L		13.39	2000	200	A	10:00:03	0	49103900000042927	C1C018
287	87S	L		13.38	0	120	U	10:00:42	0	28708700000079425	30620
612	201B	L		9.1	700	700	A	10:02:25	0	61220100000907292	B398
900	19S	L		13.56	460	50	A	10:03:54	0	90001900000006464	CGO
491	39S	L		13.3	0	200	U	10:04:08	0	49103900000042927	C1C018
30	201S	L		13.5	200	200	A	10:06:00	0	3020100000640734	GKAR015
491	45B	L		11.4	500	500	A	10:06:15	0	49104500000096722	S1R931
287	87S	L		13.28	0	120	U	10:06:20	0	28708700000079425	30620
989	203S	L		13	100	100	A	10:06:48	0	98920300000001290	AP006
662	9S	L		13.25	250	250	A	10:06:49	0	66200900000103121	B175
291	109B	L		9.16	1000	1000	A	10:07:51	0	29110900000039414	56VJ02
491	16S	L		12.9	300	300	A	10:08:01	0	49101600000087710	S1A427

Mem	Trd ID	S	Type	Rate	Qty	Av. Qty	aud	Time	Err	Ord ID	Client Code
620	6	S	L	12.85	200	200	A	10:09:04	0	620006000000203911	61485
253	203	B	L	13	1000	100	A	10:13:13	0	253203000000201591	B6621
287	87	S	L	12.84	0	120	U	10:13:13	0	28708700000079425	30620
287	87	S	L	13	0	100	U	10:13:37	0	28708700000079425	30620
620	6	S	L	13.5	100	100	A	10:13:38	0	620006000000203914	61485
491	39	S	L	13.44	0	200	U	10:14:00	0	49103900000042927	C1C018
491	16	B	L	11.45	300	300	A	10:16:00	0	49101600000087719	S1A427
748	126	S	L	13.5	500	500	A	10:16:43	0	748126000000163960	33569
287	87	S	L	13.19	0	80	U	10:16:58	0	28708700000079425	30620
89	191	S	L	13	60	60	A	10:18:16	0	89191000000036671	53JA01
470	201	S	L	13	50	50	A	10:21:49	0	47020100000047998	PS523
791	8	B	L	11.5	0	50	U	10:22:23	0	791008000000000079	A14277
391	19	S	L	12.99	100	100	A	10:23:27	0	39101900000014958	SR009
989	203	B	L	11.1	100	100	A	10:23:42	0	989203000000001298	AP006
287	87	S	L	12.98	0	80	U	10:24:25	0	28708700000079425	30620
391	19	S	L	12.97	0	80	U	10:25:06	0	39101900000014958	SR009
258	201	S	L	13.49	750	100	A	10:30:05	0	25820100001005915	PU000Z71
287	24	S	L	12.95	75	75	A	10:35:59	0	287024000000114973	24A431
253	206	B	L	13.56	5000	5000	A	10:41:39	0	253206000000202025	B320P10
253	205	B	L	13.56	5000	5000	A	10:41:43	0	253205000000201997	B320P10
253	201	B	L	13.56	5000	5000	A	10:41:45	0	253201000000200285	B320P10
253	204	B	L	13.56	5000	5000	A	10:41:48	0	253204000000203642	B320P10
491	39	S	L	13.56	2000	2000	A	10:41:51	0	49103900000042959	C1C018
287	24	B	L	11.11	75	75	A	10:42:11	0	287024000000114978	24A431

11. From the aforesaid, it is evident that, Priti Dalal was the only buyer at upper circuit rate and all other buy orders were below the lowest sell order rate. Also, there were many sell orders available at rates lower than the buy order rate of Priti Dalal. Out of the four consecutive buy orders placed by Priti Dalal, three orders were fully

executed whereas the fourth order got executed only for 311 shares. No other buy orders other than these orders got executed as there was a wide gap between the buy and sell order rates.

12. I further note that on August 2, 2004, total valid buy orders were for 226558 shares and valid sell orders were for 156432 shares of which the member VSE Stock Services Ltd. accounted for 57% and 51% of the valid buy orders and sell orders respectively. It was also observed that out of the total buy orders added on this day, the buy orders for 143509 shares (63 % of the total buy orders) were placed in the price range of Rs. 15.50 to Rs. 16.27, out of which buy orders for 63300 shares (28 % of the total valid buy orders) were placed by the broker VSE Stock Services Ltd. Majority of these orders were placed on behalf of its client Priti Dalal.
13. From the above facts and circumstances of the case, I find that Priti Dalal dealt through the member, VSE Stock Services Ltd. and purchased 58045 shares at an average rate of Rs. 14.49 and sold 58045 shares at an average rate of Rs. 16, thus making a profit of around Rs. 87648 in three trading days. In the process, Smt. Dalal, influenced the share price of M/s. Singer (India) Ltd. artificially on July 29, 2004 and July 30, 2004 in violation of provisions of Regulation 3(a), (b) & (c) and 4(2)(a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

14. Now therefore, I in exercise of powers conferred upon me under section 11B and 11D read with Section 19 of the SEBI Act, 1992 further read with Section 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, direct Mrs. Priti Dalal to cease and desist from dealing in securities in such manner which may amount to violation of Regulation 3(a), (b) & (c) and 4(2)(a) & (b) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. I further retrain Mrs. Priti Dalal from accessing the securities market either directly or indirectly and also prohibit it from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of one month.
15. The order shall come into force with immediate effect.

DATE 14.01.2009

T.C.NAIR

WHOLE TIME MEMBER

PLACE: MUMBAI

SECURITIES AND EXCHANGE BOARD OF INDIA