

WTM/PS/IVD/ID-1/32/09/DEC
BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER

IN THE MATTER OF M/S. V.B. INVESTMENTS (PROP: SHRI VIKAS BENGANI)
AND M/S. KETAN INVESTMENT (PROP: SHRI MAHENDRA KUMAR AGARWAL)
IN THE MATTER OF T. SPIRITUAL WORLD LTD

Date of hearing: July 09, 2009 & August 20, 2009

Appearances:

For Noticees:

For M/s. V. B. Investments: Prop: Shri Vikas Bengani

For M/s. Ketan Investment: None

For SEBI: Mr. N Murugan, Legal Officer (Presenting Officer)
Smt. Medha Sonparote, Deputy General Manager
Mr. Naveen Kumar, Manager, and
Mr. Amitesh Kumar, Legal Officer.

ORDER

Under Section 11(4) (b) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

1. SEBI conducted an investigation into the alleged price manipulation in the shares of T. Spiritual World Ltd. (hereinafter referred to as 'T. Spiritual') during the period January 01, 2003 to July 11, 2003. Investigations revealed that the entities i.e. M/s. V B Investments, M/s. Ketan Investment and Shri Chander Singh entered into structured/ synchronized/ reversal of trades in the said shares while trading through trading members; i) Sanchay Fincom Ltd. (client - M/s. V B Investments); ii) Adolf Pinto (client - M/s. Ketan Investment) and iii) Ramaben Samani Finance Pvt. Ltd. (client - Shri Chander Singh). It was, therefore, alleged that the dealings of aforesaid entities in the shares of T. Spiritual were in violation of Regulation 4(b) and 4(c) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as PFUTP Regulations 1995).

2. Accordingly, vide notice dated September 23, 2005, M/s. V.B Investments, M/s. Ketan Investment and Shri Chander Singh were called upon to show cause as to why appropriate recommendation should not be made against them under section 11(4) (b) and 11B of SEBI Act, 1992 read with regulation 11 and 13(3) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003 (hereinafter referred to as PFUTP Regulations 2003). The show cause notice (SCN) after repeated attempts was served to M/s V B Investments on March 7, 2006 through the trading member Sanchay Fincom Ltd.
3. M/s. V B Investments replied to the SCN vide letter dated 26th November, 2006. Later, it applied for consent on November 22, 2008. However, the terms of consent were rejected.
4. The SCN could not be delivered to M/s. Ketan Investment. Thereafter, delivery was attempted through the broker Adolf Pinto to M/s. Ketan Investments vide letters dated February 20, 2006 and December 18, 2006. The broker Adolf Pinto vide letter dated December 20, 2006, however, informed that they were unable to forward the SCN as he had changed his address and his present whereabouts were not known to them.
5. I note that Shri Chander Singh has filed consent application in terms of SEBI Circular No-EFD/Cir-1/2007 dated April 20, 2007. Therefore at present no order is being passed with respect to Shri Chander Singh. However, it would remain open to SEBI to pass appropriate direction/order against him in accordance with law as and when necessary/appropriate. In view of the same, while keeping the matter on hold with respect to Shri Chander Singh, I am proceeding in the matter with respect to M/s. V B Investments and M/s. Ketan Investment.
6. An opportunity of hearing was given to M/s. V B Investments and M/s. Ketan Investment on July 9, 2009 before me. However, hearing letter pertaining to M/s. Ketan Investment returned undelivered. Therefore, an advertisement was issued in the national newspaper 'Hindustan Times' dated August 13, 2009 and regional newspaper that in case the entity wish to avail personal hearing in the matter or to make any submission in this connection, they may write to SEBI within 15 days of the publication of the notice in the newspaper failing which the matter will be decided ex-parte. Accordingly, date of hearing was fixed on August 20, 2009. M/s. Ketan Investment, however, neither responded nor appeared even after the said advertisement.

7. Shri Vikas Bengani appeared before me on July 09, 2009 and made his submissions vide letter dated July 20, 2009. He through his reply dated November 26, 2006 and letter dated July 20, 2009 has *inter alia* submitted as under:

- i. The power to issue directions under Section 11(4)(b) and 11B of SEBI Act 1992 read with regulation 11 and 13(3) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 is a drastic power having serious civil consequences and ramifications on the repute and livelihood of those against whom it is directed. No prima facie case has been made out to warrant the issuance of proposed order of serious consequences against him and therefore it is unwarranted and uncalled for.
- ii. He is not a registered intermediary with SEBI and hence he does not come under the purview, ambit, compass and jurisdiction of SEBI.
- iii. He didn't enter into any kind of circular / structured / synchronized or reversal trading, as he did not know the names of counter party brokers or their end clients.
- iv. He didn't act in concert with Shri Chander Singh & M/s. Ketan Investment. There was not a single share/money transaction to/fro with them nor were there any off-market dealing nor any business/commercial relationship or privy with anyone of them at the relevant time.
- v. Regarding the address at 34, Arti Building, 85 Tardeo Road, Mumbai, he has clarified that he used to stay at this address before 2000. He is presently staying at another address in Mumbai. He did not know Shri Chander Singh at the relevant time and therefore he is not related / connected with Shri Chander Singh.
- vi. There is a wide time gap between buy and sell orders among his trades. He has furnished a list of trades where the time gap is of more than an hour in many cases.
- vii. It appears that as there were few interested persons in the scrip, orders got matched between/among them. He did intraday trading in other scrips also and kept nil position at the end of the days, which cannot be termed as non-genuine in nature.
- viii. The BOLT system is anonymous and orders keyed in get matched on price-time priority basis.
- ix. Orders were placed at market rates. He also took delivery in some transactions as per his strategy.
- x. Even assuming but without admitting, the effect of his trades resulted into maintaining of the price, the said act of maintaining the price is outside the ambit of Regulation 4(a) of

SEBI (PFUTP), 1995.

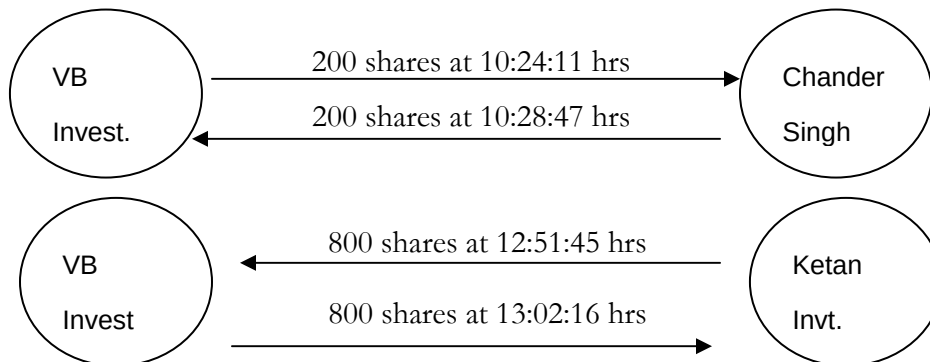
- xi. Regulation 11 and 13(3) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 came into force on July 17, 2003 where as the investigation period is from January 01, 2003 to July 11, 2003, so it should not be applied on him. In this regard, he has quoted Article 20(1) in the Constitution of India that 'No person shall be convicted of any offence except for violation of a law in force at the time of the commission of the Act charged as an offence.
 - xii. He was not provided copy of the statement, which was recorded by SEBI official on dated 13/04/2005 which is also against natural justice.
 - xiii. The price of the scrip was stable from the period of July 2002 (before investigation period) and in the range of Rs.175-185 (during the investigation period) i.e. from January 2003 to July 2003. The price of the scrip fell in the month of August 2003 after the investigation period and due to corporate action (stock split).
 - xiv. Many other entities were active during the period of investigation i.e. Sahara, HFCL, Basant Marketing and others. The trades belonging to HFCL group and Sahara group was also under investigation and their volume was also high but SEBI has not mentioned their names anywhere in the SCN.
 - xv. The price of the scrip was normal in the period of investigation because other entities i.e. Sahara, HFCL and Basant Marketing had done 3-4 block deals of 1,60,000 shares (approx) in the price range 175-185. Therefore, his volume had not affected anyone in the same period.
 - xvi. His total trade was converted into delivery trade because the scrip was in "I" group. Therefore, there is not any question that holding has not changed hands.
8. I have carefully considered show cause notices issued by SEBI and replies thereof, the submissions made before me during the personal hearing, written submissions made thereafter, and other materials available on records. Based on this, I proceed to consider the issue whether the entities have contravened the relevant provisions of the PFUTP Regulations.
9. I note that during the period January 01, 2003 to July 11, 2003 excluding the days of March 25, March 26 and April 15, 2003, there were total 2,63,058 shares traded with an average daily volume of around 2,000 shares. Sanchay Fincom Ltd., Adolf Pinto and Ramaben Samani Finance Pvt. Ltd., trading on behalf of their respective clients, together contributed 98.41% of the total

purchase volume and 98.30% of the total sell volume as given in the table below i.e. almost entire trading in the scrip was concentrated among these three brokers and their respective clients.

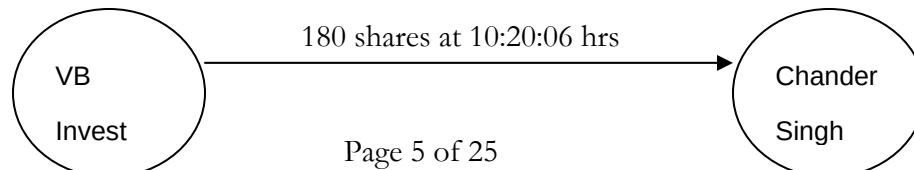
SI.	Broker	Client	Buy		Sell		Net Qty.
			Qty.	%of Mkt. Volume	Qty.	%of Mkt. Volume	
1	Sanchay Fincom Ltd.	V.B. Investment	127950	48.64	127906	48.62	44
2	Adolf Pinto	Ketan investment	106999	40.68	106999	40.68	0
3	Ramaben Samani Finance Pvt Ltd	Chander Singh	23930	9.09	23628	9	302

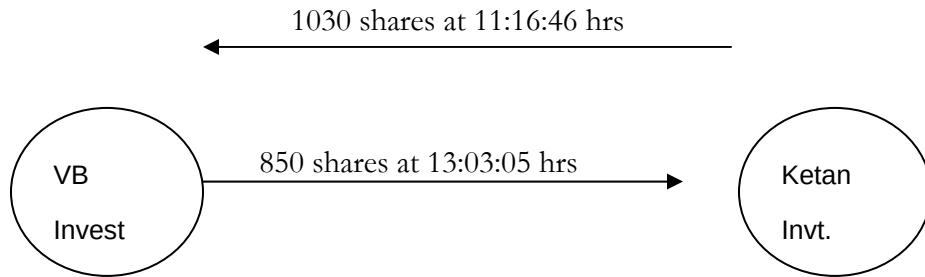
10. All the transactions done were in the nature of square-off transactions with net position nil at the end of most of the settlements. The trade log analysis of the above 3 trading members shows that their clients have repeatedly indulged into circular trading among themselves on most of the days thus creating artificial volumes in the scrip. A pictorial depiction of circular tracing on some of the days is given as follows: (the head of the arrow towards a client indicates that it has bought the shares and the tail of arrow indicates that it has sold the shares)

1) **Trading on 01st January, 2003:**

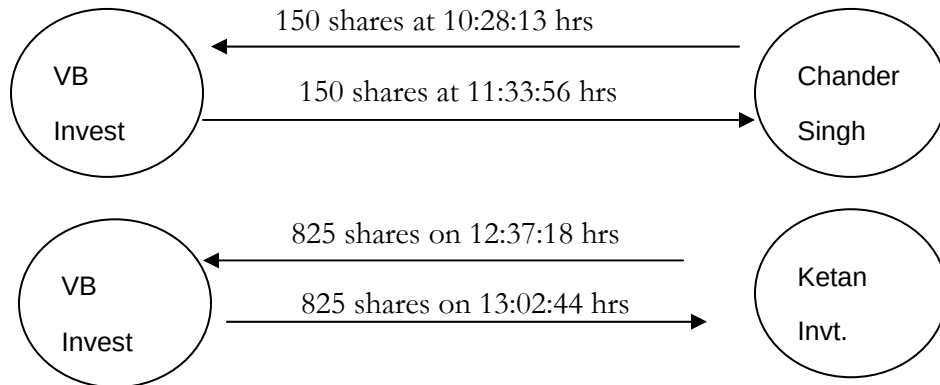


(2) **Trading on 2nd January, 2003:**

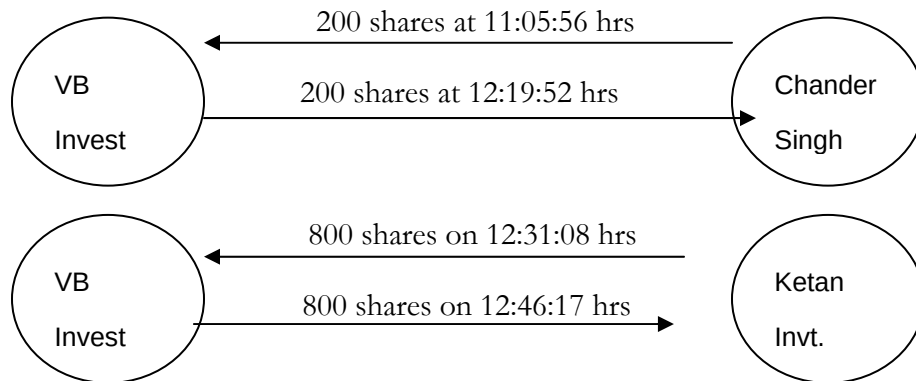




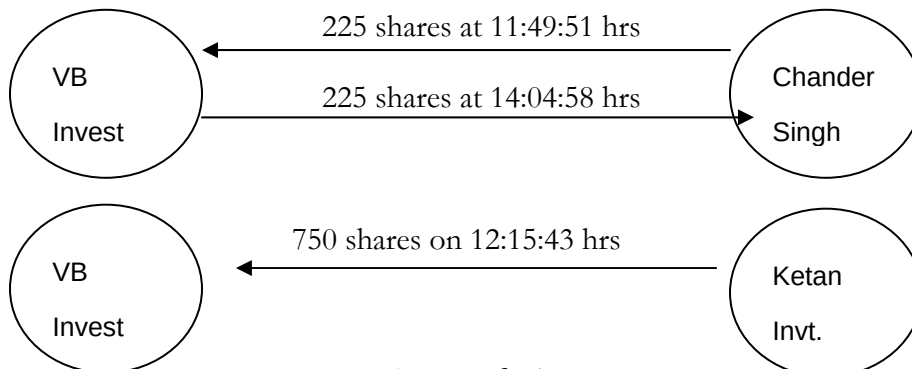
(3) Trading on 3rd January, 2003:



(4) Trading on 6th January, 2003:

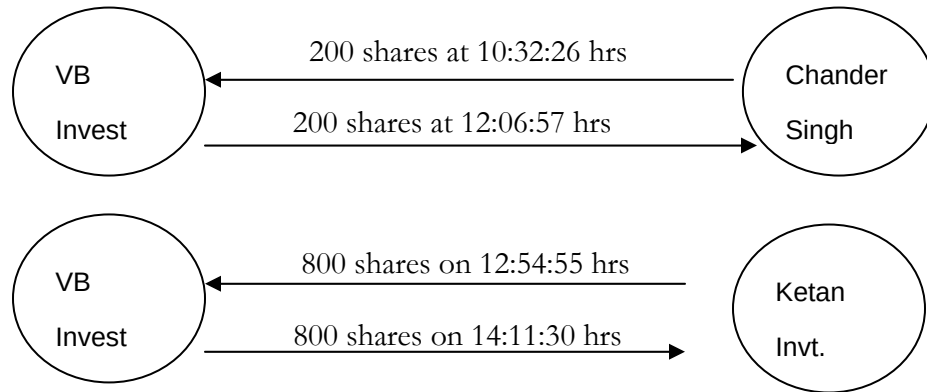


(5) Trading on 7th January, 2003:



750 shares on 13:04:36 hrs

(6) Trading on 8th January, 2003:



11. The 3 entities have entered into this kind of reversal of trades on most of the days during the said period. They have created false and misleading appearance of trading in the scrip of T. Spiritual during the said period and have maintained the price of the scrip at a level based on the transactions, which were not genuine trade transactions. A detailed presentation in tabular form of all the circular/ reversal trades among the above three clients through their respective brokers is given below:

Date	Member	Client	Purchases	Sales	Qty traded on BSE	Gross Purchase % to Total Volume	Gross Sale % to Total Volume
1/1/2003	Adolf Pinto	Ketan Investments	800	800			
1/1/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/1/2003	Sanchay Fincom	V B Investments	1000	1000			
1/1/2003	Total		2000	2000	2000	100	100
1/2/2003	Adolf Pinto	Ketan Investments	850	850			
1/2/2003	Ramaben Samani Finance	Chander Singh	180	180			
1/2/2003	Sanchay Fincom	V B Investments	1030	1030			
1/2/2003	Total		2060	2060	2060	100	100
1/3/2003	Adolf Pinto	Ketan Investments	825	825			
1/3/2003	Ramaben Samani Finance	Chander Singh	150	150			
1/3/2003	Sanchay Fincom	V B Investments	975	975			
1/3/2003	Total		1950	1950	1950	100	100
1/6/2003	Adolf Pinto	Ketan	800	800			

		Investments					
1/6/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/6/2003	Sanchay Fincom	V B Investments	1060	1000			
1/6/2003	Total		2060	2000	2060	100	100
1/7/2003	Adolf Pinto	Ketan Investments	750	750			
1/7/2003	Ramaben Samani Finance	Chander Singh	225	225			
1/7/2003	Sanchay Fincom	V B Investments	975	975			
1/7/2003	Total		1950	1950	1950	100	100
1/8/2003	Adolf Pinto	Ketan Investments	800	800			
1/8/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/8/2003	Sanchay Fincom	V B Investments	1000	1000			
1/8/2003	Total		2000	2000	2000	100	100
1/9/2003	Adolf Pinto	Ketan Investments	800	800			
1/9/2003	Ramaben Samani Finance	Chander Singh	210	210			
1/9/2003	Sanchay Fincom	V B Investments	1028	1010			
1/9/2003	Total		2038	2020	2038	100	100
1/10/2003	Adolf Pinto	Ketan Investments	850	850			
1/10/2003	Ramaben Samani Finance	Chander Singh	175	175			
1/10/2003	Sanchay Fincom	V B Investments	1065	1025			
1/10/2003	Total		2090	2050	2090	100	100
1/13/2003	Adolf Pinto	Ketan Investments	800	800			
1/13/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/13/2003	Sanchay Fincom	V B Investments	1000	1000			
1/13/2003	Total		2000	2000	2000	100	100
1/14/2003	Adolf Pinto	Ketan Investments	800	800			
1/14/2003	Ramaben Samani Finance	Chander Singh	225	225			
1/14/2003	Sanchay Fincom	V B Investments	1025	1027			
1/14/2003	Total		2050	2052	2052	100	100
1/15/2003	Adolf Pinto	Ketan Investments	850	850			
1/15/2003	Ramaben Samani Finance	Chander Singh	175	175			
1/15/2003	Sanchay Fincom	V B Investments	1025	1025			
1/15/2003	Total		2050	2050	2050	100	100
1/16/2003	Adolf Pinto	Ketan Investments	850	850			
1/16/2003	Ramaben Samani Finance	Chander Singh	175	175			
1/16/2003	Sanchay Fincom	V B Investments	875	875			
1/16/2003	Total		1900	1900	1900	100	100
1/17/2003	Adolf Pinto	Ketan Investments	800	800			
1/17/2003	Ramaben Samani Finance	Chander Singh	180	180			
1/17/2003	Sanchay Fincom	V B Investments	980	980			
1/17/2003	Total		1960	1960	1960	100	100
1/20/2003	Adolf Pinto	Ketan Investments	800	800			

1/20/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/20/2003	Sanchay Fincom	V B Investments	1000	1000			
1/20/2003	Total		2000	2000	2000	100	100
1/21/2003	Adolf Pinto	Ketan Investments	900	900			
1/21/2003	Ramaben Samani Finance	Chander Singh	180	180			
1/21/2003	Sanchay Fincom	V B Investments	1080	1080			
1/21/2003	Total		2160	2160	2160	100	100
1/22/2003	Adolf Pinto	Ketan Investments	750	750			
1/22/2003	Ramaben Samani Finance	Chander Singh	210	210			
1/22/2003	Sanchay Fincom	V B Investments	960	960			
1/22/2003	Total		1920	1920	1920	100	100
1/23/2003	Adolf Pinto	Ketan Investments	850	850			
1/23/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/23/2003	Sanchay Fincom	V B Investments	1055	1055			
1/23/2003	Total		2105	2105	2110	100	100
1/24/2003	Adolf Pinto	Ketan Investments	800	800			
1/24/2003	Ramaben Samani Finance	Chander Singh	190	190			
1/24/2003	Sanchay Fincom	V B Investments	990	990			
1/24/2003	Total		1980	1980	1980	100	100
1/27/2003	Adolf Pinto	Ketan Investments	850	850			
1/27/2003	Ramaben Samani Finance	Chander Singh	200	200			
1/27/2003	Sanchay Fincom	V B Investments	1050	1050			
1/27/2003	Total		2100	2100	2100	100	100
1/28/2003	Adolf Pinto	Ketan Investments	850	850			
1/28/2003	Ramaben Samani Finance	Chander Singh	180	180			
1/28/2003	Sanchay Fincom	V B Investments	1030	1030			
1/28/2003	Total		2060	2060	5060	41	41
1/29/2003	Adolf Pinto	Ketan Investments	800	800			
1/29/2003	Ramaben Samani Finance	Chander Singh	210	210			
1/29/2003	Sanchay Fincom	V B Investments	1010	1010			
1/29/2003	Total		2020	2020	2020	100	100
1/30/2003	Adolf Pinto	Ketan Investments	750	750			
1/30/2003	Ramaben Samani Finance	Chander Singh	190	190			
1/30/2003	Sanchay Fincom	V B Investments	940	940			
1/30/2003	Total		1880	1880	1880	100	100
1/31/2003	Adolf Pinto	Ketan Investments	800	800			
1/31/2003	Ramaben Samani Finance	Chander Singh	190	190			
1/31/2003	Sanchay Fincom	V B Investments	990	990			
1/31/2003	Total		1980	1980	1980	100	100
2/3/2003	Adolf Pinto	Ketan Investments	900	900			
2/3/2003	Ramaben Samani Finance	Chander Singh	190	190			

2/3/2003	Sanchay Fincom	V B Investments	1090	1090			
2/3/2003	Total		2180	2180	2180	100	100
2/4/2003	Adolf Pinto	Ketan Investments	700	700			
2/4/2003	Ramaben Samani Finance	Chander Singh	150	150			
2/4/2003	Sanchay Fincom	V B Investments	850	850			
2/4/2003	Total		1700	1700	1700	100	100
2/5/2003	Adolf Pinto	Ketan Investments	800	800			
2/5/2003	Ramaben Samani Finance	Chander Singh	195	195			
2/5/2003	Sanchay Fincom	V B Investments	995	1000			
2/5/2003	Total		1990	1995	1995	100	100
2/6/2003	Adolf Pinto	Ketan Investments	700	700			
2/6/2003	Ramaben Samani Finance	Chander Singh	250	250			
2/6/2003	Sanchay Fincom	V B Investments	950	950			
2/6/2003	Total		1900	1900	1900	100	100
2/7/2003	Adolf Pinto	Ketan Investments	750	750			
2/7/2003	Ramaben Samani Finance	Chander Singh	225	225			
2/7/2003	Sanchay Fincom	V B Investments	975	975			
2/7/2003	Total		1950	1950	1950	100	100
2/10/2003	Adolf Pinto	Ketan Investments	800	800			
2/10/2003	Ramaben Samani Finance	Chander Singh	225	225			
2/10/2003	Sanchay Fincom	V B Investments	1025	1025			
2/10/2003	Total		2050	2050	2050	100	100
2/11/2003	Adolf Pinto	Ketan Investments	800	800			
2/11/2003	Ramaben Samani Finance	Chander Singh	175	175			
2/11/2003	Sanchay Fincom	V B Investments	975	975			
2/11/2003	Total		1950	1950	1950	100	100
2/12/2003	Adolf Pinto	Ketan Investments	800	800			
2/12/2003	Ramaben Samani Finance	Chander Singh	200	200			
2/12/2003	Sanchay Fincom	V B Investments	1000	1000			
2/12/2003	Total		2000	2000	2000	100	100
2/14/2003	Adolf Pinto	Ketan Investments	800	800			
2/14/2003	Ramaben Samani Finance	Chander Singh	200	200			
2/14/2003	Sanchay Fincom	V B Investments	1000	1000			
2/14/2003	Total		2000	2000	2000	100	100
2/17/2003	Adolf Pinto	Ketan Investments	700	700			
2/17/2003	Ramaben Samani Finance	Chander Singh	225	225			
2/17/2003	Sanchay Fincom	V B Investments	925	925			
2/17/2003	Total		1850	1850	1850	100	100
2/18/2003	Adolf Pinto	Ketan Investments	700	700			
2/18/2003	Ramaben Samani Finance	Chander Singh	190	190			
2/18/2003	Sanchay Fincom	V B Investments	890	890			

2/18/2003	Total		1780	1780	1780	100	100
2/19/2003	Adolf Pinto	Ketan Investments	750	750			
2/19/2003	Ramaben Samani Finance	Chander Singh	180	180			
2/19/2003	Sanchay Fincom	V B Investments	930	930			
2/19/2003	Total		1860	1860	1860	100	100
2/20/2003	Adolf Pinto	Ketan Investments	800	800			
2/20/2003	Ramaben Samani Finance	Chander Singh	190	190			
2/20/2003	Sanchay Fincom	V B Investments	990	990			
2/20/2003	Total		1980	1980	1980	100	100
2/21/2003	Adolf Pinto	Ketan Investments	900	900			
2/21/2003	Ramaben Samani Finance	Chander Singh	245	245			
2/21/2003	Sanchay Fincom	V B Investments	1145	1145			
2/21/2003	Total		2290	2290	2290	100	100
2/24/2003	Adolf Pinto	Ketan Investments	800	800			
2/24/2003	Ramaben Samani Finance	Chander Singh	200	200			
2/24/2003	Sanchay Fincom	V B Investments	1000	1000			
2/24/2003	Total		2000	2000	2000	100	100
2/25/2003	Adolf Pinto	Ketan Investments	800	800			
2/25/2003	Ramaben Samani Finance	Chander Singh	225	225			
2/25/2003	Sanchay Fincom	V B Investments	1025	1025			
2/25/2003	Total		2050	2050	2050	100	100
2/26/2003	Adolf Pinto	Ketan Investments	850	850			
2/26/2003	Ramaben Samani Finance	Chander Singh	200	200			
2/26/2003	Sanchay Fincom	V B Investments	1100	1050			
2/26/2003	Total		2150	2100	2150	100	98
2/27/2003	Adolf Pinto	Ketan Investments	800	800			
2/27/2003	Ramaben Samani Finance	Chander Singh	170	170			
2/27/2003	Sanchay Fincom	V B Investments	970	970			
2/27/2003	Total		1940	1940	1940	100	100
2/28/2003	Adolf Pinto	Ketan Investments	825	825			
2/28/2003	Ramaben Samani Finance	Chander Singh	205	205			
2/28/2003	Sanchay Fincom	V B Investments	1030	1030			
2/28/2003	Total		2060	2060	2060	100	100
3/3/2003	Adolf Pinto	Ketan Investments	800	800			
3/3/2003	Ramaben Samani Finance	Chander Singh	200	200			
3/3/2003	Sanchay Fincom	V B Investments	1000	1000			
3/3/2003	Total		2000	2000	2000	100	100
3/4/2003	Adolf Pinto	Ketan Investments	800	800			
3/4/2003	Ramaben Samani Finance	Chander Singh	180	180			
3/4/2003	Sanchay Fincom	V B Investments	980	980			
3/4/2003	Total		1960	1960	1960	100	100

3/5/2003	Adolf Pinto	Ketan Investments	800	800			
3/5/2003	Ramaben Samani Finance	Chander Singh	210	210			
3/5/2003	Sanchay Fincom	V B Investments	1010	1010			
3/5/2003	Total		2020	2020	2020	100	100
3/6/2003	Adolf Pinto	Ketan Investments	750	750			
3/6/2003	Ramaben Samani Finance	Chander Singh	225	225			
3/6/2003	Sanchay Fincom	V B Investments	975	975			
3/6/2003	Total		1950	1950	1950	100	100
3/7/2003	Adolf Pinto	Ketan Investments	800	800			
3/7/2003	Ramaben Samani Finance	Chander Singh	190	190			
3/7/2003	Sanchay Fincom	V B Investments	990	990			
3/7/2003	Total		1980	1980	1980	100	100
3/10/2003	Adolf Pinto	Ketan Investments	780	780			
3/10/2003	Ramaben Samani Finance	Chander Singh	200	200			
3/10/2003	Sanchay Fincom	V B Investments	980	980			
3/10/2003	Total		1960	1960	1960	100	100
3/11/2003	Adolf Pinto	Ketan Investments	810	810			
3/11/2003	Ramaben Samani Finance	Chander Singh	175	175			
3/11/2003	Sanchay Fincom	V B Investments	985	985			
3/11/2003	Total		1970	1970	1970	100	100
3/12/2003	Adolf Pinto	Ketan Investments	800	800			
3/12/2003	Ramaben Samani Finance	Chander Singh	165	165			
3/12/2003	Sanchay Fincom	V B Investments	965	965			
3/12/2003	Total		1930	1930	1930	100	100
3/13/2003	Adolf Pinto	Ketan Investments	780	780			
3/13/2003	Ramaben Samani Finance	Chander Singh	195	195			
3/13/2003	Sanchay Fincom	V B Investments	975	975			
3/13/2003	Total		1950	1950	1950	100	100
3/17/2003	Adolf Pinto	Ketan Investments	790	790			
3/17/2003	Ramaben Samani Finance	Chander Singh	200	200			
3/17/2003	Sanchay Fincom	V B Investments	990	990			
3/17/2003	Total		1980	1980	1980	100	100
3/19/2003	Adolf Pinto	Ketan Investments	925	925			
3/19/2003	Sanchay Fincom	V B Investments	946	925			
3/19/2003	Total		3851	3830	3851	206	205
3/20/2003	Adolf Pinto	Ketan Investments	820	820			
3/20/2003	Ramaben Samani Finance	Chander Singh	175	175			
3/20/2003	Sanchay Fincom	V B Investments	995	995			
3/20/2003	Total		1990	1990	1990	100	100
3/21/2003	Adolf Pinto	Ketan Investments	815	815			

3/21/2003	Ramaben Samani Finance	Chander Singh	180	180			
3/21/2003	Sanchay Fincom	V B Investments	995	995			
3/21/2003	Total		1990	1990	1990	100	100
3/22/2003	Adolf Pinto	Ketan Investments	210	210			
3/22/2003	Ramaben Samani Finance	Chander Singh	100	100			
3/22/2003	Sanchay Fincom	V B Investments	310	310			
3/22/2003	Total		620	620	620	100	100
3/24/2003	Adolf Pinto	Ketan Investments	820	820			
3/24/2003	Ramaben Samani Finance	Chander Singh	175	175			
3/24/2003	Sanchay Fincom	V B Investments	995	995			
3/24/2003	Total		1990	1990	1990	100	100
3/25/2003	Adolf Pinto	Ketan Investments	300	300			
3/25/2003	Ramaben Samani Finance	Chander Singh	160	160			
3/25/2003	Sanchay Fincom	V B Investments	460	460			
3/25/2003	Total		920	920	100920	1	1
3/26/2003	Ramaben Samani Finance	Chander Singh	150	150			
3/26/2003	Sanchay Fincom	V B Investments	150	150			
3/26/2003	Total		1220	1220	50300	2	2
3/27/2003	Adolf Pinto	Ketan Investments	880	880			
3/27/2003	Ramaben Samani Finance	Chander Singh	165	165			
3/27/2003	Sanchay Fincom	V B Investments	1045	1045			
3/27/2003	Total		2090	2090	2090	100	100
3/28/2003	Adolf Pinto	Ketan Investments	849	850			
3/28/2003	Ramaben Samani Finance	Chander Singh	160	160			
3/28/2003	Sanchay Fincom	V B Investments	1009	1009			
3/28/2003	Total		2018	2019	2018	100	100
3/31/2003	Adolf Pinto	Ketan Investments	830	830			
3/31/2003	Ramaben Samani Finance	Chander Singh	165	165			
3/31/2003	Sanchay Fincom	V B Investments	995	995			
3/31/2003	Total		1990	1990	1990	100	100
4/1/2003	Adolf Pinto	Ketan Investments	765	765			
4/1/2003	Ramaben Samani Finance	Chander Singh	210	210			
4/1/2003	Sanchay Fincom	V B Investments	975	975			
4/1/2003	Total		1950	1950	1950	100	100
4/2/2003	Adolf Pinto	Ketan Investments	820	820			
4/2/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/2/2003	Sanchay Fincom	V B Investments	990	990			
4/2/2003	Total		1980	1980	1980	100	100
4/3/2003	Adolf Pinto	Ketan Investments	840	840			
4/3/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/3/2003	Sanchay Fincom	V B Investments	1010	1010			

4/3/2003	Total		2020	2020	2020	100	100
4/4/2003	Adolf Pinto	Ketan Investments	750	750			
4/4/2003	Ramaben Samani Finance	Chander Singh	165	165			
4/4/2003	Sanchay Fincom	V B Investments	1015	1015			
4/4/2003	Total		1930	1930	1930	100	100
4/7/2003	Adolf Pinto	Ketan Investments	815	815			
4/7/2003	Ramaben Samani Finance	Chander Singh	185	185			
4/7/2003	Sanchay Fincom	V B Investments	1000	1000			
4/7/2003	Total		2000	2000	2000	100	100
4/8/2003	Adolf Pinto	Ketan Investments	780	780			
4/8/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/8/2003	Sanchay Fincom	V B Investments	950	950			
4/8/2003	Total		1900	1900	1900	100	100
4/9/2003	Adolf Pinto	Ketan Investments	860	860			
4/9/2003	Ramaben Samani Finance	Chander Singh	260	133			
4/9/2003	Sanchay Fincom	V B Investments	893	1120			
4/9/2003	Total		2013	2113	2113	95	100
4/10/2003	Adolf Pinto	Ketan Investments	830	830			
4/10/2003	Ramaben Samani Finance	Chander Singh	165	165			
4/10/2003	Sanchay Fincom	V B Investments	995	995			
4/10/2003	Total		1990	1990	1990	100	100
4/11/2003	Adolf Pinto	Ketan Investments	860	860			
4/11/2003	Ramaben Samani Finance	Chander Singh	165	165			
4/11/2003	Sanchay Fincom	V B Investments	1025	1025			
4/11/2003	Total		2050	2050	2050	100	100
4/15/2003	Adolf Pinto	Ketan Investments	855	855			
4/15/2003	Ramaben Samani Finance	Chander Singh	160	160			
4/15/2003	Sanchay Fincom	V B Investments	1015	1015			
4/15/2003	Sanchay Fincom	Basant Marketing	0	10100			
4/15/2003	Total		2030	12130	14130	14	86
4/16/2003	Adolf Pinto	Ketan Investments	825	825			
4/16/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/16/2003	Sanchay Fincom	V B Investments	995	995			
4/16/2003	Total		1990	1990	1990	100	100
4/17/2003	Adolf Pinto	Ketan Investments	815	815			
4/17/2003	Ramaben Samani Finance	Chander Singh	175	175			
4/17/2003	Sanchay Fincom	V B Investments	990	990			
4/17/2003	Sanchay Fincom	Basant Marketing	2000	2000			
4/17/2003	Total		3980	3980	3980	100	100
4/21/2003	Adolf Pinto	Ketan Investments	840	840			
4/21/2003	Ramaben Samani Finance	Chander Singh	155	155			

4/21/2003	Sanchay Fincom	V B Investments	995	995			
4/21/2003	Total		1990	1990	1990	100	100
4/22/2003	Adolf Pinto	Ketan Investments	850	850			
4/22/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/22/2003	Sanchay Fincom	V B Investments	1020	1020			
4/22/2003	Total		2040	2040	2040	100	100
4/23/2003	Adolf Pinto	Ketan Investments	825	825			
4/23/2003	Ramaben Samani Finance	Chander Singh	155	155			
4/23/2003	Sanchay Fincom	V B Investments	980	980			
4/23/2003	Total		1960	1960	1960	100	100
4/24/2003	Adolf Pinto	Ketan Investments	860	860			
4/24/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/24/2003	Sanchay Fincom	V B Investments	1030	1030			
4/24/2003	Total		2060	2060	2060	100	100
4/25/2003	Adolf Pinto	Ketan Investments	825	825			
4/25/2003	Ramaben Samani Finance	Chander Singh	160	160			
4/25/2003	Sanchay Fincom	V B Investments	985	985			
4/25/2003	Total		1970	1970	1970	100	100
4/28/2003	Adolf Pinto	Ketan Investments	810	810			
4/28/2003	Ramaben Samani Finance	Chander Singh	170	170			
4/28/2003	Sanchay Fincom	V B Investments	980	980			
4/28/2003	Total		1960	1960	1960	100	100
4/29/2003	Adolf Pinto	Ketan Investments	845	845			
4/29/2003	Ramaben Samani Finance	Chander Singh	165	165			
4/29/2003	Sanchay Fincom	V B Investments	1010	1010			
4/29/2003	Total		2020	2020	2020	100	100
4/30/2003	Adolf Pinto	Ketan Investments	875	875			
4/30/2003	Ramaben Samani Finance	Chander Singh	150	150			
4/30/2003	Sanchay Fincom	V B Investments	1025	1025			
4/30/2003	Total		2050	2050	2050	100	100
5/2/2003	Adolf Pinto	Ketan Investments	820	820			
5/2/2003	Ramaben Samani Finance	Chander Singh	165	165			
5/2/2003	Sanchay Fincom	V B Investments	985	985			
5/2/2003	Total		1970	1970	1970	100	100
5/5/2003	Adolf Pinto	Ketan Investments	850	850			
5/5/2003	Ramaben Samani Finance	Chander Singh	170	170			
5/5/2003	Sanchay Fincom	V B Investments	1020	1020			
5/5/2003	Total		2040	2040	2040	100	100
5/6/2003	Adolf Pinto	Ketan Investments	860	860			
5/6/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/6/2003	Sanchay Fincom	V B Investments	1010	1010			

5/6/2003	Total		2020	2020	2020	100	100
5/7/2003	Adolf Pinto	Ketan Investments	800	800			
5/7/2003	Ramaben Samani Finance	Chander Singh	160	160			
5/7/2003	Sanchay Fincom	V B Investments	960	960			
5/7/2003	Total		1920	1920	1920	100	100
5/8/2003	Adolf Pinto	Ketan Investments	850	850			
5/8/2003	Ramaben Samani Finance	Chander Singh	170	170			
5/8/2003	Sanchay Fincom	V B Investments	1020	1020			
5/8/2003	Total		2040	2040	2040	100	100
5/9/2003	Adolf Pinto	Ketan Investments	875	875			
5/9/2003	Ramaben Samani Finance	Chander Singh	175	175			
5/9/2003	Sanchay Fincom	V B Investments	1050	1050			
5/9/2003	Total		2100	2100	2100	100	100
5/12/2003	Adolf Pinto	Ketan Investments	900	900			
5/12/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/12/2003	Sanchay Fincom	V B Investments	1050	1050			
5/12/2003	Total		2100	2100	2100	100	100
5/13/2003	Adolf Pinto	Ketan Investments	860	860			
5/13/2003	Ramaben Samani Finance	Chander Singh	140	140			
5/13/2003	Sanchay Fincom	V B Investments	1000	1000			
5/13/2003	Total		2000	2000	2000	100	100
5/14/2003	Adolf Pinto	Ketan Investments	810	810			
5/14/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/14/2003	Sanchay Fincom	V B Investments	960	960			
5/14/2003	Total		1920	1920	1920	100	100
5/15/2003	Adolf Pinto	Ketan Investments	825	825			
5/15/2003	Ramaben Samani Finance	Chander Singh	165	165			
5/15/2003	Sanchay Fincom	V B Investments	990	990			
5/15/2003	Total		1980	1980	1980	100	100
5/16/2003	Adolf Pinto	Ketan Investments	825	825			
5/16/2003	Ramaben Samani Finance	Chander Singh	160	160			
5/16/2003	Sanchay Fincom	V B Investments	985	985			
5/16/2003	Total		1970	1970	1970	100	100
5/19/2003	Adolf Pinto	Ketan Investments	875	875			
5/19/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/19/2003	Sanchay Fincom	V B Investments	1025	1025			
5/19/2003	Total		2050	2050	2050	100	100
5/20/2003	Adolf Pinto	Ketan Investments	850	850			
5/20/2003	Ramaben Samani Finance	Chander Singh	170	170			
5/20/2003	Sanchay Fincom	V B Investments	1020	1020			
5/20/2003	Total		2040	2040	2040	100	100

5/21/2003	Adolf Pinto	Ketan Investments	900	900			
5/21/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/21/2003	Sanchay Fincom	V B Investments	1050	1050			
5/21/2003	Total		2100	2100	2100	100	100
5/22/2003	Adolf Pinto	Ketan Investments	840	840			
5/22/2003	Ramaben Samani Finance	Chander Singh	160	160			
5/22/2003	Sanchay Fincom	V B Investments	1000	1000			
5/22/2003	Total		2000	2000	2000	100	100
5/23/2003	Adolf Pinto	Ketan Investments	840	840			
5/23/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/23/2003	Sanchay Fincom	V B Investments	990	990			
5/23/2003	Total		1980	1980	1980	100	100
5/26/2003	Adolf Pinto	Ketan Investments	1080	1080			
5/26/2003	Ramaben Samani Finance	Chander Singh	580	580			
5/26/2003	Sanchay Fincom	V B Investments	500	500			
5/26/2003	Total		2160	2160	2160	100	100
5/27/2003	Adolf Pinto	Ketan Investments	800	800			
5/27/2003	Ramaben Samani Finance	Chander Singh	170	170			
5/27/2003	Sanchay Fincom	V B Investments	975	970			
5/27/2003	Total		1945	1940	1945	100	100
5/28/2003	Adolf Pinto	Ketan Investments	900	900			
5/28/2003	Ramaben Samani Finance	Chander Singh	150	150			
5/28/2003	Sanchay Fincom	V B Investments	1050	1050			
5/28/2003	Total		2100	2100	2100	100	100
5/29/2003	Adolf Pinto	Ketan Investments	850	850			
5/29/2003	Ramaben Samani Finance	Chander Singh	155	155			
5/29/2003	Sanchay Fincom	V B Investments	1010	1005			
5/29/2003	Total		2015	2010	2015	100	100
5/30/2003	Adolf Pinto	Ketan Investments	900	900			
5/30/2003	Ramaben Samani Finance	Chander Singh	160	160			
5/30/2003	Sanchay Fincom	V B Investments	1060	1060			
5/30/2003	Total		2120	2120	2120	100	100
6/2/2003	Adolf Pinto	Ketan Investments	825	825			
6/2/2003	Ramaben Samani Finance	Chander Singh	160	160			
6/2/2003	Sanchay Fincom	V B Investments	985	985			
6/2/2003	Total		1970	1970	1970	100	100
6/3/2003	Adolf Pinto	Ketan Investments	825	825			
6/3/2003	Ramaben Samani Finance	Chander Singh	165	165			
6/3/2003	Sanchay Fincom	V B Investments	990	990			
6/3/2003	Total		1980	1980	1980	100	100
6/4/2003	Adolf Pinto	Ketan	850	850			

		Investments					
6/4/2003	Ramaben Samani Finance	Chander Singh	145	145			
6/4/2003	Sanchay Fincom	V B Investments	1010	995			
6/4/2003	Total		2005	1990	2005	100	99
6/5/2003	Adolf Pinto	Ketan Investments	800	800			
6/5/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/5/2003	Sanchay Fincom	V B Investments	970	970			
6/5/2003	Total		1940	1940	1940	100	100
6/6/2003	Adolf Pinto	Ketan Investments	900	900			
6/6/2003	Ramaben Samani Finance	Chander Singh	160	160			
6/6/2003	Sanchay Fincom	V B Investments	1060	1060			
6/6/2003	Total		2120	2120	2120	100	100
6/9/2003	Adolf Pinto	Ketan Investments	815	815			
6/9/2003	Ramaben Samani Finance	Chander Singh	155	155			
6/9/2003	Sanchay Fincom	V B Investments	970	970			
6/9/2003	Total		1940	1940	1940	100	100
6/10/2003	Adolf Pinto	Ketan Investments	865	865			
6/10/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/10/2003	Sanchay Fincom	V B Investments	1035	1035			
6/10/2003	Total		2070	2070	2070	100	100
6/11/2003	Adolf Pinto	Ketan Investments	810	810			
6/11/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/11/2003	Sanchay Fincom	V B Investments	980	980			
6/11/2003	Total		1960	1960	1960	100	100
6/12/2003	Adolf Pinto	Ketan Investments	815	815			
6/12/2003	Ramaben Samani Finance	Chander Singh	150	150			
6/12/2003	Sanchay Fincom	V B Investments	965	965			
6/12/2003	Total		1930	1930	1930	100	100
6/13/2003	Adolf Pinto	Ketan Investments	800	800			
6/13/2003	Ramaben Samani Finance	Chander Singh	175	175			
6/13/2003	Sanchay Fincom	V B Investments	975	975			
6/13/2003	Total		1950	1950	1950	100	100
6/16/2003	Adolf Pinto	Ketan Investments	780	780			
6/16/2003	Ramaben Samani Finance	Chander Singh	160	160			
6/16/2003	Sanchay Fincom	V B Investments	1040	940			
6/16/2003	Total		1980	1880	1980	100	95
6/17/2003	Adolf Pinto	Ketan Investments	800	800			
6/17/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/17/2003	Sanchay Fincom	V B Investments	970	970			
6/17/2003	Total		1940	1940	1940	100	100
6/18/2003	Adolf Pinto	Ketan Investments	780	780			

6/18/2003	Ramaben Samani Finance	Chander Singh	185	185			
6/18/2003	Sanchay Fincom	V B Investments	965	965			
6/18/2003	Total		1930	1930	1930	100	100
6/19/2003	Adolf Pinto	Ketan Investments	810	810			
6/19/2003	Ramaben Samani Finance	Chander Singh	190	190			
6/19/2003	Sanchay Fincom	V B Investments	999	1000			
6/19/2003	Total		1999	2000	2000	100	100
6/20/2003	Adolf Pinto	Ketan Investments	850	850			
6/20/2003	Ramaben Samani Finance	Chander Singh	165	165			
6/20/2003	Sanchay Fincom	V B Investments	1015	1015			
6/20/2003	Total		2030	2030	2030	100	100
6/23/2003	Adolf Pinto	Ketan Investments	800	800			
6/23/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/23/2003	Sanchay Fincom	V B Investments	970	970			
6/23/2003	Total		1940	1940	1940	100	100
6/24/2003	Adolf Pinto	Ketan Investments	900	900			
6/24/2003	Ramaben Samani Finance	Chander Singh	190	190			
6/24/2003	Sanchay Fincom	V B Investments	1190	1090			
6/24/2003	Total		2280	2180	2280	100	96
6/25/2003	Adolf Pinto	Ketan Investments	785	785			
6/25/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/25/2003	Sanchay Fincom	V B Investments	955	955			
6/25/2003	Total		1910	1910	1910	100	100
6/26/2003	Adolf Pinto	Ketan Investments	800	800			
6/26/2003	Ramaben Samani Finance	Chander Singh	170	170			
6/26/2003	Sanchay Fincom	V B Investments	970	970			
6/26/2003	Total		1940	1940	1940	100	100
6/27/2003	Adolf Pinto	Ketan Investments	750	750			
6/27/2003	Ramaben Samani Finance	Chander Singh	190	190			
6/27/2003	Sanchay Fincom	V B Investments	940	940			
6/27/2003	Total		1880	1880	1880	100	100
6/30/2003	Adolf Pinto	Ketan Investments	810	810			
6/30/2003	Ramaben Samani Finance	Chander Singh	160	160			
6/30/2003	Sanchay Fincom	V B Investments	970	970			
6/30/2003	Total		1940	1940	1940	100	100
7/1/2003	Adolf Pinto	Ketan Investments	750	750			
7/1/2003	Ramaben Samani Finance	Chander Singh	180	180			
7/1/2003	Sanchay Fincom	V B Investments	950	930			
7/1/2003	Total		1880	1860	1880	100	99
7/2/2003	Adolf Pinto	Ketan Investments	810	810			
7/2/2003	Ramaben Samani Finance	Chander Singh	175	175			

7/2/2003	Sanchay Fincom	V B Investments	1005	985			
7/2/2003	Total		1990	1970	2020	99	98
7/3/2003	Adolf Pinto	Ketan Investments	750	750			
7/3/2003	Ramaben Samani Finance	Chander Singh	190	190			
7/3/2003	Sanchay Fincom	V B Investments	940	940			
7/3/2003	Total		1880	1880	1880	100	100
7/4/2003	Adolf Pinto	Ketan Investments	820	820			
7/4/2003	Ramaben Samani Finance	Chander Singh	140	140			
7/4/2003	Sanchay Fincom	V B Investments	960	960			
7/4/2003	Total		1920	1920	1920	100	100
7/7/2003	Adolf Pinto	Ketan Investments	780	780			
7/7/2003	Ramaben Samani Finance	Chander Singh	165	165			
7/7/2003	Sanchay Fincom	V B Investments	945	945			
7/7/2003	Total		1890	1890	1890	100	100
7/8/2003	Adolf Pinto	Ketan Investments	810	810			
7/8/2003	Ramaben Samani Finance	Chander Singh	170	170			
7/8/2003	Sanchay Fincom	V B Investments	980	980			
7/8/2003	Total		1960	1960	1960	100	100
7/9/2003	Adolf Pinto	Ketan Investments	775	775			
7/9/2003	Ramaben Samani Finance	Chander Singh	165	165			
7/9/2003	Sanchay Fincom	V B Investments	940	940			
7/9/2003	Total		1880	1880	1880	100	100
7/10/2003	Adolf Pinto	Ketan Investments	820	820			
7/10/2003	Ramaben Samani Finance	Chander Singh	170	170			
7/10/2003	Sanchay Fincom	V B Investments	1090	990			
7/10/2003	Total		2080	1980	2080	100	100
7/11/2003	Adolf Pinto	Ketan Investments	800	800			
7/11/2003	Ramaben Samani Finance	Chander Singh	250	75			
7/11/2003	Sanchay Fincom	V B Investments	875	1150			
7/11/2003	Total		1925	2025	2025	95	100

12. I note that it is not a case of a stray transaction. The noticees have entered into circular/reversal deals on so many instances that no prudent person would come to the conclusion that these were genuine transactions. A close reading of all the said deals evidences the fact that there was a matching of the buy and the sell quantity and almost all the buy and sell orders were among the said three entities only on reversal basis.

13. The main argument of the noticee is that he was only engaged in jobbing transactions and there was no manipulation of trades. It has been argued that the transactions were genuine because:

- These were day trading transactions.
- The volumes are insignificant to affect the market.
- The price of the share has remained practically the same so charge of manipulation does not stand.
- There is a considerable time delay between the buy and sell orders so these cannot be called synchronized transactions.

14. It will be useful to understand what jobbing (day trading) involves. A day trader takes a position in the scrip, long or short, at the beginning of the day depending on his view how the scrip is likely to move during the day. Supposing his view is that the scrip will go up he might buy shares and by end of the day he will sell shares at the best available price. His view might prove to be right in some instances and wrong in others. On the whole if he is making right guesses, he ends up with a small profit. A day trader tries to square off his position by the end of the day. By its very nature, day trading is not possible in illiquid scrips. A day trader having entered into a position at the beginning of the day should be able to come out of it at a slightly higher or lower price at the end of the day. If he is not able to do it he will be stuck with the position. In a long position, he might have to provide funds for settlement, which he does not have or in the case of a short position he has to provide shares which again he does not have. Therefore, by its very nature, I am not convinced that any genuine day trading can be attempted in an illiquid scrip.

15. I note that the noticees have entered into reversal of transactions repeatedly day after day among themselves. T. Spiritual was an illiquid scrip. Recalling the analysis of day trading that has been presented in para 14 above, I am not convinced that these could possibly be day trading transactions. Further, creation of large volumes is necessary if the aim is to offload a large quantity of shares or to influence the price of a liquid scrip. Unaware small investor can be trapped into buying of illiquid shares even if the ambient trades are of modest volume. Anyway, the small investor does not trade in large volumes and would rather be wary of touching a very large sell order.

16. Even the escalation of price is not necessary during the period that impression of trading is being created. Moreover, though M/s. V B Investments has submitted that there was no impact on the prices, the prices were maintained at the same level, the intention seems to be, to show to

the general public that there was trading in the scrip, which is also manipulation. Had these clients not traded, there would be no transactions in the scrip and the price would not have remained at the price it was maintained. The shares are anyway worth very little and if the unaware investor comes in at that steady price also, it is not bad.

17. I am of the opinion that having a very small time difference is one of the criteria but neither a necessary nor a sufficient condition for synchronization to occur. In deeply liquid scrips hundreds of trades occur every minute and there will of course be a large number of cases where the time differential will be less than even a second for genuine trades. On the other hand in an illiquid scrip two transactions having a time difference of even one hour or so might still be a case of synchronization. Consider a scenario where two operators are entering into reversal of trades among themselves in a scrip which is essentially worthless. One operator puts a sell order at a price of Rs.100. The counterpart operator waits for one hour. If someone buys at Rs.100, their aim is accomplished otherwise the counterpart buys the shares at Rs.100. He then places a sell order at Rs.101 and the first operator waits for say half an hour. If shares are picked up, their aim is accomplished otherwise he purchases the shares. At worst the position of both the operators are squared off and the day wasted, otherwise the worthless shares are sold at Rs.100 or so.
18. Looking at the transaction patterns given in para 10, it can be seen that the pattern closely resembles the hypothetical scenario described in para 17 above. The investigation revealed that these clients repeatedly reversed trades for 7 months from January 2003 to July 2003. The noticee during the hearing was asked why he entered into such trades. He had no other explanation but to say that he was a jobber and these were day trades. In absence of any other evidence, I am of opinion that the scenario described in para 17 is the only logical explanation of the sequence of trades entered into by the noticee.
19. Notwithstanding the aforesaid position, I also note that there were 2577 number of total trades executed on the exchange for 428408 shares during the investigation period. Out of this, 920 trades for 109975 shares were those trades which were placed by these entities where time difference between buy and sell order was less than or equal to one minute. This constitutes approximately 40% of the trades executed by these entities which were clearly synchronized in nature.

20. Regarding other contentions raised in the reply, during the hearing and written submission, I find that:

- (i) The power given to SEBI to issue directions under section 11 (4) (b) & 11B of SEBI Act, 1992 is not only limited to the intermediaries but also extends to persons associated with the securities market. M/s. V. B. Investments is undoubtedly associated with the securities market and therefore, directions can be issued against it under section 11(4) (b) & 11B of SEBI Act, 1992.
- (ii) It is observed that M/s. V B Investments and Shri Chander Singh had common address at "34, Arti Building, 85, Tardeo Road, Mumbai - 400 034." Shri Vikas Bengani has himself stated that he used to stay at the above address in the year 2000 and has since shifted to a new address. He has further stated that he does not know Shri Chander Singh and has no relationship with him. It may, however, be noted that Shri Vikas Bengani responded to the summons sent at "34, Arti Building, 85, Tardeo Road, Mumbai - 400 034", which is also the address of Shri Chander Singh. Moreover, on all days during the investigation period, the transactions in the shares of T. Spiritual were carried out between M/s. V. B. Investments and Shri Chander Singh.
- (iii) The noticees have been charged for violations of Regulations 4(b) & (c) of PFUTP Regulations 1995 and not for violations of PFUTP Regulations 2003. It is pertinent to note here that pursuant to the repeal of 1995 Regulations, the corresponding provisions are contained in PFUTP Regulations, 2003 which is also having a saving clause under Regulation 13 (2) that states that notwithstanding repeal of PFUTP Regulations, 1995, any violation of regulations 3, 4, 5 and 6 of PFUTP Regulations, 1995 shall be investigated and proceeded against in accordance with the procedure laid down under these regulations. Therefore, the present order is being passed under 2003 Regulations. Hence, there is no violation of Article 20(1) of the Indian constitution as contended by Shri Vikas Bengani.
- (iv) Though Shri Vikas Bengani has stated that he was not given copy of the statement recorded during the investigation period in his submission dated July 20, 2009, he never sought the same prior to the hearing given to him before me. Nonetheless, all relevant trading details pertaining to V.B. Investments on which SEBI had relied upon were given to him along with the show cause notice.
- (v) These proceedings are not related to Sahara, HFCL etc. SEBI initiates any action against an

entity based on the facts and circumstances of particular matter. Hence, it is not relevant to examine in the present proceeding the contention that why action was not taken against those entities.

- (vi) Though Shri Vikas Bengani has contended that his total trade was converted into delivery trade because the scrip was in "T" group and there is no question that holding has not changed hands, I note that changing of hands in this case refers to person belonging to group (M/s. V B Investments, M/s. Ketan Investments, and Shri Chander Singh). Hence, changing of hands have taken place within the group and never went out of this group. In effect, there was no change in hands in real terms.

21. In view of the aforesaid, I am of the considered opinion that, had the trades executed by them been genuine, the possibility of such perfect reversal/synchronization of trades continuously for such a long time and that too only among the said entities would have been next to zero. It is too much of a coincidence. One or two such deals on the exchange may be possible but trades to such an extent as pointed out in the tables above are definitely done with some inbuilt component of 'intent' involved. Greater the number of such trades, the larger are their chances of not being genuine in nature. Accordingly, it is bound to adversely affect the market equilibrium.

22. The basis of holding these trades as irregular is in conformity with the principles given by the Securities Appellate Tribunal (SAT) in the matter of **Ketan Parekh Vs SEBI**. The relevant extract of the order reads as under:

"..... Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

23. Thus, the charges of violations of regulations 4(b) & (c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 quoted below are established:

“Regulation 4: No person shall –

b. indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;

c. indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions;”

24. Therefore, I, in exercise of the powers conferred upon me under Sections 19, read with Sections 11(4)(b) and 11B of the Securities and Exchange Board of India Act, 1992 and Regulation 11 of Securities and Exchange Board of India (Prohibition of fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, do hereby restrain M/s. V. B. Investments (Proprietor: Vikas Bengani) (PAN Number-AFJPB9973R) and M/s. Ketan Investment (Proprietor: Mahendra Agarwal) from buying, selling or dealing in the securities market in any manner whatsoever or accessing the securities market, directly or indirectly, for a period of three years from the date of this order.

25. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the noticees do not undertake transactions prohibited in Para 24 above.

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

Place: Mumbai
Date: December 23, 2009

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA