

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: DR. K. M. ABRAHAM, WHOLE TIME MEMBER**

ORDER

DIRECTIONS UNDER SECTION 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATIONS 11 AND 13 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003 AGAINST MR. VASANT H. BISSA, MS. VAISHALI J. SHAH AND M/S. SHREE PARSHWA FINANCE IN RESPECT OF THEIR DEALINGS IN THE SHARES OF STOCKNET INTERNATIONAL LIMITED

1. On noticing abnormal spurt in the traded volumes and share price of Stocknet International Limited (hereinafter referred to as the company) within a very short span of time, the Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted an investigation into the buying, selling or dealing otherwise in the shares of the company for the period between April 30, 2001 and August 3, 2001 (hereinafter referred to as the investigation period) to *inter alia* find out the possible violations of securities laws. The investigation found that there was no trading activity in the shares of the company during the period between April 30, 2001 and May 25, 2001 on Bombay Stock Exchange Limited (hereinafter referred to as BSE). The shares were actively traded during the period between May 31, 2001 and July 13, 2001, when the share price increased from Rs.45.10/- to Rs.104.40/-. Later, the share price went down to Rs.83.85/- as on August 1, 2001. It was observed that a group of clients including Mr. Vasant Bissa, Ms. Vaishali J. Shah, M/s. Shree Parshwa Finance allegedly connected to each other executed substantial trades in the shares of the company during the investigation period, which accounted for 65%

(on buy side) and 50% (on sell side). Instances of trade reversals/circular trading and placing of orders at higher prices were also noticed and the same were alleged to have impacted the price of the scrip. In view of the above, SEBI issued a common show cause notice dated December 31, 2007 *inter alia* to Mr. Vasant H. Bissa, Ms. Vaishali J Shah and M/s. Shree Parshwa Finance, alleging contravention of Regulation 4(a), 4(b) and 4(d) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as PFUTP Regulations). They were also advised to file their explanation within fifteen days and were further informed that if they failed to do so, suitable action would be taken, without any further reference. Though, Mr. Vasant H. Bissa filed an application for consent orders, the same was rejected. Mr. Vasant Bissa, Ms. Vaishali J Shah, and M/s. Shree Parshwa Finance shall henceforth be collectively referred as the noticees and individually by their respective names for purpose of this order. Though the show cause notices were served on the noticees, they had failed to reply. Thereafter, a personal hearing was granted to the noticees on February 13, 2009. Mr. Vinod Parekh, Advocate appeared and made submissions on behalf of Mr. Vasant H. Bissa (who was also present in the hearing). Though, the letters dated January 6, 2009 intimating the schedule of hearing to Ms. Vaishali J. Shah and M/s. Shree Parshwa Finance were acknowledged by them, they still failed to appear for the hearing. As they failed to respond to the show cause notice/hearing notice, I do not consider it necessary to keep the proceedings pending and the same is disposed of on the basis of the material available on record.

2. I have considered the show cause notice issued to the noticees, the submissions made on behalf of Mr. Vasant H. Bissa during the personal hearing and other material available on record. The issue to be decided in the case is whether the noticees had violated Regulation 4 (a), 4(b) and 4(d) of the PFUTP Regulations, as alleged in the show cause notice. Before proceeding further, I would like to state that the proceedings initiated by SEBI against the company and its directors (for making

misleading public announcements) have been disposed of, vide order dated July 27, 2009, wherein the company and its directors, Mr. Saumil Patel and Mr. Ashutosh Bajpaye were restrained from accessing the securities market and also prohibited from buying, selling and otherwise dealing in the securities, either directly or indirectly, for a period of six months from the date of the order.

3. The increase in the volumes/share price of the company during the period of investigation, as mentioned in the show cause notice has not been disputed before me. The settlement-wise 'high' and 'low' price of the shares of the company during the investigation period is as under:

Sett. Nos.	Period	High (in Rs.)	Low (in Rs.)	Volume
6	30.04.2001 to 04.05.2001	Not Traded		
7	07.05.2001 to 11.05.2001	Not Traded		
8	14.05.2001 to 18.05.2001	Not Traded		
9	21.05.2001 to 25.05.2001	Not Traded		
10	28.05.2001 to 01.06.2001	55.05	45.10	1400
11	04.06.2001 to 08.06.2001	68	50.65	3200
12	11.06.2001 to 15.06.2001	78.95	70.50	2600
13	18.06.2001 to 22.06.2001	81.5	68.20	22900
14	25.06.2001 to 29.06.2001	93.75	80.50	27700
15	02.07.2001 to 06.07.2001	111	97	123800
16	09.07.2001 to 13.07.2001	111.25	93.15	82100
17	16.07.2001 to 20.07.2001	104.4	89	87200
18	23.07.2001 to 27.07.2001	87.25	87.25	100
19	30.07.2001 to 03.08.2001	85.55	83.85	110
20	06.08.2001 to 10.08.2001	82.2	82.20	500

4. As already mentioned in the table above, there was no trading in the scrip from April 30, 2001 to May 25, 2001 and the scrip started trading actively from only from May 31, 2001 onwards. The orders placed by various clients (including the noticees) and the execution of trades in the shares of the company during the investigation period (from Settlement No. 06/2001-02 to Settlement No.19/2001-02) were mentioned in detail in the show cause notice. Though, the trade details of the noticees are given in the show cause notice, some of them are mentioned in this order for the sake of reference. It is noted that during the settlement [no. 12/01-02 (June 11, 2001 to June 15, 2001)], the traded volumes were low. The share price

had increased from Rs.72.90/- to Rs.78.95/- during the first three days of the settlement. On the first day of the said settlement (June 11, 2001), the share price increased by 7.98% of the previous day's closing price. The said price rise was close to the upper circuit level. The circuit filter for the said scrip was reduced by BSE from 8% to 4% with effect from the next day. It is quite strange that the price fluctuations had occurred even when the volumes were low. It is noticed that Mr. Vasant H. Bissa had placed a buy order for 300 shares at the rate of Rs.73.40/- at 12.29.21 hrs. Out of the said order, 200 shares matched with the sell orders placed by other clients. The relevant extracts of the order and trade log are given below:

Order Log:

Mem	Trd id	B/ S	Rate	Qty	Date	time	Order Id	client
170	7	S	73.4	100	2001-06-11	10:24:25	17000700000017906	S10
697	5	S	72.9	100	2001-06-11	10:48:11	69700500000016471	R032
53	8	B	62.6	100	2001-06-11	12:18:52	5300800000016134	1133
267	5	B	73.4	300	2001-06-11	12:29:21	26700500000030171	5070
170	7	B	64	100	2001-06-11	12:29:50	17000700000017917	S10

Trade Log:

Order No	Member Code	Counter Party Code	Price	Qty	Trade Date	Time	Buy Or Sell	Client Code
17000700000017906	D0170	D0267	73.4	100	11/06/01	12:29:22 PM	S	S10
26700500000030171	D0267	D0170	73.4	100	11/06/01	12:29:22 PM	B	5070
69700500000016471	D0697	D0267	72.9	100	11/06/01	12:29:22 PM	S	R032
26700500000030171	D0267	D0697	72.9	100	11/06/01	12:29:22 PM	B	5070

The relevant order/trade details are put in bold.

5. It is highly illogical that a buyer would be purchasing shares at a higher price. Further, the shares of the company were not very liquid as can be seen from the table at paragraph 3 above. Besides, the very act of BSE in reducing the circuit filter from 8% to 4% would strengthen an inference that there was something amiss in the trading pattern in the shares of the company during such period. Further, Mr. Vasant H. Bissa was placing his orders through M/s. Harkishan Hiralal. It is pertinent to note that the proprietor of the said stock broker is none other than his brother. Further, it was observed that on June 13, 2001, only five trades were executed. On this day,

Shree Parshwa Finance (Proprietor, Mr. Piyush Jhaveri) having client code: 21002 trading through the stock broker, P. Suryakant Share & Stock Broker Private Limited (Clg. No.792) had bought 500 shares of the company. The said trades had accounted for 83.33% of the total volume at or above Rs.78.00. It was observed that the buy orders were placed at Rs.78.95/- (which is 3.95% higher to the previous day's closing price) although all other buy orders were in the range of Rs.72.95/- to Rs.73.00/-, as given below:

Order Log

Memb	trdid	S	rate	qty	aud	Date	Time	Ordid	client
634	13	B	72.95	100	A	2001-06-13	10:10:41	63401300000043633	5022
748	23	B	73	100	A	2001-06-13	10:22:47	74802300000017380	M008
748	23	B	0	100	D	2001-06-13	10:27:42	74802300000017380	
572	5	B	73	100	A	2001-06-13	11:04:25	57200500000006949	J015
634	13	B	73.05	0	U	2001-06-13	11:06:42	63401300000043633	5022
792	13	B	78.95	500	A	2001-06-13	13:05:45	79201300000013848	21002
748	23	B	73	100	A	2001-06-13	13:07:28	74802300000017408	M008

The above trade had influenced the share price. It is also noticed that on June 14, 2001, when no seller had placed an order below Rs.79.50/-, Shree Parshwa Finance had placed an order for 700 shares at the rate Rs.75.80/-. This would lead to an inference that the trades of Shree Parshwa Finance was for volume creation. On the said date, there were only two valid buy orders for 100 shares each placed by two different stock brokers placed at Rs.75.80 and Rs.75.85 respectively. Except one sell order for 700 shares at Rs.75.80/- from Shree Parshwa Finance, all other sell orders were at or above Rs.79.50/-. Out of the aforesaid orders, one trade for 100 shares was executed at Rs.75.80/-, wherein the seller was Shree Parshwa Finance. Considering the facts and circumstances it can be concluded that the trades executed at a higher price on the above dates was to artificially establish the price and for creating misleading appearance of trading.

6. The investigation conducted by SEBI found that in the next settlement [no. 13/01-02 (June 18, 2001 to June 22, 2001)], the volume in the shares of the company had gone up as compared to the previous settlement. The price range for the said trades was between Rs.71.00/- to Rs.73.00/. On June 19, 2001, it was

observed that the shares of the company were actively traded. Shree Parshwa Finance had placed a buy order for 200 shares at Rs.73.80/- at a rate higher by 3.94% than the previous day's closing price. The said buy order placed at the upper circuit level was matched with the orders of others. It was observed that the buy orders of others were at a much lower rate, as seen from the table below:

Order Log

Member	Trd id	B/S	rate	Qty	Date	time	Ordid	client
267	5	B	72	1000	2001-06-19	1:30:48 PM	26700500000030416	5070
560	2	B	71.5	1000	2001-06-19	1:31:08 PM	56000200000006040	A050
792	13	B	73.8	200	2001-06-19	1:58:28 PM	79201300000014122	21002

The first trade on the said date was executed at 11:24:11 hours at the upper circuit level of Rs.76.00/- for 200 shares with Shree Parshwa Finance [through P. Suryakant Share & Stock Broker Private Limited (Clg. No. 792)], as one of the parties . The relevant order log is given below:

Member	Trd id	S	Rate	Qty	Date	time	Ordid	client
792	13	B	71	1000	2001-06-20	10:04:32	79201300000014137	21002
792	13	B	72	500	2001-06-20	10:31:17	79201300000014141	21002
101	3	B	72.05	100	2001-06-20	10:36:54	10100300000023633	ABR
710	8	S	76	200	2001-06-20	11:09:25	71000800000053842	B023
792	13	B	76	200	2001-06-20	11:24:11	79201300000014149	21002
494	6	B	76	300	2001-06-20	11:28:31	49400600000003823	9716

It was also observed that two orders of Shree Parshwa Finance were executed at Rs.76.00/- (for 200 shares) and Rs.76.25/- (for 100 shares), which was the highest price on the day.

7. During the settlement- No. 14/01-02 (from June 25, 2001 to June 29, 2001), the share price went up from Rs.80.80/- (closing price on June 25, 2001) to Rs.93.75/- (closing price on June 29, 2001). On June 26, 2001, it was observed that Mr. Vasant H Bissa (client code 5070) and Mr. Dhaval V. Shah, another client (client code 061) had entered into a transaction in respect of 2,500 shares (which was 33.78% of total traded volume) at Rs.82.50/-. Relevant extracts of the order and trade log are given below:

Order Log:

Member	B/S	rate	qty	Date	Time	Error code	Order id	client
307	B	82.5	5000	2001-06-26	13:31:10	0	30701100000034338	D061
267	S	82.5	2500	2001-06-26	13:33:21	0	26700500000030508	5070
407	B	75	100	2001-06-26	13:31:28	262	40700100000017126	D025

Trade Log:

Order No	Member Code	Qty	Price	Buy Or Sell	Trade Date	Time	Counter Party Code	Client Code
26700500000030508	D0267	2500	82.50	S	26/06/2001	1:33:21 PM	D0307	5070
30701100000034338	D0307	2500	82.50	B	26/06/2001	1:33:21 PM	D0267	D061

It was observed that out of the buy order for 5,000 shares placed by Mr. Dhaval V. Shah, trades in respect of only 2,500 shares were executed with Mr. Vasant H. Bissa who had placed sell order for 2,500 shares at Rs.82.50. On June 28, 2001, only eight trades were executed in the scrip and the share price increased from Rs.87.00/- to Rs.90.45/- (an increase by 3.97% of the previous day's closing price).

8. During the settlement No. 15/01-02 (from July 02, 2001 to July 06, 2001), there was a significant increase in the traded volumes in the shares of the company. The share price increased from Rs.97.00/- (closing price on July 2, 2001) to Rs.107.00/- (closing price on July 6, 2001) during the said period. On July 02, 2001, ten trades were executed. It is observed that Shree Parshwa Finance had entered its first buy order at Rs.95.00 and went on to increase the same upto Rs.97.00/-. The important factor is its presence, as one of the clients in the first and the last trade, at a higher price when compared to the orders which were in a range of Rs.90.05/- to Rs.91.05/-. The relevant order log is given below:

Member	trdid	S	rate	qty	Date	time	ordid	client
11	4	B	90.05	100	2001-07-02	10:04:33	1100400000075464	S004
248	99	B	91	100	2001-07-02	10:08:46	24809900000004954	A002
245	50	B	91	100	2001-07-02	10:12:28	24505000000013983	G2501
58	10	B	90.5	300	2001-07-02	10:20:41	5801000000029266	PRATIMA
11	4	B	91.05	0	2001-07-02	10:21:48	1100400000075464	S004
792	13	B	95	500	2001-07-02	10:25:22	79201300000014463	21002
792	13	B	95.5	500	2001-07-02	10:51:13	79201300000014464	21002
792	13	B	96	500	2001-07-02	10:51:22	79201300000014465	21002

792	13	B	96.5	500	2001-07-02	10:51:29	79201300000014466	21002
792	13	B	97	500	2001-07-02	10:51:39	79201300000014467	21002
245	45	S	97	100	2001-07-02	11:21:59	24504500000011917	A007

9. On July 3, 2001, it was observed that Shree Parshwa Finance placed several buy orders at a rate below Rs.100.00/- which remained unexecuted. However, at the end of the day, it had again placed buy orders at or above Rs.100.45 which were executed. During the said day, Shree Parshwa Finance had bought 300 shares which accounted for 50% of the total traded volume for the day. One of its buy orders was executed with the sell order placed by another client at a price of Rs.100.85/-, which was almost to the upper circuit level. On July 6, 2001, the scrip was actively traded. Shree Parshwa Finance had executed a trade at a price of Rs.111.00 (highest price for the day) for 200 shares. Further, Shree Parshwa Finance had executed a trade for 5000 shares at Rs.109.50/-. On many trading days during this settlement, Shree Parshwa Finance had placed buy or sell orders at a higher price. Such conduct would suggest that there was an attempt to influence the share price.

10. During the settlement– [No. 16/01-02 (from July 9, 2001 to July 13, 2001)], volumes traded was low except for two days (July 9, 2001 and July 13, 2001) and the share price fell from Rs.108.30/- (closing price on July 9, 2001) to Rs.100.00/- (closing price on July 13, 2001). On July 9, 2001, few large quantity trades involving 16,700 shares (which was 35.01% of the total volume) were executed. On this day, Mr. Vasant Bissa had placed a buy order for 5,000 shares at Rs.102.75/- at 11:40:48. It was found that when a sell order for the same quantity and price was placed by Shree Parshwa Finance, the orders matched and resulted in a trade for 4,400 shares. The remaining 600 shares matched with the corresponding orders placed by other stock brokers. The order log and trade log in respect of the aforesaid orders and trades of Mr. Vasant Bissa and Shree parshwa Finance are given below:

Order Log

Member	trdid	S	rate	qty	Date	Time	Ordid	client
267	6	B	102.75	5000	2001-07-09	11:40:48	26700600000032679	5070
792	13	S	102.75	5000	2001-07-09	11:46:48	79201300000014667	21002

Trade Log

Order No	Member Code	Qty	Price	Buy Or Sell	Trade Date	Time	Counter Party Code	Client Code
26700600000032679	D0267	4400	102.75	B	09/07/2001	11:46:48 AM	D0792	5070
79201300000014667	D0792	4400	102.75	S	09/07/2001	11:46:48 AM	D0267	21002

Subsequently, on the same day, Shree Parshwa Finance had again placed a sell order for 5,000 shares at Rs.102.75/. Immediately thereafter, Ms. Vaishali J. Shah placed a buy order for the same quantity and price, which resulted in a trade for 4,400 shares. Details of such orders and the trade log are given below:

Order Log

Memb	trdid	S	rate	qty	Date	Time	Ordid	client
792	13	S	102.75	5000	2001-07-09	11:49:46	79201300000014668	21002
560	2	B	102.75	5000	2001-07-09	12:00:09	56000200000006303	V027

Trade Log

Order No	Member Code	Qty	Price	Buy Or Sell	Trade Date	Time	Counter Party Code	Client Code
56000200000006303	D0560	4400	102.75	B	09/07/2001	12:00:09 PM	D0792	V027
79201300000014668	D0792	4400	102.75	S	09/07/2001	12:00:09 PM	D0560	21002

Thereafter, Mr. Vasant H. Bissa had placed a sell order for 5,000 shares at Rs.102.75 at 13.40.56 p.m, as given below:

Memb	trdid	S	rate	Qty	Date	Time	Ordid	client
322	34	S	111.2	100	2001-07-09	13:39:56	32203400000024833	A005
267	6	S	102.75	5000	2001-07-09	13:40:56	26700600000032683	5070
612	28	S	102.75	300	2001-07-09	14:55:54	612028000000050337	S751

Meanwhile, Shree Parshwa Finance had placed a buy order for 3600 shares at the price of Rs.102.75/-, as given below:

Memb	trdid	S	rate	Qty	Date	Time	Ordid	client
792	13	B	102.75	3600	2001-07-09	13:21:51	79201300000014686	21002

The aforesaid orders resulted into a trade for 3,000 shares, as given below:

Order No	Member Code	Qty	Price	Buy Or Sell	Trade Date	Time	Counter Party	Client Code
----------	-------------	-----	-------	-------------	------------	------	---------------	-------------

							Code	
26700600000032683	D0267	3000	102.75	S	09/07/2001	1:40:56 PM	D0792	5070
79201300000014686	D0792	3000	102.75	B	09/07/2001	1:40:56 PM	D0267	21002

As seen from the above tables, trades only in respect of 3,000 shares (out of the sell order of Mr. Vasant H. Bissa for 5,000 shares) were executed. The remaining 2000 shares later matched with the following buy order placed by Ms. Vaishali Shah.

Scr	Memb	Trdid	S	rate	qty	Date	Time	ordid	client
12640	560	2	B	102.75	2000	2001-07-09	15:02:56	56000200000006304	V027
12640	560	2	B	105	2000	2001-07-09	15:03:08	56000200000006305	V027

Trade Log (in respect of the above mentioned 2,000 shares)

Order No	Member Code	Qty	Price	Buy/ Sell	Trade Date	Time	Counter Party Code	Client Code
26700600000032683	D0267	2000	102.75	S	09/07/2001	3:02:56 PM	D0560	5070
56000200000006304	D0560	2000	102.75	B	09/07/2001	3:02:56 PM	D0267	V027

11. Thus, the sell order of Mr. Vasant Bissa for 5000 shares was executed in the following manner (a) trade for 3000 shares at rate Rs.102.75 with Shree Parshwa Finance and (b) trade for 2,000 shares at Rs.102.75/- with Ms. Vaishali Shah. It is noted that, after the aforesaid trade for 2,000 shares (executed at 3:02:56), a buy order was immediately placed by Ms. Vaishali J. Shah at 3:03:08 for 2000 shares at Rs.105.00/- (at a higher price). The immediate order (buy) placement at a higher price leads to an only inference that the same was with the manipulative intent of rigging the share price. She could have placed a single order for 4,000 shares for Rs. 102.75/-. Generally, a buyer would be interested in acquiring the shares at the least available price. In the present case, it was not that the order of Ms. Vaishali Shah for 2,000 shares at Rs. 102.75/- was not getting executed. Thereafter, she had also placed a sell order for 3000 shares at Rs.102.75/-, as given below:

Memb	Trdid	S	rate	qty	Date	Time	ordid	client
560	2	S	102.75	3000	2001-07-09	15:08:17	56000200000006310	V027
74	29	S	111	200	2001-07-09	15:08:22	7402900000001506	M

It was noted that the above sell order matched with the following buy order placed by Shree Parshwa Finance resulting in a trade for 2,900 shares at Rs. 105.50/-:

Memb	Trdid	S	rate	qty	Date	Time	ordid	client
------	-------	---	------	-----	------	------	-------	--------

792	13	B	105.5	5000	2001-07-09	15:04:19	79201300000014689	21002
267	6	B	102.75	1000	2001-07-09	15:04:26	26700600000032688	5070

It can be seen that the trade was executed only in respect of 2,900 shares. SEBI observed trades reversals/circular trades from the aforesaid trading pattern of the noticees executed on July 9, 2001.

- a) In the first instance, Shree Parshwa Finance had sold 4400 shares to Mr. Vasant H Bissa.
- b) Thereafter, Shree Parshwa Finance also sold another 4400 shares to Ms. Vaishali Shah.
- c) Mr. Vasant Bissa then sold shares to Shree Parshwa Finance (3000 shares) and to Ms. Vaishali Shah (2000 shares).
- d) Thereafter, Ms. Vaishali Shah had sold 2900 shares back to Shree Parshwa Finance.

12. On July 11, 2001, it was noted that Shree Parshwa Finance was placing buy orders regularly at higher prices, the details of which are given below:

S	rate	qty	Date	time	ordid	client
B	101	500	2001-07-11	10:04:47	79201300000014779	21002
B	101.5	500	2001-07-11	10:04:51	79201300000014780	21002
B	102	500	2001-07-11	10:04:58	79201300000014781	21002
B	102.5	500	2001-07-11	10:05:05	79201300000014782	21002
B	103	500	2001-07-11	10:05:11	79201300000014783	21002
B	100	500	2001-07-11	10:05:28	79201300000014784	21002
B	100.5	500	2001-07-11	10:05:56	79201300000014785	21002

13. On July 16, 2001, it was observed that Mr. Vasant H Bissa and Shree Parshwa Finance were placing buy and sell orders, respectively. Their orders matched resulted in a trade for 2400 shares at the rate of Rs.96.40/-. It was also observed that, prior to the said buy order, Mr. Vasant H Bissa had placed a buy order for 500 shares at Rs.102.00/-. Shree Parshwa Finance had placed a sell order for 400 shares at Rs.99.00/- before placing order for 5000 shares at Rs.96.40/-. On July

20, 2001, the major buyer was Mr. Vasant H. Bissa having purchased 11600 shares (95.87% of total volume).

14. Thus, from the above, the following emerges in respect of the trades of the noticees.

A. In respect of Shree Parshwa Finance:

- a. M/s. Shree Parshwa Finance traded substantially in the shares of the company during settlement nos. 12 and 17 and had bought 64,400 shares at an average price of Rs.102.28/- and sold 64,300 shares at an average rate of Rs.100.15/-.
- b. In settlement no. 12 (from June 11, 2001 to June 15, 2001), it had placed a buy order on June 12, 2001, at a price higher than its preceding and succeeding orders. It appeared that M/s. Shree Parshwa Finance wanted to indicate a buying interest in the scrip. On June 13, 2001, Shree Parshwa Finance had placed buy order at a price of Rs.78.95/- (higher than the previous days closing price) when all the buy orders placed in the system were in the range of Rs.72.95/- to Rs.73.00/-.
- c. In settlement no. 13, it was observed that on June 19, 2001, M/s. Shree Parshwa Finance had placed order at a price higher by 3.94% than the previous closing price, which would establish the intention of M/s. Shree Parshwa Finance in influencing the share price.
- d. In settlement no. 14 it was observed that, on June 28, 2001, the share price increased from Rs.87.00/- to Rs.90.45/- (an increase by 3.97% than the previous days closing price). Shree Parshwa Finance was found to have placed buy orders at higher prices. All the other buy orders were executed below Rs.90/-. During this settlement also, Shree Parshwa Finance had indulged in placing buy orders at higher prices. In most of above trading days whenever trade took place at highest rate M/s. Shree Parshwa Finance was instrumental in executing the same.
- e. In settlement no. 15, it was found that on July 6, 2001, Shree Parshwa Finance had placed buy order for 500 shares at Rs.97/- when all the other orders

were in the range of Rs.90.05/- to Rs.91.05/-. The said act definitely influenced the share price during the relevant period.

f. As already mentioned above, the noticees had indulged in reversal of trades on July 9, 2001. Such acts were not intended to effect the transfer of beneficial ownership but executed as a device to artificially increase the market price of the securities. Needless to say, the said acts also created misleading appearance of trading in the securities.

Shree Parshwa Finance, acknowledged the show cause notice, but did not take any steps to refute the allegations levelled against it. Sufficient opportunities were provided to it to make its submissions. However, it failed to submit its reply and also failed to appear in the personal hearing granted to it. Shree Parshwa Finance by indulging in such trade practices as brought out above had taken part in the transactions in securities of the company with the intention of artificially raising the prices of securities. By indulging in such transactions, it had created a false or misleading appearance of trading in the shares of the company on the securities market which could have induced unsuspecting investors into dealing in the shares of the company during the relevant period. Such trades of Shree Parshwa Finance had impacted the share price of the company. In view of the above, I hereby conclude that Shree Parshwa Finance had contravened Regulation 4 (a), (b) & (d) of the PFUTP Regulations, while dealing in the securities of the company during the relevant period.

B. In respect of Mr. Vasant H Bissa:

a. Mr. Vasant H Bissa had traded through M/s. Harikishan Hiralal in the shares of the company during the relevant period. He was a major client of the said stock broker and had purchased 73,900 shares at an average rate of Rs.99.86 and sold 60,300 shares at an average rate of Rs.103.19 during settlement nos. 11 to 17, during the relevant period.

b. As mentioned above, on July 09, 2001, Mr. Vasant H Bissa had indulged in trade reversals with Shree Parshwa Finance.

The main contention of Mr. Vasant H. Bissa is that he had not violated the provisions of PFUTP Regulations. According to him, the trades were executed in the normal course of business after studying the balance sheet of the company. He further contended that he had no relationship with other trading clients. However, in the facts and circumstances of the case and his trading pattern, I am unable to accept the said submissions and therefore, hold him guilty of violating Regulation 4 (a), (b) & (d) of the PFUTP Regulations

C. In respect of Ms. Vaishali J Shah:

- i. Ms. Vaishali J. Shah had bought 22,200 shares at an average of Rs.97.45 and sold 31,200 shares at an average of Rs.98.61 between Settlement Nos. 15 to 17 (including 10,000 shares sold in rolling settlement no.88).
- ii. As already mentioned, trade reversal/circular trades involving Ms. Vaishali J. Shah were noticed on July 9, 2001.

Ms. Vaishali J. Shah, acknowledged the show cause notice, but did not take any steps to refute the allegations levelled against her. Sufficient opportunities were provided to it to make submissions. However, she failed to submit any reply and also failed to appear in the personal hearing. Ms. Vaishali J. Shah by indulging in such trade practices as brought out above had taken part in the transactions in securities of the company with the intention of artificially raising the prices of securities. By indulging in such transactions, she had created a false or misleading appearance of trading in the shares of the company on the securities market which could have induced unsuspecting investors into dealing in the shares of the company during the relevant period. Such trades of Ms. Vaishali J. Shah had impacted the share price of the company. In view of the above, I hereby conclude that Ms. Vaishali J. Shah had contravened Regulation 4 (a), (b) & (d) of the PFUTP Regulations, while dealing in the securities of the company during the relevant period.

15. From the trade details as discussed above, it is seen that the clients, Mr. Vasant Bissa, Ms. Vaishali J Shah and others along with Shree Parshwa Finance had 65% concentration on buy side and 50% concentration on sell side during the investigation period. Their transactions are substantial in the market. As mentioned above, they were involved in circular trading. Prices have been placed at higher levels on the buy side. Therefore, I come to the conclusion that the transactions of the noticees coupled with the corporate announcements made by the company were responsible for the price-volume manipulation in the shares of the company during the investigation period. Thus, the present proceedings are disposed of, as ordered herein below.

16. In view of the foregoing, in exercise of powers conferred upon me under Section 11B of the Securities and Exchange Board of India Act, 1992 read with Section 19 thereof and Regulations 11 and 13 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I, hereby restrain M/s. Shree Parshwa Finance (having its address at 16- Thakorbhai Tower, Opposite Khadi Sarita, Ellissbridge, Ahmedabad-380015), Mr. Vasant H. Bissa (Permanent Account Number - AABPB8108M) and Ms. Vaishali J. Shah (having her address at 13, Ellora Park Society, Opposite Naranpura Jain Temple, Naranpura, Ahmedabad 380013) from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, either directly or indirectly, for a period of three months.

17. This Order shall come into force with immediate effect.

DR. K. M. ABRAHAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI
DATE: JANUARY 28, 2010