

BEFORE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

**UNDER SECTIONS 11B AND 11 4(b) OF SEBI ACT, 1992
IN THE MATTER OF KWALITY DAIRY INDIA LIMITED**

1. Securities and Exchange Board of India (hereinafter referred to as “SEBI”) has observed a huge rise in the price and trading volume of Kwality Dairy India Limited (hereinafter referred to as “company”) during the period October 2008 to November 2009. The shares of the company are traded at Bombay Stock Exchange Limited (BSE). From the trading history in the shares of the company it was observed that from a low of Rs. 14.6 on October 27, 2008 it had risen to Rs. 1114.45 as on November 11, 2009. In view of the increase in the price of the shares of the company an examination was carried out by SEBI to look into the dealing of the shares of the company for the period January 01, 2009 till September 23, 2009. The observations from the preliminary examination are given in the following paragraphs.

A. Background of Company

2. The registered office of the company is Village Softa, Tehsil Palwal, Faridabad, 121004 while the corporate office of the company is located at 5/1-B, Ramesh Nagar, New Delhi – 110015 (*source: www.capitaline.com*).
3. The shares of the company are listed at BSE. The face value of the shares of the company is Rs. 10. A gist of the shareholding of the promoters and other shareholders as per the filings made by the company with BSE is as under:

Table 1 : Shareholding pattern

Category	Share-holders	Shares	% share holding	Share-holders	Shares	% share holding	Share-holders	Shares	% share holding
	Quarter Ending								
	June 2009			March 2009			December 2008		
Promoter & Promoter Group	4	15,233,900	83.70	4	15,233,900	83.70	4	15,248,900	83.79
Public Shareholding	5,057	2,966,100	16.30	5366	2,966,100	16.30	5851	2,951,100	16.21
Total	5,061	18,200,000	100	5370	18,200,000	100	5855	18,200,000	100

(Source: BSE website)

4. From the disclosures made by the company (as available on BSE website) regarding shareholding pattern it is observed that since 2003 there has been no major change in the shareholding of the promoters and in the capital structure of the company. Further, the

promoters have 67.17% of their shareholding in dematerialized form. There are no disclosures regarding pledge of the shares reported by the promoters.

5. From the unaudited financial results for the quarter ending June 2009 the net profit was Rs. 36.11 million as compared to Rs. 9.78 million during quarter ending March 2009. From the unaudited financial results for the quarter ending September 2009, the net profit was Rs. 68.56 million. For the year ending March 2009 the annualized Earning per Share (EPS) was Rs. 4.98. As on September 23, 2009 the Earning per Share (EPS) of the company was Rs. 5.40, Price-Earning ratio (PE) was 111.24, Market capitalization was Rs. 11114.7 million, Book Value (BV) was Rs. 18.89 and the ratio of price to Book value was 32.33. As on November 25, 2009, the Earning per Share (EPS) of the company was Rs. 7.27, Price-Earning ratio (PE) was 178.26, Market capitalization was Rs. 23586.3 million, Book Value (BV) was Rs. 17.62 and the ratio of price to Book value was 73.54
(source www.capitaline.com)

Table 2 : Financials

Period Ending	30-Jun-09	31-Mar-09	31-Dec-08	30-Sep-08
No. of Months	3	3	3	3
Particulars	Rs. in millions			
Net Sales / Interest Earned / Operating Income	1,976.83	1,884.33	1,684.94	1,203.92
Other Income	0.32	0.31	0.23	0.54
Total Income	1,977.15	1,884.64	1,685.17	1,204.46
Expenditure	-1,883.55	-1,831.23	-1,625.63	-1,122.30
Interest	-35.83	-35.44	-29.63	-24.09
Profit Before Depreciation and Tax	57.77	17.97	29.91	58.07
Depreciation	-3.05	-3.15	-2.85	-3.25
Profit before Tax	54.72	14.82	27.06	54.82
Tax	-18.60	-5.04	-9.20	-18.64
Net Profit	36.11	9.78	17.86	36.18

(Source: BSE website)

B. Major Corporate Announcements

6. Major corporate announcements made by the company during the period of examination are as under:

Table 3 : Corporate Announcements

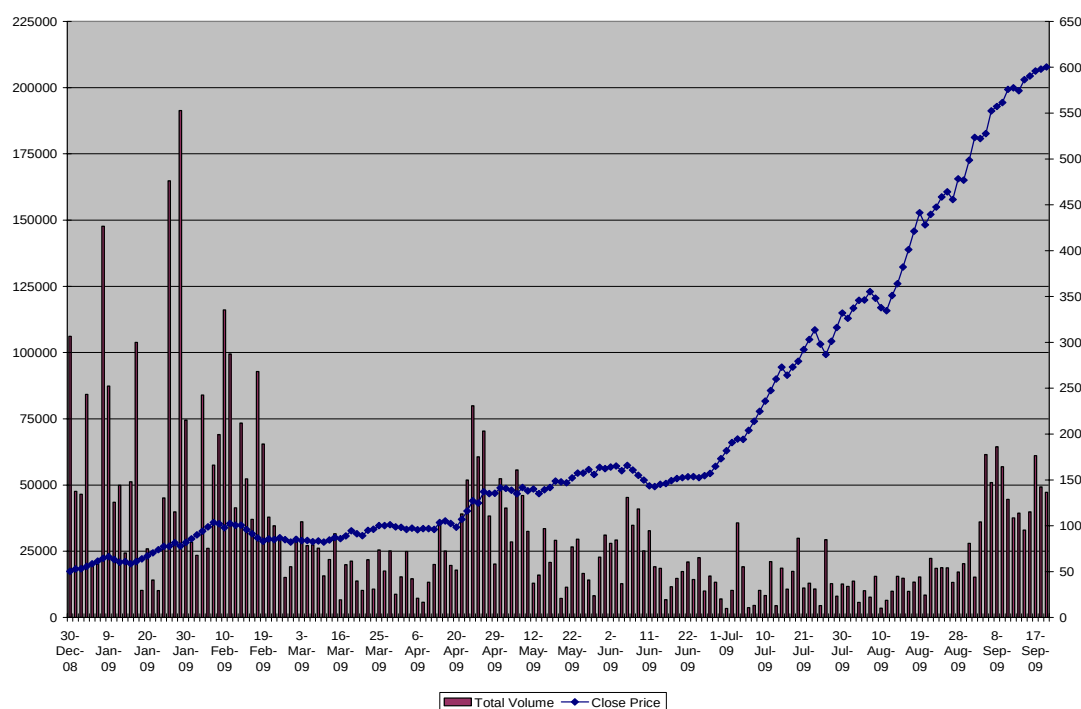
Date	Announcement
September 04, 2009	• The Board has recommended a dividend of Re. 1.00 per equity shares (i.e. @ 10%) for the financial year 2008-09 as final dividend. • The Board has recommended a split of face value of equity share of Rs. 10/- each into face value equity share of Re. 1/- each.
July 03, 2009	Company is contemplating to enhance the capacity around five lacs liter per day by taking over dairy plant in Uttranchal which will be operational within three months. The Company is in advance stages of negotiation for takeover of the plant. Such acquisition will enhance the capacity of the Company and also the product line by adding various new products &

<i>Date</i>	<i>Announcement</i>
	SKU's. Such acquisition will have great impact on the financial position of the Company and will also enhance the profitability of the Company as the Company will cover wider area of state of Uttranchal for the marketing of its various products. For this purpose, Company is expanding the Dealer Network and getting into tie ups with various institutions.

(Source: BSE website)

C. Price Volume movement in the shares of the company

7. It was observed that during the period from January 01, 2009 till June 06, 2009 the share price of the company rose from Rs. 55 to Rs. 160. During the period June 06, 2009 till June 29, 2009 the share price of the company was range bound in a range of Rs. 140 - Rs. 160. Thereafter from June 29, 2009 to September 23, 2009 the share price of the company moved from Rs. 155 to Rs. 600. The Price volume (PV) chart of the company for the examination period is depicted below:



8. From the above graphical representation, it is observed that the price rise in the shares can be attributed to trading carried out in two patches: the first patch period as January 01, 2009 till June 06, 2009 while the second patch period as June 29, 2009 till September 23, 2009. In the first patch i.e. January 01, 2009 till June 06, 2009 the share price of the company had moved from Rs. 55 to Rs. 160 while in the second patch i.e. June 29, 2009 till September 23, 2009 the share price of the company rose from Rs. 155 to Rs. 610. It was also observed that in the first patch the trading volumes were more than the trading volumes in the second patch. The average daily volume and price range for the pre-examination, examination & post examination period is as under:

Table 4 : Price-Volume

Period		Price Range (Low- High)	Average Daily Volume
Pre Examination	July 01, 2008 till December 31, 2008	14.6 - 52.9	18652
First Patch	January 01, 2009 till June 06, 2009	51.6 – 171.85	38686
Second patch	June 29, 2009 till September 23, 2009	139.15 – 615.25	21373
Post Examination	September 23, 2009 till November 11, 2009	595.65- 1114.45	72735

9. From the above table it is observed that during pre-examination period the percentage rise in the price of the scrip was approximately 262% on average daily volume of approximately 18000 shares. During the first patch the percentage rise in the share price of the company was approximately 233% on average daily volume of approximately 38000 shares. For the second patch the percentage rise in the share price of the company was approximately 342% on an average daily volume of approximately 21000 shares, while during the post examination period the percentage rise in the share price of the company was approximately 87% on an average daily volume of approximately 72000 shares. The price has risen most in the second patch on lower volumes as compared to the first patch. Thus, across the entire examination period the price of the shares of the company had risen by more than 1000%.

D. Client concentration

10. From the IMSS data analysis of client concentration for the top 15 clients on the net buy/sell basis for both the patches was carried out and following are the observations:
11. In the first patch the top purchaser on net basis was an entity Leela Surana R (LSR) having address as No. - 48 G.M Street, Sowcarpet, Chennai- 600079. Among the top sellers in first patch were a group of clients, majority of which were based in Chennai, all trading through broker MSE Financial Services Limited. Both the top purchaser and top sellers viz. the Chennai based clients, were trading through same Chennai based broker, sub-broker and trader.
12. In the second patch top purchasers on net basis were Mahasagar Securities (MS) and Bhupendra Singh Rathore (BSR) having addresses as Renuka Sadan 43 Jati Colony Rambagh Indore-452001 and D-1681 Sudama Nagar Indore - 452001. In the examination it was notice that BSR has a joint demat account with one Rajesh Kumar Vyas (RKV). Further the address of RKV is same as that of MS. Thus, Mahasagar Securities, Bhupendra Singh Rathore and Rajesh Kumar Vyas (hereinafter referred to as BSR Group) appeared to be acting together. In second patch top sellers on net basis were mainly placing their orders through brokers MPSE Securities Ltd. and SMC Global Securities Ltd. These clients were having addresses as C-11, HIG Ravishankar Sukla Nagar, Indore and Pusa Niwas, Near Kashipuri, Bhilwara – 311001. Among the top 15 sellers the clients belonging above addresses had altogether sold 63,000 shares constituting approximately 50% of the volume of the top 15 sellers.

E. Analysis of the trading pattern and Off Market transfers in the shares of the company during the examination period

13. Data was sought from the depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to examine the market

transactions and off-market transfers in the scrip for selected entities. Analysis was carried out based on the data received from the depositories as well as the data captured in IMSS regarding off-market transfer and trading data of stock exchanges. The major observations in this regard are as under:

14. **Movement of shares in off market and through exchange transactions:** The representation of the movement of shares in off market and the exchange among the various entities of Leela Surana R (*hereinafter referred to as Surana group*) group and Bhupendra Singh Rathore/ Mahasagar Securities/Rajesh Kumar Vyas group (*hereinafter referred to as BSR group*) in first and second patch is tabulated as under:

Table 5 : Movement of shares in off market and through exchange transactions

<i>Transaction date</i>	<i>Execution date / Settlement date *</i>	<i>Nature of transaction</i>	<i>Qty</i>	<i>Buyer client</i>	<i>Seller client</i>	<i>Remarks</i>
<i>First patch</i>						
6-Feb-09	10-Feb-09	Market Transaction	5000	LSR	Scattered	
6-Feb-09	10-Feb-09	Off Market Transfer	5000	Kamlesh Devi Agarwal	LSR	Cycle 1
9-Feb-09	11-Feb-09	Market Transaction	5000	LSR	Kamlesh Devi Agarwal	
7-Feb-09	11-Feb-09	Off Market Transfer	5000	Manju Agarwal	LSR	Cycle 2
10-Feb-09	12-Feb-09	Market Transaction	5000	LSR	Manju Agwarwl	
9-Feb-09	12-Feb-09	Off Market Transfer	5000	Alka Jain	LSR	Cycle 3
11-Feb-09	13-Feb-09	Market Transaction	4900	LSR	Alka Jain	
			5100		Scattered	
10-Feb-09	13-Feb-09	Off Market Transfer	5000	Alka Jain	LSR	Cycle 4
11-Feb-09	14-Feb-09		4866	M L Agarwal HUF		
12-Feb-09	16-Feb-09	Market Transaction	4495	LSR	Alka Jain	
12-Feb-09			5000		M L Agarwal HUF	
12-Feb-09	16-Feb-09	Off Market Transfer	5600	M Sachin	LSR	Cycle 5
			4266	Sharda Khemka		
13-Feb-09	17-Feb-09	Market Transaction	5600	LSR	M Sachin	
			4300		Sharda Khemka	
13-Feb-09	17-Feb-09	Off Market Transfer	700	Sharda Khemka	LSR	Cycle 6
			4400	Meeth A		
			4700	Rahul H		
16-Feb-09	18-Feb-09	Market Transaction	700	LSR	Sharda Khemka	
			4400		Meeth A	
			4688		Rahul H	
16-Feb-09	19-Feb-09	Off Market Transfer	10000	Tejraj Jain HUF	LSR	Cycle 7
17-Feb-09	19-Feb-09	Market Transaction	9425	LSR	Tejraj Jain HUF	
16-Feb-09	19-Feb-09	Off Market Transfer	10000	Indira Bai P.	LSR	Cycle 8
18-Feb-09	24-Feb-09	Market Transaction	9500	LSR	Indira Bai P.	
<i>Second patch</i>						
25 & 26 May 2009	27 & 28 may 2009	Market Transaction	5588	BSR/MS/RKV	scattered	
29-May-09	2-Jun-09	Off Market Transfer	5500	Amit Chotwani	BSR/MS/RKV	Cylce 1
2-Jun-09	4-Jun-09	Market Transaction	5500	BSR/MS/RKV	Amit Chotwani	
5-Jun-09	9-Jun-09	Off Market Transfer	5500	Amit Chotwani	BSR/MS/RKV	Cycle 2

<i>Transaction date</i>	<i>Execution date / Settlement date *</i>	<i>Nature of transaction</i>	<i>Qty</i>	<i>Buyer client</i>	<i>Seller client</i>	<i>Remarks</i>
8-Jun-09	10-Jun-09	Market Transaction	5000	BSR/MS/RKV	Amit Chotwani	
13-Jun-09	17-Jun-09	Off Market Transfer	5500	Amita Chandresh Jain	BSR/MS/RKV	Cycle 3
18-Jun-09	22-Jun-09	Market Transaction	5500	BSR/MS/RKV	Amita Chandresh Jain	
22-Jun-09	25-Jun-09	Off Market Transfer	2000	Amita Chandresh Jain	BSR/MS/RKV	Cycle 4
23-Jun-09	26-Jun-09		3500	Sunil Bandi		
25-Jun-09	29-Jun-09	Market Transaction	2000	BSR/MS/RKV	Amita Chandresh Jain	
3-Jul-09	7-Jul-09		3500		Sunil Bandi	
4-Jul-09	7-Jul-09	Off Market Transfer	2000	Bhagwandas Hotani	BSR/MS/RKV	Cycle 5
			3500	Ajay Kumar bandi		
15-Jul-09	17-Jul-09	Market Transaction	3500	BSR/MS/RKV	Ajay Kumar bandi	
13-Jul-09	15-Jul-09	Market Transaction	2500		Bhagwandas Hotani	
16-Jul-09	20-Jul-09	Off Market Transfer	6000	Amar Veer Kaur Chadha	BSR/MS/RKV	Cycle 6
20-Jul-09	22-Jul-09	Market Transaction	6000	BSR/MS/RKV	Amar Veer Kaur Chadha	
20-Jul-09	23-Jul-09	Off Market Transfer	6000	Amar Veer Kaur Chadha	BSR/MS/RKV	Cycle 7
21-Jul-09	24-Jul-09		2000	Naveen Kumar Bhageria		
27-Jul-09	29-Jul-09	Market Transaction	6000	BSR/MS/RKV	Amar Veer Kaur Chadha	
28-Jul-09	30-Jul-09		2000		Naveen Kumar Bhageria	
* For off market transfer Exececution date is considered while for market transaction settlement date is considered						

15. From the above table, it is observed that the cycle of off-market transfer and market transaction i.e. purchase through market, has been repeated a number of times among various entities in the same/similar manner wherein either Leela Surana R. (in first patch) or Bhupendra Singh Rathore/Mahasagar Securities/Rajesh Kumar Vyas (in second patch) they had purchased shares initially from the market and then carried out an off market transfers to various related entities. Then they had once again purchased the shares that are transferred off-market from such entities on a subsequent day by carrying out market transaction on exchange platform.
16. **Off market transfers made by Leela Surana R. and Bhupendra Singh Rathore/Mahasagar Securities/Rajesh Kumar Vyas to various entities during the examination period:** As already mentioned above, the entities Leela Surana R. & Bhupendra Singh Rathore/Rajesh Kumar Vyas/Mahasagar Securities were actively trading and were top purchasers during the first patch and second patch respectively. From the off-market transfers, it appears that majority of the top sellers on net basis during both the patches had received off market transfer from the above two clients in first and second patch respectively.
17. The sellers who figured in top 15 clients on net basis in either of the patches had received shares from either Leela Surana R (in first patch) or from Bhupendra Singh Rathore/Rajesh Kumar Vyas/Mahasagar Securities (in second patch) in off-market

transactions on various occasions. Thus, in both the patches it was observed that the entities who were the top sellers in the market had met their pay-in obligations from the shares received through off-market transfers from the top purchasers. Prima facie the various entities which appears to be part of these two groups in first patch and second patch respectively are as under.

Entities during first patch (Surana Group)

1. Alka Jain
2. Hiralal Patel (HUF)
3. Indira Bai P
4. Kamlesh Devi Agrawal
5. Leela Surana. R
6. M Sachin
7. Manju Agarwal
8. Meeth A
9. M L Agrawal (HUF)
10. N Rakesh Kumar
11. Pooja H
12. Pradeep Jain
13. Radha H Patel
14. Rahul H
15. Rajendra Patel & Sons
16. Ramawatar Agarwal
17. Reena
18. Shanti Lal B
19. Shantilal V Patel (HUF)
20. Sharda Khemka
21. Tejrjaj Jain HUF
22. Yogesh Khemka

Entities during Second patch (BSR Group)

1. Adarsh Kumar Mansinghka
2. Ajay Kumar Bandi
3. Ajay Kumar Malpani
4. Amar Veer Kaur Chadha
5. Amit Chothwani
6. Amita Chandresh Jain
7. Ashok Kumar Agrawal
8. Bhagwandas Hotwani
9. Bhupendra Singh Rathore
10. Gulab Chand Mandwani
11. Harsh Kumar Mansinghka
12. Mahasagar Securities
13. Mamta Bhageria
14. Mangla Agrawal
15. Manish Mandwani
16. Manish Mangilal Jain
17. Naveen Kumar Bhageria
18. Neeraj Kumar Mansinghka
19. Pankaj Kumar Mansinghka
20. Pradeep Kumar Pirodia

21. Radha Mundra
22. Rajendra Agrawal
23. Rajesh Kumar Vyas
24. Raminder Chadha HUF
25. Raminder Chadha
26. Sangeeta Agrawal
27. Sunil Bandi
28. Super Sack Private Limited
29. Suresh Kumar Bandi
30. Vinod Kumar Gupta

18. **Synchronized trading by the entities of Surana Group & BSR Group:** During the first patch, from the analysis of the IMSS data, it was observed that the trader id from which the orders were routed for the entities of LSR Group belongs to one Mr. Dinesh Kumar Surana of MSE Financial Services Limited. All these clients are also having their demat accounts with Madras Stock Exchange Limited (MSE), the promoter of MSE Financial Services Limited and a Depository Participant (DP) of CDSL. It was further noted that Dinesh Kumar Surana with trade name Surana Capital Markets, is a broker-member of MSE as well as sub-broker of BSE and NSE affiliated through MSE Financial Services Limited (subsidiary of MSE) having SEBI registration numbers as INB041148116, INS011004517 and INS234538218 respectively. Moreover, one of the addresses of Leela Surana R is same as that of the sub-broker's address.
19. It was further observed that these entities had placed orders through the three trader ids belonging to Dinesh Kumar Surana and entered into synchronized trading with each other by placing the buy-sell orders in a synchronized manner wherein the buy order time and sell order time had very little difference. Further, the trades occurred with buy and sell orders that were placed from the location ids belonging to the same office of the sub-broker viz. No. 45, Elephant gate Street, 2nd Floor Chennai. From the IMSS data it was observed that the trader for Leela Surana R as well as for other clients was Mr. Dinesh Kumar Surana and in most cases the difference between the bid-order and sell order was less than a second.
20. During second patch, it was observed that in most of the cases the difference of bid order and ask order time is less than minute which implies that the entities of BSR group were placing the orders in synchronized manner. On few occasions in second patch (as tabulated below) it was observed that before entering into a synchronized trade Bhupendra Singh Rathore/Rajesh Kumar Vyas/Mahasagar Securities had placed a big buy order at a price away from the prevailing price /last traded price and then latter amended/deleted those buy orders. On each occasion the synchronized trade was with a counter party which received shares from BSR/MS/RKV through off-market transfer.
21. Few instances of synchronized trading carried out in both the patches are listed in the tables below:

Table 6 : Few instances of synchronized trades

Order Id		Date	Qty	Order time			Counter party client
Bid	Ask			Bid	Ask	difference	
Bid Client Leela Surana R							
24605600020129700	24604900020165900	9/2/2009	2500	10:16:02	10:16:02	0:00:00	Kamlesh Devi Agrawal
24605600020129700	24604900020165900	9/2/2009	2500	10:16:02	10:16:02	0:00:00	Kamlesh Devi Agrawal

<i>Order Id</i>		<i>Date</i>	<i>Qty</i>	<i>Order time</i>			<i>Counter party client</i>
<i>Bid</i>	<i>Ask</i>			<i>Bid</i>	<i>Ask</i>	<i>difference</i>	
24605600020129700	24604900020165900	10/2/2009	1500	10:13:37	10:13:36	0:00:01	Manju Agarwal
24605600020129700	24604900020165900	10/2/2009	1500	10:13:37	10:13:36	0:00:01	Manju Agarwal
24605600020129700	24604900020165900	10/2/2009	2000	10:13:37	10:13:36	0:00:01	Manju Agarwal
24605600020129700	24604900020165900	11/2/2009	1000	10:05:11	10:05:11	0:00:00	Alka Jain
24605600020129700	24604900020165900	11/2/2009	1400	10:05:11	10:05:11	0:00:00	Alka Jain
24605600020129700	24604900020165900	11/2/2009	1500	10:05:11	10:05:11	0:00:00	Alka Jain
24605600020129700	24604900020165900	12/2/2009	1000	10:17:27	10:17:27	0:00:00	ML Agrawal (HUF)
24605600020129700	24604900020165900	12/2/2009	1000	10:17:27	10:17:27	0:00:00	ML Agrawal (HUF)
24605600020129700	24604900020165900	12/2/2009	2000	10:17:27	10:17:27	0:00:00	Alka Jain
24605600020129700	24604900020165900	12/2/2009	1500	10:17:27	10:17:27	0:00:00	ML Agrawal (HUF)
24605600020129700	24604900020165900	12/2/2009	1500	10:17:27	10:17:27	0:00:00	ML Agrawal (HUF)
24605600020129700	24604900020165900	12/2/2009	995	10:17:27	10:17:27	0:00:00	Alka Jain
24605600020129700	24604900020165900	12/2/2009	2000	10:17:27	10:17:27	0:00:00	Alka Jain
24605600020129700	24604900020166000	13/2/2009	1000	10:21:51	10:21:51	0:00:00	Sharda Khemka
24605600020129700	24604900020166000	13/2/2009	1400	10:21:51	10:21:51	0:00:00	Sharda Khemka
24605600020129800	24604900020166000	16/2/2009	2700	11:22:28	11:22:28	0:00:00	Rahul H
24605600020129800	24604900020166000	16/2/2009	2400	11:22:28	11:22:28	0:00:00	Meeth A
24605600020129800	24604900020166000	16/2/2009	700	11:22:28	11:22:28	0:00:00	Sharda Khemka
24605600020129800	24604900020166000	16/2/2009	1988	11:22:28	11:22:28	0:00:00	Rahul H
24605600020129800	24604900020166000	16/2/2009	1000	11:22:28	11:22:28	0:00:00	Meeth A
24605600020129800	24604900020166000	16/2/2009	1000	11:22:28	11:22:28	0:00:00	Meeth A
24605600020129800	24604900020166100	18/2/2009	2000	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129800	24604900020166100	18/2/2009	1500	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129800	24604900020166100	18/2/2009	2000	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129800	24604900020166100	18/2/2009	1000	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129800	24604900020166100	18/2/2009	1500	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129800	24604900020166100	18/2/2009	1500	10:16:02	10:16:02	0:00:00	Indira Bai P
24605600020129900	24604900020166100	19/2/2009	400	14:19:07	14:19:07	0:00:00	Kamlesh Devi Agrawal
24605600020129900	24604900020166100	19/2/2009	400	14:19:07	14:19:07	0:00:00	Manju Agarwal
24605600020129900	24604900020166100	19/2/2009	400	14:19:07	14:19:07	0:00:00	ML Agrawal (HUF)
24605600020129900	24604900020166100	19/2/2009	700	14:19:07	14:19:07	0:00:00	Sharda Khemka
24605600020129900	24604900020166100	19/2/2009	1400	14:19:07	14:19:07	0:00:00	Ramawatar Agarwal
24605600020129900	24604900020166100	19/2/2009	950	14:19:07	14:19:07	0:00:00	Yogesh Khemka
24605600020129900	24604900020166100	19/2/2009	3000	14:19:07	14:19:07	0:00:00	Yogesh Khemka
24605600020129900	24604900020166100	19/2/2009	1500	14:19:07	14:19:07	0:00:00	Yogesh Khemka
24605600020129900	24604900020166100	19/2/2009	1500	14:19:07	14:19:07	0:00:00	Yogesh Khemka
24605600020129900	24604900020166100	24/2/2009	2500	11:59:58	11:59:58	0:00:00	Ramawatar Agarwal
24605600020129900	24604900020166100	24/2/2009	1495	11:59:58	11:59:58	0:00:00	Ramawatar Agarwal
24605600020129900	24604900020166100	24/2/2009	2000	11:59:58	11:59:58	0:00:00	Tejraj Jain HUF
24605600020129900	24604900020166100	24/2/2009	1500	11:59:58	11:59:58	0:00:00	Ramawatar Agarwal
24605600020129900	24604900020166100	25/2/2009	1800	11:15:54	11:15:54	0:00:00	Reena
24605600020129900	24604900020166100	25/2/2009	1450	11:15:54	11:15:54	0:00:00	Rajesh Kumar Jain
24605600020129900	24604900020166100	25/2/2009	2000	11:15:54	11:15:54	0:00:00	Reena
24605600020129900	24604900020166100	25/2/2009	1500	11:15:54	11:15:54	0:00:00	Rajesh Kumar Jain
24605600020129900	24604900020166100	25/2/2009	2000	11:15:54	11:15:54	0:00:00	Reena
24605600020129900	24604900020166100	25/2/2009	1500	11:15:54	11:15:54	0:00:00	Rajesh Kumar Jain

<i>Order Id</i>		<i>Date</i>	<i>Qty</i>	<i>Order time</i>			<i>Counter party client</i>
<i>Bid</i>	<i>Ask</i>			<i>Bid</i>	<i>Ask</i>	<i>difference</i>	
24605600020129900	24604900020166100	26/2/2009	2835	14:34:49	14:34:49	0:00:00	Pooja H
24605600020129900	24604900020166100	26/2/2009	2000	14:34:49	14:34:49	0:00:00	Pooja H
24605600020129900	24604900020166100	26/2/2009	2400	14:34:49	14:34:49	0:00:00	Indira Bai P
24605600020129900	24604900020166100	26/2/2009	3000	14:34:49	14:34:49	0:00:00	Indira Bai P
24605600020129900	24604900020166200	2/3/2009	2500	14:09:02	14:09:02	0:00:00	Tejraj Jain HUF
24605600020129900	24604900020166200	2/3/2009	2500	14:09:02	14:09:02	0:00:00	Tejraj Jain HUF
24605600020129900	24604900020166200	3/3/2009	3750	10:47:32	10:47:32	0:00:00	Radha H Patel
24605600020129900	24604900020166200	3/3/2009	3750	10:47:32	10:47:32	0:00:00	Shantilal V Patel (HUF)
24605600020129900	24604900020166200	3/3/2009	2800	10:47:32	10:47:32	0:00:00	Rajendra Patel & Sons
24605600020129900	24607500000013300	4/3/2009	2300	11:45:19	11:45:19	0:00:00	Indira Bai P
24605600020129900	24607500000013300	4/3/2009	4000	11:45:19	11:45:19	0:00:00	Indira Bai P
<i>Bid client Mahasagar Securities/ Bhupendra Singh Rathore/Rajesh Vyas</i>							
180000030245	160002023230	18/6/2009	2500	14:02:21	14:02:15	0:00:06	Amita Chandresh Jain
230002033243	160002023230	18/6/2009	3000	14:02:28	14:02:15	0:00:13	Amita Chandresh Jain
140001015272	150000016590	25/6/2009	2000	12:52:18	12:52:16	0:00:02	Amita Chandresh Jain
110001030178	220000037496	20/7/2009	6000	13:18:31	13:18:31	0:00:00	Chadha Amarveer Kaur
130001009756	200000018951	27/7/2009	6000	12:33:51	12:33:48	0:00:03	Chadha Amarveer Kaur
140001022731	220000029695	3/8/2009	6000	14:09:44	14:09:45	0:00:01	Harsh Kumar Mansinghka
120001024358	230002022179	5/8/2009	1500	12:51:32	12:50:58	0:00:34	Ajay Kumar Malpani
210000024027	170001019145	7/8/2009	6000	14:20:03	14:20:00	0:00:03	Adarsh Kumar Mansinghka
110025034337	160023040272	11/8/2009	1000	15:28:43	15:28:39	0:00:04	Ajay Kumar Malpani
150017028037	110020019652	13/8/2009	5700	11:41:52	11:40:51	0:01:01	Neeraj Kumar Mansinghka
130050013702	180057006059	21/8/2009	2000	10:18:24	10:18:23	0:00:01	Raminder Chadha HUF
130050026838	200055015594	21/8/2009	2000	11:18:39	11:18:39	0:00:00	Raminder Chadha HUF
230056014755	180057015800	21/8/2009	200	12:14:42	12:14:40	0:00:02	Raminder Chadha HUF
140059036549	180057016582	21/8/2009	1800	12:29:14	12:29:15	0:00:01	Raminder Chadha HUF
130050057134	220060040553	25/8/2009	3000	14:47:08	14:47:07	0:00:01	Pankaj Kumar Mansinghka
130049064934	220060043699	26/8/2009	3000	14:53:11	14:53:07	0:00:04	Pankaj Kumar Mansinghka
220061040473	180066060402	4/9/2009	800	13:45:32	13:45:30	0:00:02	Abha Mansinghka
220061040512	180066060455	4/9/2009	800	13:45:51	13:45:47	0:00:04	Abha Mansinghka
180066060516	180066060505	4/9/2009	800	13:46:05	13:46:02	0:00:03	Abha Mansinghka
180066060556	180066060554	4/9/2009	600	13:46:21	13:46:21	0:00:00	Abha Mansinghka
160016054508	150019070360	8/9/2009	250	15:09:32	15:09:24	0:00:08	Adarsh Kumar Mansinghka
160016054508	150019070400	8/9/2009	250	15:09:32	15:09:39	0:00:07	Adarsh Kumar Mansinghka
160016054532	150019070400	8/9/2009	250	15:09:49	15:09:39	0:00:10	Adarsh Kumar Mansinghka
160016054532	150019070443	8/9/2009	250	15:09:49	15:09:56	0:00:07	Adarsh Kumar Mansinghka
160016054552	150019070443	8/9/2009	250	15:10:04	15:09:56	0:00:08	Adarsh Kumar Mansinghka
160016054552	150019070463	8/9/2009	250	15:10:04	15:10:09	0:00:05	Adarsh Kumar Mansinghka
160016054579	150019070463	8/9/2009	250	15:10:19	15:10:09	0:00:10	Adarsh Kumar Mansinghka
160016054579	150019070498	8/9/2009	250	15:10:19	15:10:23	0:00:04	Adarsh Kumar Mansinghka
230024036853	150019070498	8/9/2009	250	15:10:31	15:10:23	0:00:08	Adarsh Kumar Mansinghka
230024036853	150019070530	8/9/2009	250	15:10:31	15:10:36	0:00:05	Adarsh Kumar Mansinghka
160016054641	150019070530	8/9/2009	250	15:10:53	15:10:36	0:00:17	Adarsh Kumar Mansinghka
120056043126	150053021047	15/9/2009	500	14:28:11	14:28:02	0:00:09	Pankaj Kumar Mansinghka
120055053809	150053021075	15/9/2009	500	14:28:18	14:28:21	0:00:03	Pankaj Kumar Mansinghka
120055063710	150053025146	15/9/2009	500	15:29:53	15:29:50	0:00:03	Pankaj Kumar Mansinghka

<i>Order Id</i>		<i>Date</i>	<i>Qty</i>	<i>Order time</i>			<i>Counter party client</i>
<i>Bid</i>	<i>Ask</i>			<i>Bid</i>	<i>Ask</i>	<i>difference</i>	
160021018255	120018021052	16/9/2009	500	10:40:40	10:40:54	0:00:14	Raminder Chadha HUF
220061044821	230058057366	18/9/2009	500	9:55:59	9:55:56	0:00:03	Adarsh Kumar Mansinghka
200027022840	150024055215	23/9/2009	500	9:55:59	9:55:56	0:00:03	Adarsh Kumar Mansinghka
210031049692	150024055215	23/9/2009	500	9:59:50	9:59:37	0:00:13	Adarsh Kumar Mansinghka
180066038457	230058030599	29/9/2009	500	9:55:59	9:55:56	0:00:03	Harsh Kumar Mansinghka
180000010161	220000008990	3/7/2009	3500	10:49:53	10:49:48	0:00:05	Bandi Sunil
180001001829	180001001825	15/7/2009	3460	10:03:44	10:03:43	0:00:01	Bandi Ajay Kumar
120001004246	180001001825	15/7/2009	40	10:04:15	10:03:43	0:00:32	Bandi Ajay Kumar
110001000829	160002017679	28/7/2009	2000	12:26:53	12:26:46	0:00:07	Naveen Kumar Bhageria
200021040973	170022036482	11/8/2009	1000	15:06:49	15:06:44	0:00:05	Naveen Kumar Bhageria
210023016807	120023020352	20/8/2009	1500	10:51:36	10:51:30	0:00:06	Mamta Bhageria

Table 7 : Few instances wherein BSR/MS/RKV had placed a large buy order away from last traded price and latter deleted those orders

<i>Bid order id</i>	<i>Ask order id</i>	<i>Time order / trade</i>	<i>Type</i>	<i>Qty</i>	<i>Price</i>	<i>Buy client</i>	<i>Sell client</i>
Date: June 08, 2009		The last traded price prior to the order of BSR/MS/RKV was 166					
140001024857	-	12:44:50	Enter	5500	160	BSR	-
140001024857	-	12:44:50	Delete	5500	160	BSR	-
-	180001015365	12:45:51	Enter	5500	168	-	Amit Chothwani
-	180001015365	12:45:51	Delete	5500	168	-	Amit Chothwani
-	160000017772	12:46:16	Enter	5500	168	-	Amit Chothwani
-	160000017772	12:46:16	Amend	5500	165.5	-	Amit Chothwani
200000022988	-	12:47:09	Enter	5500	165.5	BSR	-
200000022988	160000017772	12:47:09	Trade	5000	165.5	BSR	Amit Chothwani
Date: June 25, 2009		The last traded price prior to the order of BSR/MS/RKV was 151.1					
140001015223	-	12:51:07	Enter	2000	148	MS	-
140001015223	-	12:51:07	Delete	2000	148	MS	-
-	150000016590	12:52:16	Enter	2000	152	-	Amita Chandresh Jain
140001015272	-	12:52:18	Enter	2000	152	MS	-
140001015272	150000016590	12:52:18	Trade	2000	152	MS	Amita Chandresh Jain
Date : August 07, 2009		The last traded price prior to the order of BSR/MS/RKV was 351					
210000024008	-	14:19:37	Enter	6000	338	MS	-
210000024008	-	14:19:37	Delete	6000	338	MS	-
-	170001019145	14:20:00	Enter	6000	349	-	Adarsh Kumar Mansinghka
210000024027	-	14:20:03	Enter	6000	349	MS	-
210000024027	170001019145	14:20:03	Trade	6000	349	MS	Adarsh Kumar Mansinghka
Date: August 25, 2009		The last traded price prior to the order of BSR/MS/RKV was 457.75					
130050056897	-	14:45:47	Enter	6000	426	MS	-
130050056897	-	14:45:47	Delete	6000	426	MS	-
-	220060040553	14:47:07	Enter	3000	457.5	-	Pankaj Kumar Mansinghka
130050057134	-	14:47:08	Enter	3000	457.5	MS	-
130050057134	220060040553	14:47:08	Trade	3000	457.5	MS	Pankaj Kumar Mansinghka

22. **Trading within the group entities:** From the IMSS data it was observed that for the period from February 6, 2009 till March 5, 2009, the total traded volume of Leela Surana R was 1,54,918 shares. During this period approximately 1,35,888 shares were traded with the entities who had received shares in off-market transfer from Leela Surana R. Thus, approximately 87.7% of trading by Leela Surana R was with the related entities while with other clients it was only 12.3%. Similarly for the period from May 25, 2009 till September 18, 2009 total traded volume of Bhupendra Singh Rathore and Mahasagar Securities was 1,17,003 shares. During this period approximately 97,010 shares were traded with the entities who had received shares in off-market transfer from Bhupendra Singh/Mahasagar securities/Rajesh Kumar Vyas. These trades constitute approximately 83% during the period while the trading by the client with other entities was only 17%.
23. **Market share of trading by the entities in the two patches:** The percentage of trading by Leela Surana R as well as Mahasagar Securities/ Bhupendra Singh Rathore/ Rajesh Kumar Vyas to total trading during the day is as under. It may further be noted that on most of the trading days the counter party clients were related to them as mentioned above:

Table 8 : Contribution to daily trading

<i>Date</i>	<i>Qty</i>	<i>Traded Qty</i>	<i>% to day's volume</i>	<i>Closing price</i>
<i>First patch for Leela Surana R</i>				
6/2/2009	5000	57539	8.69	103.7
9/2/2009	5000	69070	7.24	102.2
10/2/2009	5000	116106	4.31	97.8
11/2/2009	10000	99528	10.05	102.5
12/2/2009	10000	41391	24.16	100.5
13/2/2009	10000	73382	13.63	100.6
16/2/2009	9800	52318	18.73	95.8
17/2/2009	10210	37057	27.55	91.2
18/2/2009	10040	92849	10.81	86.8
19/2/2009	10250	65523	15.64	83.1
24/2/2009	10250	34641	29.59	84.85
25/2/2009	10250	30725	33.36	86.9
26/2/2009	10235	15121	67.69	84.8
27/2/2009	5850	19213	30.45	82.25
2/3/2009	5000	30279	16.51	85.1
3/3/2009	10300	36154	28.49	83.85
4/3/2009	10300	27107	38.00	84.05
5/3/2009	7433	27415	27.11	82.6
<i>Second patch for Mahasagar Securities/ Bhupendra Singh Rathore/ Rajesh Kumar Vyas</i>				
26/5/2009	5058	16643	30.39	157.5
2/6/2009	5500	27986	19.65	164.1
8/6/2009	5500	34810	15.80	165.2
18/6/2009	5500	14762	37.26	151.5
25/6/2009	2000	9970	20.06	152.4
3/7/2009	3500	35691	9.81	194.6

<i>Date</i>	<i>Qty</i>	<i>Traded Qty</i>	<i>% to day's volume</i>	<i>Closing price</i>
13/7/2009	2500	21050	11.88	247.6
15/7/2009	3540	18643	18.99	260
20/7/2009	8000	29956	26.71	272.9
21/7/2009	1000	11133	8.98	292.1
27/7/2009	6000	29347	20.45	303.2
28/7/2009	2000	12750	15.69	313.6
3/8/2009	6000	13689	43.83	337.3
5/8/2009	3000	10108	29.68	345.9
7/8/2009	6000	15554	38.58	346.2
11/8/2009	2000	6480	30.86	334.5
13/8/2009	6000	15527	38.64	351.2
14/8/2009	1500	14814	10.13	364
19/8/2009	1500	15315	9.79	441.4
20/8/2009	1500	8429	17.80	428.3
21/8/2009	6000	22341	26.86	439.6
25/8/2009	4400	18818	23.38	447.5
26/8/2009	3000	18736	16.01	464.2
3/9/2009	1105	36102	3.06	455.7
4/9/2009	3000	61517	4.88	527.8
8/9/2009	3000	64471	4.65	552.4
9/9/2009	2000	56896	3.52	557.3
10/9/2009	1000	44627	2.24	561.5

24. From the above table it is observed that the contribution of trades by Leela Surana R during the first patch was in the range of 4% to 67% on the days when the entity had traded. Out of 18 trading days when the entity had purchased the shares during the first patch on 9 occasions its contribution to day's volume was more than 20%. While in the second patch the contribution of trades by Mahasagar Securities/ Bhupendra Singh Rathore/ Rajesh Kumar Vyas was in the range of 2% to 43%. Out of 28 trading days that the entities had purchased the shares, on 12 occasions its contribution was more than 20%.
25. From the above, it appears that by trading in a circular and synchronized manner the entities had generated fictitious trades and given a false misleading impression of large volumes in the scrip. Thus the entities mentioned above had carried out trading in such a manner as to attract the innocent and gullible investors in the shares of the company, that they have been which can be witnessed from the increase in the volumes as mentioned in above sections. The narration of the preliminary findings of SEBI examination conducted so far, leads to the conclusion that there is a prima facie case for SEBI to intervene immediately to prevent the continuing market abuse by the activities of above clients. If such devious practices are left unchecked the same would undermine the confidence of investors in the integrity of market and the trading systems. Further if such entities are left unchecked then they could potentially cause damage to securities market. It is, therefore, necessary and essential to urgently pass orders to protect the interests of investors and to preserve the safety and integrity of the market, pending completion of investigation.

26. Therefore, I find the said transactions are *prima facie* in violation of Regulation 4 (2) (a), (b), (g) and (n) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 which reads as under:-

Regulation 4: Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
- a) *indulging in an act which creates false or misleading appearance of trading in the securities market;*
 - b) *dealing in a security not intended to effect 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 wrongful gain or avoidance of loss;*
 - c)
 - d)
 - e)
 - f)
 - g) *entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*
 - h)
 - i)
 - j)
 - k)
 - l)
 - m)
 - n) *circular transactions in respect of a security entered into between intermediaries in order to increase commission to provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security;*
 - o)
 - p)
 - q)
 - r)

27. Therefore, with a view to protect the interest of investors and securities market from such acts, I, in exercise of the powers delegated to me by the SEBI Board in terms of Section 19 of the Securities and Exchange Board of India Act 1992 read with Section 11B and 11(4)(b) thereof pending investigation, hereby issue following directions, by way of ad interim, ex-parte order:

- a. Entities Bhupendra Singh Rathore (ALPPR1365R), Leela Surana R (AAJPS3594E), Mahasagar Securities (AAPFM5751R), Rajesh Kumar Vyas (AAPFM5751R) and Rajesh Kumar Vyas (AASPV7287J) are hereby directed not to buy, sell or deal in the securities in any manner till further directions in this regard.
 - b. The Sub-broker Surana Capital Market having Pan No. AAJPS3597H is hereby directed not to buy, sell or deal in the securities of Kwaliti Dairy India Limited in any manner till further directions in this regard. The sub-broker is further directed not to buy, sell or deal in the securities in its own account in any manner till further directions in this regard.
 - c. The major stock exchanges viz. The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the depositories viz. National Securities Depository Limited and Central Depository Services Limited are directed to ensure that all the above directions are strictly enforced. The concerned stock exchanges are hereby directed to permit the members dealing for the above entities to square off their existing open positions, if any, in the F&O segment. Exchanges must strictly ensure that no fresh positions are created for these entities.
28. This order shall come into force with immediate effect. However, the entities/persons against whom this order is being passed may file their objections, if any, within 15 days from the date of this order and, if they so desire, may avail themselves of an opportunity of personal hearing at the Securities and Exchange Board of India, Head Office, Plot C4-A, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 on a date and at a time to be fixed on a specific request, to be received in this behalf from the entities/persons within 15 days from the date of this order, in which case their representations shall be considered and a final view taken. If they do not respond within such stipulated time, it shall take final effect against them.

Dr. K M ABRAHAM

Place : Mumbai

WHOLE-TIME MEMBER

Date: December 01, 2009

SECURITIES AND EXCHANGE BOARD OF INDIA