

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11, 11B AND 11(4) OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF SYNCHRONISED TRADING BY CONNECTED PERSONS

1. On receipt of alerts of synchronized trading in certain scrips, Securities and Exchange Board of India (hereinafter referred to as SEBI) conducted a preliminary examination which revealed that the persons mentioned below were *prima facie* involved in synchronized trading.

- i. Ms. Hemlata Ramesh Hankare,
- ii. Ms. Rashmi R Ghandhi,
- iii. Anil Rajmal Shah HUF,
- iv. Alpesh R Shah (HUF),
- v. Mr. Jitendra Mannalal Jain,
- vi. Ms. Renu Madhusudhan Paliwal,
- vii. Hasmukh Valchand Jain(HUF),
- viii. Naresh V Rajawat HUF,
- ix. Ms. Pawanben Valchand Jain,
- x. Ms. Reeta Naresh Rajawat,
- xi. Mr. Kunal Dileep Kothari,
- xii. Ms. Sweta Bharat Kothari,
- xiii. Ms. Neela Khicha,
- xiv. Ms. Shobha Dilip Kothari,
- xv. Mr. Hitesh Mahendra Jain and
- xvi. Kamlesh P Jain HUF

2. Thereafter, SEBI advised the Bombay Stock Exchange Limited (hereinafter referred to as BSE) to conduct an examination of trading of the aforesaid persons for the period between March 1, 2009 and June 30, 2009. Since, they were observed to continuing synchronized trading, the period of examination was further extended upto September 20, 2009. Thus, the observations pertains to the periods - Period I (March 1, 2009 to June 30, 2009) and Period II (July 1, 2009 to September 20, 2009). The persons mentioned in Paragraph 1 above have traded in various

scrips. The scrips where their contribution was more than 30% of the total volumes in either of the periods are Allcargo Global Logistics Limited, Asian Star Co Limited, KSL & Industries Limited, Mavens Biotech Limited, Panoramic Universal Limited, Rasi Electronic Limited, Sat Industries Limited and Ushdev International Limited. Their trading in the aforesaid scrips were taken up for further examination. The preliminary findings in the matter are mentioned in the subsequent paragraphs.

3. The name, Permanent Account Number (PAN) and the linkages among the persons mentioned at Paragraph 1, as revealed from the 'Know Your Client' (KYC) forms maintained by the respective stock brokers are mentioned below:

Sr. No.	Client Name	PAN	Name of stock broker (BSE Code)	Connection
1	Jitendra Mannalal Jain	AIMPJ2936J	Emkay Global Financial Services Limited (185)	Renu Paliwal (Sr.No 2) is also registered with the stock broker India Capital Markets Private Limited (791) wherein the contact no. mentioned in Uniform Client Code (UCC) System is 9322123256 which matches with the mobile number of Jitendra Mannalal Jain (Sr.No 1)
2	Renu Madhusudhan Paliwal	ABHPP8821A	Ramniklal Mohanlal Capital Markets Private Limited (609)	
3	Rashmi R. Gandhi	AKHPG6563D	Finquest Securities Private Limited (3061)	Rashmi Gandhi (Sr.No 3) & Renu Paliwal (Sr.No 2) have common introducer viz. Pravin Dinkar Kulkarni.
4	Alpesh R Shah (HUF)	AAMHS6375L	Emkay Global Financial Services Limited (185)	Both are having common address viz. 71 Milan, 87 Tardeo Road Mumbai
5	Anil Rajmal Shah HUF	AAGHA1506F		
6	Hemlata Ramesh Hankare	ACPPH5612Q	Emkay Global Financial Services Limited (185)	-
			MSB Stock Brokers Private Limited (979)	
7	Hasmukh Valchand Jain - (HUF)	AABHH4638G	India Capital Markets Private Limited (791)	Hasmukh (Sr.No 7), Naresh (Sr.No 8), Pawanben (Sr.No 9), Reeta (Sr.No 10) have common phone no viz. 9820185380.
8	Naresh V Rajawat HUF	AADHN8192D		
9	Pawanben Valchand Jain	ACUPJ1494R		Naresh (Sr.No 8), Reeta (Sr.No 10), Hasmukh (Sr.No 7), Kunal (Sr.No 11), Sweta (Sr.No 12) have same introducer viz. Bhavesh Kothari (9819955965)
10	Reeta Naresh Rajawat	AACPR7700A		
11	Kunal Dileep Kothari	AWRPK0567H		
12	Sweta Bharat Kothari	APEPK5134Q		Neela Khicha's (Sr.No 13) introducer Sagar Mistry has same phone no as that of Bhavesh Kothari
13	Neela Khicha	AAFPK6547D		

Sr. No.	Client Name	PAN	Name of stock broker (BSE Code)	Connection
14	Shobha Dilip Kothari	ALFPK0986M		Shobha Kothari (Sr.No 14) & Kunal Kothari (Sr.No 11) have common address viz. 14-D, Zaobawadi, 2 nd Floor, Room no. 34, Thakurdwar Mumbai.
15	Kamlesh P Jain HUF	AAFHK8006H		
16	Hitesh Mahendra Jain	ACXPJ9852A		Kamlesh Jain's (Sr.No 15) introducer Vinod Kothari has same phone no (9819017676) as that of Sweta Kothari (Sr.No 12)

4. The *prima facie* relation/linkages between the persons are summarized below:

- a. Mr. Jitendra Mannalal Jain and Ms. Renu Madhusudhan Paliwal appear to be connected to each other as they share the same contact number i.e. 09322123256. Ms. Renu Madhusudhan Paliwal is connected to Ms. Rashmi R. Gandhi as they have a common introducer viz. Mr. Pravin Dinkar Kulkarni.
- b. Alpesh R. Shah HUF and Anil Rajmal Shah HUF appear to be related as the two have a common address viz. 71 Milan, 87 Tardeo Road, Mumbai
- c. Hasmukh Valchand Jain (HUF), Naresh V Rajawat (HUF), Ms. Pawanben Valchand Jain appear to be connected as they have common mobile phone number i.e.9820185380. Mr. Naresh V. Rajawat has the same introducer, Mr. Bhavesh Kothari as that of Ms. Reeta Naresh Rajawat, Mr. Kunal Dileep Kothari and Ms. Sweta Bharat Kothari.
- d. The mobile phone number of Mr. Bhavesh Kothari (introducer of Mr. Naresh V. Rajawat, Ms. Reeta Naresh Rajawat, Mr. Kunal Dileep Kothari and Ms. Sweta Bharat Kothari) was found to be the same as that of the introducer (Mr. Sagar Mistry) of Ms. Neela Kicha.
- e. Ms. Shobha Kothari and Mr. Kumal Kothari have a common address viz. 14-D, Zaobawadi, 2nd Floor, Room No 34, Thakurdwar, Mumbai.
- f. Mr. Vinod Kothari, introducer of Mr. Kamlesh Jain has same phone number as that of Ms. Sweta Kothari.

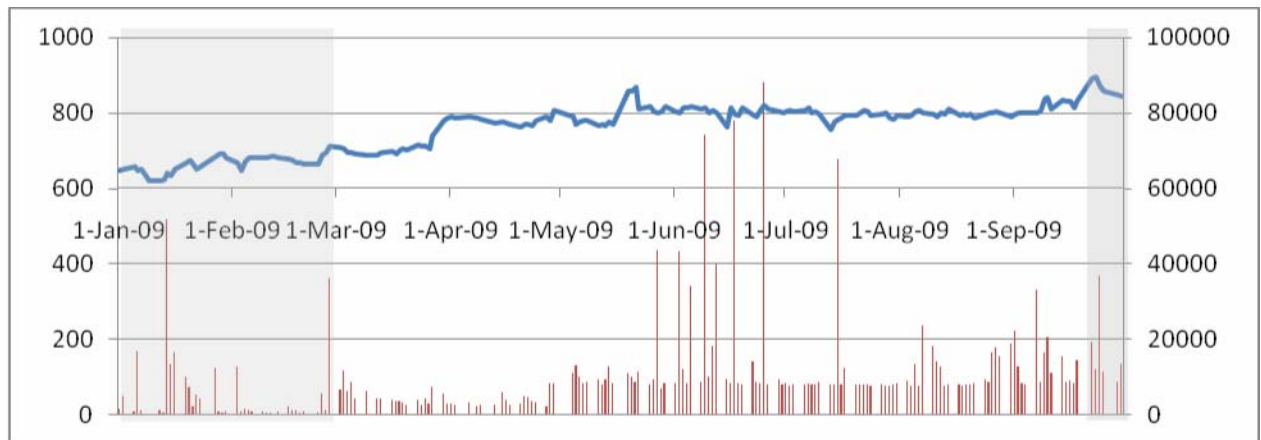
5. The persons mentioned at Paragraph 1 above (hereinafter collectively referred to as the group) were involved in trading among themselves in various scrips, with most of them connected/linked to each other, as stated above. Their trading pattern in the group led to an inference that some persons in the group traded very frequently with others across several scrips with majority trades (around 99%) synchronized in nature, and that they are connected to each other. Some of such instances are given below:

- a. Ms. Hemalata Hankare with others in the Group had traded in various scrips during the relevant periods and about 99% of their trades among themselves were synchronized.
- b. Similarly, Mr. Hitesh Mahendra Jain had traded with the other persons of the Group in various scrips and about 99% of their trades among themselves were synchronized.
- c. Similar trading was observed in the case of Mr. Alpesh R. Shah and Mr. Anil Rajmal Shah.

6. PRICE AND VOLUME ANALYSIS:

The price and volume analysis for the scrips taken up for examination is given in the graph below [Shaded Region represents pre examination period (January 1, 2009 to February 28, 2009) and post examination period (after September 20, 2009), the left hand axis represents the share price and right hand axis represents volume].

a. Allcargo Global Logistics Limited



It is observed that the price of the scrip had moved from Rs 713 on March 1, 2009 to Rs. 828 on September 18, 2009 and the scrip had also witnessed an increase in traded volume. The volume traded by the Group accounted for about 35% of the total traded volume in both the periods (i.e period I and period II). The average volume/price in the said scrip during the relevant periods including the pre examination period, is given below:

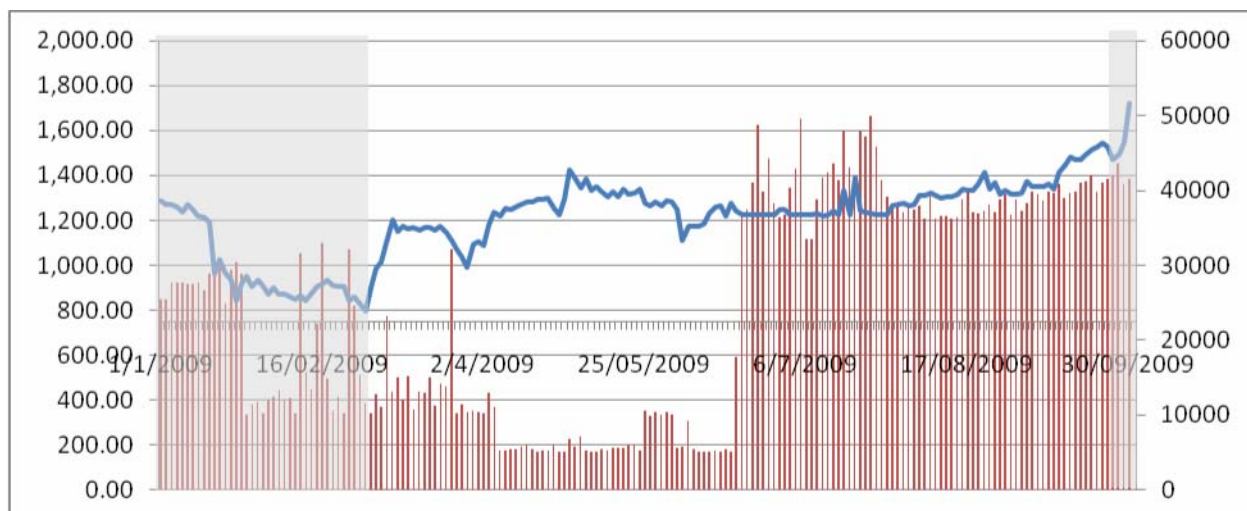
	Average Price (Rs)	Daily Average Volume	% change in price	% change in Volume	Group's Concentration (average*)
--	-----------------------	-------------------------	----------------------	-----------------------	--

Pre Examination period	664.93	8791.79			0.00%
Patch** 1	777.04	9765.92	16.86%	11.08%	38.26%
Patch** 2	802.04	10007.07	3.22%	2.47%	35.67%

(**- "patch" mentioned in the tables refers to the corresponding period)

* Average Concentration = (Buy Concentration + Sell Concentration)/2

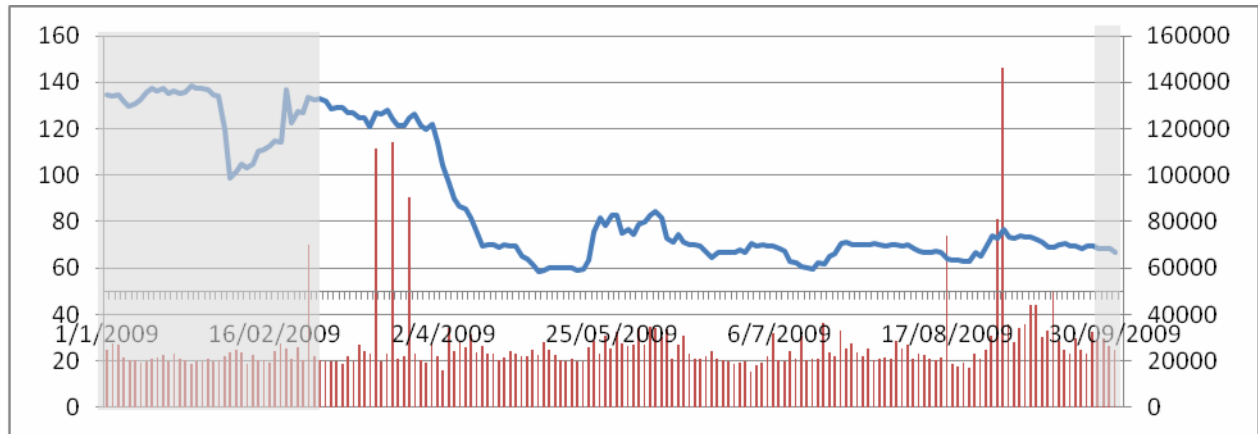
b. Asian Star Co Limited



It is observed that the price had moved significantly from Rs 900 on March 1, 2009 to Rs 1,530 on September 18, 2009. The average traded volume in period II had tripled over period I. The volume traded by the Group had accounted for 59% and 49% of the total market volume in the first and second periods respectively. The average volume of the Group had also witnessed a significant increase from 4,704 shares in pre examination period to 7,388 shares in period 1 to 19,634 in period 2. Significantly, 45% of the total increase in volume in period II over period 1 can be attributed to the Group's activity. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Daily Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	985.48	20,766			22.65%
Patch 1	1,221.86	12,523	23.99%	-39.69%	59.00%
Patch 2	1,318.32	39,821	7.89%	217.98%	49.31%

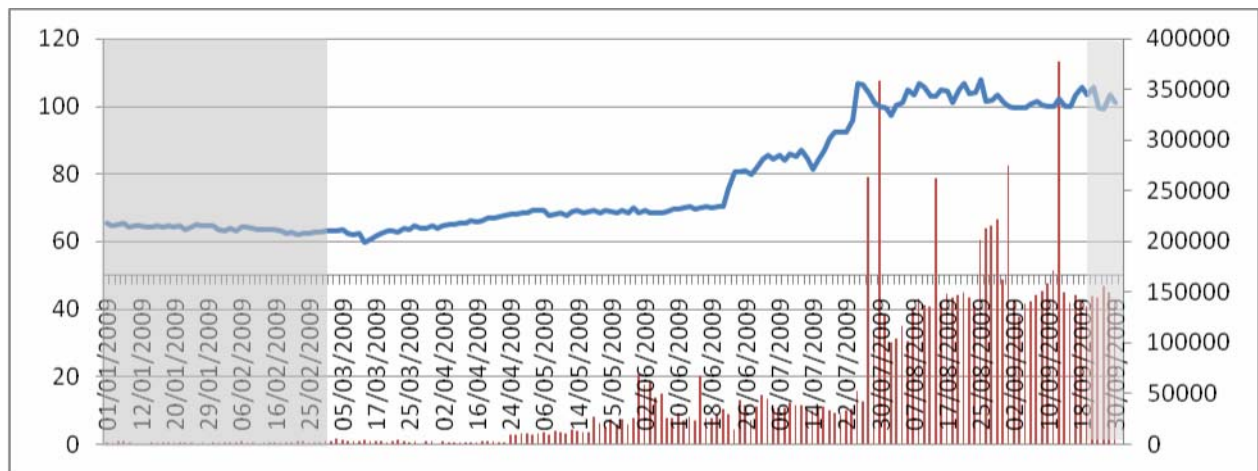
c. KSL & Industries Limited



It is observed that the price of the scrip had decreased from Rs. 132 on March 1, 2009 to Rs. 68 on September 18, 2009. The volume traded by the Group as a percentage of total volume had also decreased from 44% in period 1 to 30% in period II. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Daily Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	126.8	23133			19.73%
Patch 1	86.13	27030	-32.07%	16.85%	43.58%
Patch 2	68.12	29746	-20.91%	10.05%	29.49%

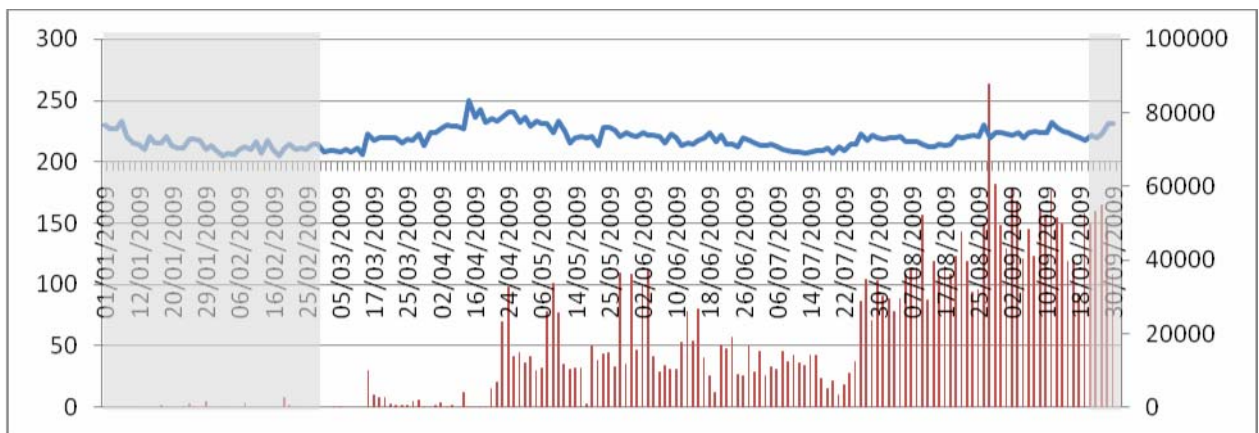
d. Mavens Biotech Limited



The price of the scrip had increased from Rs 63 on March 2, 2009 to Rs 106 on September 18, 2009 and the traded volumes in the said scrip have seen a considerable increase of 1100% in period 1 as compared to the volume traded in the pre examination period and 700% in period II, as compared to period I. The Group's traded volume had contributed to 35% and 30% to the traded volume in the scrip, in period I and period II, respectively. It is pertinent to note that 39% of increase in average volume in period 1 over the pre examination period and 30% of increase in average volume in period II over period 1 can be attributed solely to Group's trading in the said scrip. The Group had contributed an average daily volume of 5528 shares in period 1 and 38,352 shares in period II. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Daily Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	63.92	1300			0.00%
Patch 1	67.72	15517	5.94%	1093.62%	35.63%
Patch 2	97.97	124494	44.67%	702.31%	30.81%

e. Panoramic Universal Limited

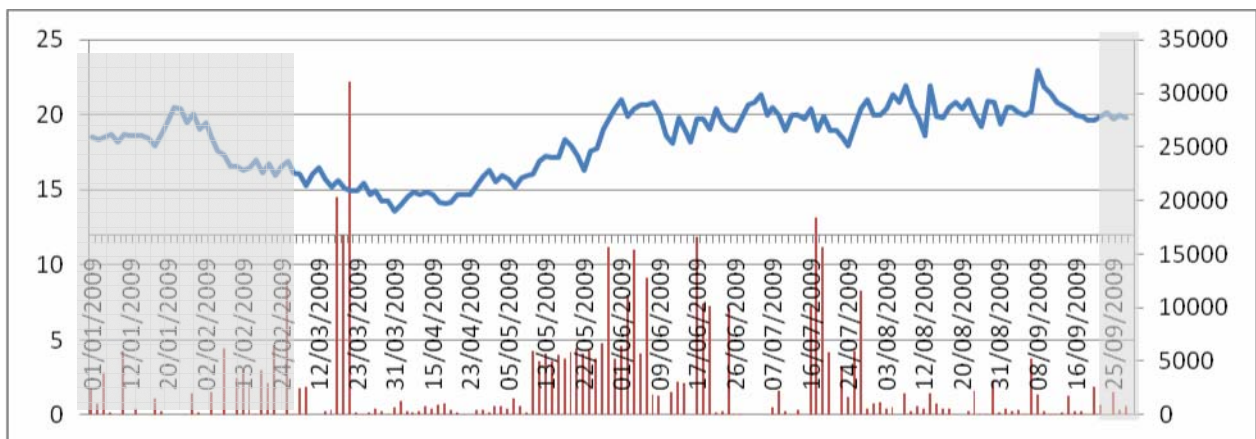


In this scrip, it is observed that its price had gone up from Rs 208.50 on March 2, 2009 to Rs 219.10 on September 18, 2009. Although the price had remained range bound at Rs 200- Rs 250 levels, the scrip had witnessed significant rise in the trading volumes, which had increased 2600% in period I as compared to the traded

volumes in the pre examination period and 200% in period II as compared to the traded volumes in period 1. A significant 43% of increase in average traded volume in period I over pre examination period can be attributed to the Group's trading activity. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Daily Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	214.34	392			0.00%
Patch 1	222.2	10522	3.67%	2584.18%	41.08%
Patch 2	217.36	32393	-2.18%	207.86%	13.78%

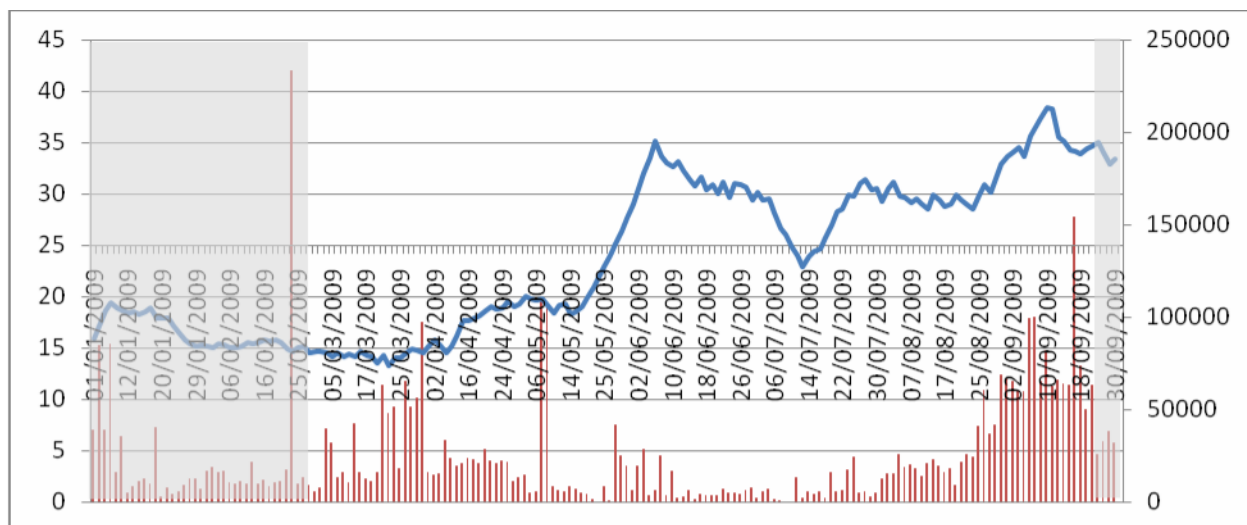
f. Rasi Electronic Limited



In the scrip, it is observed that the price of the scrip had gone up from Rs 16.10 on March 2, 2009 to Rs 19.65 on September 18, 2009. Of the total 126 trading days, on 22 days less than 100 shares were traded and on 33 days more than 5,000 shares were traded. Such dispersion in liquidity does not appear to be normal. It is observed that 62% of the increase in average traded volume in period 1 over the pre examination period was due to the trading activity of the Group. It was found that the Group had not traded in period II and as a result, the volume in the scrip had come down to the pre examination period levels, which would indicate the role of the Group in volume creation. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	18.06	1951			0.00%
Patch 1	16.94	4085	-6.20%	109.38%	32.64%
Patch 2	20.27	1966	19.66%	-51.87%	0.00%

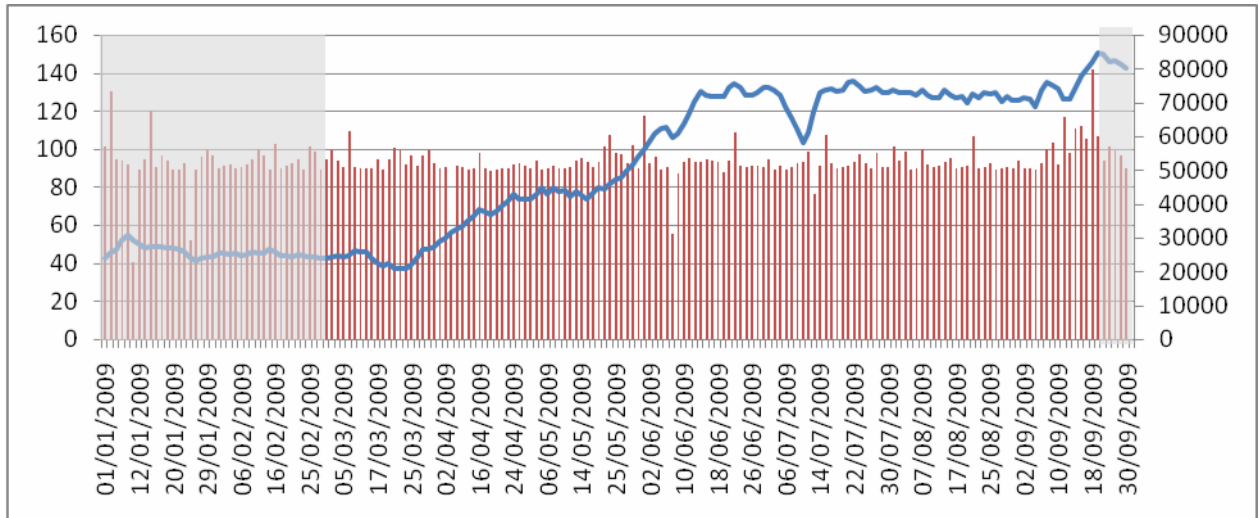
g. Sat Industries Limited



It is observed that the price of the scrip had gone up from Rs 14.55 on March 2, 2009 to Rs 33.90 on September 18, 2009, an increase of 133%. Trading volume had also witnessed a significant increase in period II. The traded volume of the Group to the total traded volume had increased from 27% in period I to 43% in period II, Besides, the increase of 72% in the average daily volume of period II over period I, can be attributed to the trading activity of the Group. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	16.34	23656			7.93%
Patch 1	21.42	20587	31.09%	-12.97%	27.20%
Patch 2	30.26	31094	41.27%	51.04%	42.51%

h. Ushdev International Limited



It is observed that the price of the scrip had gone up from Rs 42.7 on March 2, 2009 to Rs 145.15 on September 18, 2009, a 240% increase in the period of examination. The traded volume of the Group was very high at 77% to the total volume in the scrip in period I. The corresponding figure for period II was 59%. In the said scrip, the Group was active even in the pre examination period and they had contributed 30% of the total traded volume, in the said period. The average volume/price in the said scrip during the relevant periods including the pre examination period is given below:

	Average Price (Rs)	Average Volume	% change in price	% change in Volume	Group's Concentration (average)
Pre Examination period	45.91	52110			30.44%
Patch 1	79.12	52038	72.34%	-0.14%	77.12%
Patch 2	128.51	53406	62.42%	2.63%	59.43%

7. PERIOD ANALYSIS:

The table below mentions the buy and sell volume of the Group, trade among the persons of the Group and their synchronized trades (both in quantity as well as percentage) for each period separately.

Period 1: March 1, 2009 to June 30, 2009

Table 1: Quantity Wise

Scrip	Total Traded Quantity	Total Buy Quantity by the group	Total Sell Quantity by the group	Trade among the persons of the group	Synchronised* Trade by the group
Allcargo Logistics Ltd	771,508	295,230	295,140	249,197	248,995
Asian Star Co Ltd	976,787	576,279	576,281	422,303	421,692
KSL & Industries Ltd	2,108,319	918,821	918,821	7,48,502	7,46,650
Mavens Biotech Ltd	1,210,312	431,251	431,251	376,948	376,898
Panoramic Universal Ltd	820,690	337,115	337,115	303,611	303,601
Rasi Electrodes Ltd	290,048	94,658	94,658	94,652	94,652
Sat Industries Ltd	1,605,784	439,153	434,254	311,620	304,971
Ushdev International	4,058,931	3,129,431	3,131,289	2,572,717	2,570,879

*Synchronized trades are trades where buy and sell orders are entered within 1 minute of each other

Table 2: Percentage wise

Scrip	Buy Concentration of the group	Sell Concentration of the group	% Trade Among Entities to Total volume	% Trade among Entities to their Gross Qty	% of Synchronised Trade to total trades among Entities
Allcargo Logistics Ltd	38.27%	38.25%	32.30%	84.41%	99.92%
Asian Star Co Ltd	59.00%	59.00%	43.23%	73.28%	99.86%
KSL & Industries Ltd	43.58%	43.58%	35.50%	81.46%	99.75%
Mavens Biotech Ltd	35.63%	35.63%	31.14%	87.41%	99.99%
Panoramic Universal Ltd	41.08%	41.08%	36.99%	90.06%	100.00%
Rasi Electrodes Ltd	32.64%	32.64%	32.63%	99.99%	100.00%
Sat Industries Ltd	27.35%	27.04%	19.41%	70.96%	97.87%
Ushdev International	77.10%	77.14%	63.38%	82.21%	99.92%

8. From the above tables, the following observations are made in respect of the trading pattern of the Group in period I:

- a. In all the scrips, the buy and sell volumes of the Group were almost identical. This indicates that the group had no intention to accumulate stock or sell its existing holdings. It had indulged purely in day trading that had contributed to the market volume in the scrips mentioned above, For example 59% in Asian Star Limited and 77% in Ushdev International Limited.
- b. The Group had indulged in creation of artificial volume by trading among themselves. Their traded volume as a percentage to total traded volume ranged from 19% in Sat Industries Limited to 63% in Ushdev international Limited. It goes without saying that such volume contribution by the Group had caused misleading appearance of liquidity and investor interest in the scrips.
- c. Most of the trades among the Group were synchronized. It was found that the synchronized trades among the Group in all the scrips was around 99% (except in Sat Industries Limited, where it was 97.80%). The numerous synchronized trades spread over a long period of time among the Group indicate the close nexus.
- d. Illustratively, in the scrip of Ushdev International Limited, it is observed that out of total traded quantity of 40,58,931 shares, the Group had bought 31,29,431 (77.10%) shares and sold 31,31,289 (77.14%) shares, Of the shares bought by the persons in the Group, 25,72,717 shares were traded among themselves i.e. 82.21%. Further, the trades for 25,70,879 shares executed among the Group accounted for 99.92% of their trades among the Group .

Period II: July 1, 2009 to September 20, 2009

Table 3: Quantity Wise

Scrip	Total Traded Quantity	Total Buy Quantity by the group	Total Sell Quantity by the group	Trade Among Entities	Synchronised Trade by the group
Allcargo Logistics Ltd	580,410	207,040	207,040	60,964	60,894
Asian Star Co Ltd	2,309,600	1,138,819	1,138,819	368,013	367,703
KSL & Industries Ltd	1,725,252	508,737	508,737	242,821	242,821
Mavens Biotech Ltd	7,220,631	2,224,405	2,224,405	552,320	551,765
Panoramic Universal Ltd	1,878,804	257,565	260,215	64,300	64,190
Sat Industries Ltd	1,803,469	767,681	765,612	337,359	302,189
Ushdev International	3,097,535	1,842,324	1,839,608	902,538	901,056

Table 4: Percentage Wise

Scrip	Buy Concentration of the group	Sell Concentration of the group	% Trade Among Entities to Total volume	% Trade among Entities to their Gross Buy Qty	% of Synchronised Trade to total trades among Entities
Allcargo Logistics Ltd	35.67%	35.67%	10.50%	29.45%	99.89%
Asian Star Co Ltd	49.31%	49.31%	15.93%	32.32%	99.92%
KSL & Industries Ltd	29.49%	29.49%	14.07%	47.73%	100.00%
Mavens Biotech Ltd	30.81%	30.81%	7.65%	24.83%	99.90%
Panoramic Universal Ltd	13.71%	13.85%	3.42%	24.96%	99.83%
Rasi Electrodes Ltd	0.00%	0.00%	0.00%	0.00%	0.00%
Sat Industries Ltd	42.57%	42.45%	18.71%	43.95%	89.57%
Ushdev International	59.48%	59.39%	29.14%	49.00%	99.84%

9. From the above tables, the following are observed:

- a. In the scrip of Allcargo Logistics Limited, out of total traded quantity of 5,80,410 shares, the Group had bought and sold, 2,07,040 shares which accounted for 35.67% of the total volume on buy and sell side. Of the shares bought by the Group, 60,964 (i.e. 29.45%) shares were traded only within persons of the Group. Further nearly 99.89% (for 60,894 shares) of such trades were synchronized.
- b. In the scrip of Asian Star Co Limited, out of total traded quantity of 23,09,600 shares, the Group had bought and sold, 11,38,819 shares which accounted for 49.31% of the total volume on buy and sell side. Of the shares bought by the persons of the Group, 3,68,013 (32.32%) shares were traded only within the persons of the Group. Further nearly 99.92% (3,67,703 shares) of such trades were synchronized.
- c. In the scrip of KSL & Industries Limited, out of total traded quantity of 17,25,252 shares, the Group had bought and sold, 5,08,737 shares which accounted for 29.49% of the total volume on buy and sell side. Of the shares bought by the persons of the Group, 2,42,821 (47.73%) shares were traded only within the persons of the Group. Further, nearly 100% (2,42,821 shares) of such trades were synchronized.
- d. In the scrip of Mavens Biotech Limited, out of total traded quantity of 72,20,631 shares, the Group had bought and sold, 22,24,405 shares which accounted for 30.81% of the total volume on buy and sell side. Of the shares bought by the persons of the Group, 5,52,320 (24.83%) shares were traded only within persons of the Group . Further nearly 99.90% (5,51,765 shares) of such trades were synchronized.
- e. In the scrip of Panoramic Universal Limited, out of total traded quantity of 18,78,804 shares, the Group had bought and sold, 2,57,565 and 2,60,215 shares which accounted for 13.71% and 13.85% of the total volume on buy and sell side. Of the shares bought by the persons of the Group, 64,300 (24.96%) shares were traded only within persons of the Group. Further nearly 99.83% (64,190 shares) of such trades were synchronized.
- f. In the scrip of Rasi Electrodes Limited, the Group had not traded.
- g. In the scrip of Sat Industries Limited, out of total traded quantity of 18,03,469 shares, the Group had bought and sold, 7,67,681 and 7,65,612 shares which accounted for 42.57% and 42.45% of the total volume on buy and sell side, respectively. Of the shares bought by the persons of the Group, 3,37,359 (43.95%) shares were traded only within persons of the Group. Further nearly 89.57% (3,02,189 shares) of such trades were synchronized.
- h. In the scrip of Ushdev International Limited, out of total traded quantity of 30,97,535 shares, the Group had bought and sold, 18,42,324 and 18,39,608 shares which accounted for 59.48% and 59.39% of the total volume on buy and sell side, respectively. Of the shares bought by the persons of the Group, 9,02,538 (49%) shares were traded only within persons of the Group. Further nearly 99.84% (9,01,056 shares) of such trades were synchronized.

It is observed from the trading pattern of the Group in various scrips that it had accounted for substantial volumes. Besides, it was observed that the percentage of trades among the Group had come down, mainly due to the increase in volume of trades in most of these scrips. This appears to be the outcome of the artificial interest generated by the Group in those scrips by their continuous synchronized/circular trades.

COMPARATIVE ANALYSIS:

10. The following observations were made for the trades of the group in pre-examination, period I and period II,

a. It is observed that the volumes in the scrips have increased significantly after the Group had started trading in the scrips as observed in the table below. The scrips, Allcargo Logistics Limited, Mavens Biotech Limited, Panoramic Universal Limited and Rasi Electrodes Limited, where the the Group had not traded in the pre examination period, have seen a significant increase in volume after the entry of Group in period 1, which would indicate the it was able to attract the unsuspecting investors to trade in the said scrips.

Table 5

Scrip	Pre examination period Concentration of the group	Period 1 Concentration of the group	Percentage Increase in average traded volume in Period 1 over Pre examination period
Allcargo Logistics Ltd	0.00%	38.27%	11%
Asian Star Co Ltd	22.65%	59.00%	-40%
KSL & Industries Ltd	19.73%	43.58%	17%
Mavens Biotech Ltd	0.00%	35.63%	1093%
Panoramic Universal Ltd	0.00%	41.08%	2583%
Rasi Electrodes Ltd	0.00%	32.64%	109%
Sat Industries Ltd	7.93%	27.35%	-13%
Ushdev International	30.44%	77.10%	-0.14%

b. It is also observed from the following table that, in various scrips viz. KSL & Industries Limited, Rasi Electrodes Limited, Panoramic Universal Limited, the group was not able to influence the prices in period 1 and it had

therefore apparently reduced its trading volume as a percentage of total volume in period II (buy side).

Table 6

	Price Movement	Concentration		
Scrip	Period 1	Period 1	Period II	Change
Allcargo Logistics Ltd	16.86%	38.27%	35.67%	-2.60%
Asian Star Co Ltd	23.99%	59.00%	49.31%	-9.69%
KSL & Industries Ltd	-32.07%	43.58%	29.49%	-14.09%
Mavens Biotech Ltd	5.94%	35.63%	30.81%	-4.82%
Panoramic Universal Ltd	3.67%	41.08%	13.71%	-27.37%
Rasi Electrodes Ltd	-6.20%	32.64%	0.00%	-32.64%
Sat Industries Ltd	31.09%	27.35%	42.57%	15.22%
Ushdev International	72.34%	77.10%	59.48%	-17.62%

c. It is observed from the table below that due to the trading activity of the Group in period 1, an interest has been generated in the scrips. The trading activity of other investors has seen a significant rise in period II over period I. The trading by the persons of the Group has generated interest among the unsuspecting investors as is evident in the scrips of Asian Star Co Limited, Mavens Biotech Limited, Panoramic Universal Limited and Ushdev International Limited. In other scrips also, the percentage of the volume traded by other investors in period II over period I has increased (except Rasi Electrodes Limited).

Table 7

	Percentage change in average traded volume	Percentage change in average buy volume by group	Percentage change in average buy volume by other investors
Allcargo Logistics Ltd	2.47%	-4.48%	6.78%
Asian Star Co Ltd	217.98%	165.76%	293.13%
KSL & Industries Ltd	10.05%	-25.54%	37.54%
Mavens Biotech Ltd	702.31%	593.67%	762.46%
Panoramic Universal Ltd	207.87%	2.75%	350.87%
Rasi Electrodes Ltd	-54.37%	-100.00%	-32.26%
Sat Industries Ltd	51.04%	135.09%	19.40%
Ushdev International	2.63%	-20.83%	81.61%

TRADING AT NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):

11. It was found that the group had traded in the scrips of Allcargo Global Logistics Limited and Panoramic Universal Limited at NSE. The buy side volume created by Ms. Rashmi R. Gandhi, Ms. Hemlata Ramesh Hankare and Mr. Jitendra Mannalal Jain was 29% to the total market volume in the scrip of Allcargo Global Logistics Limited. Similarly, Mr. Anil Rajmal Shah, Ms. Rashmi R. Gandhi and Ms. Hemlata Ramesh Hankare have accounted for 8% of the total traded volume on buy side in the scrip of Panorama Universal Limited.

TRADING IN OTHER SCRIPS:

12. SEBI is also in receipt of a report from BSE wherein it has been observed that the Group had done significant trading in the scrip of Jaybharat Textiles and Real Estate Limited during the period May 7, 2009 to August 20, 2009. The members of the Group namely, Mr. Mannalal Jitendra, Ms. Renu Paliwal, Ms. Rashmi R. Gandhi, Ms. Hemlata Ramesh Hankare and Mr. Ajay Roongta (a person not covered under the Group) traded in the shares of Jaybharat Textiles and Real Estate Limited and their volume contribution to the total traded volume was 57.64% on both buy side and sell side. The price of the said scrip had witnessed a rise from Rs 230.00 to Rs 382.35 and touched a high of Rs 531.65 during the period May 7, 2009 to August 20, 2009. It was mentioned in the said report that the trading members (of the Group) traded with each other for 38.21% of the total market volume and 99.82% of such trades were synchronized. The role of the Group in the scrip for Jaybharat Textiles and Real Estate Ltd during the said period needs to be further investigated. BSE, in a separate report for a later period of July 1, 2009 to December 15, 2009 has submitted that the persons of Group viz. Ms. Hemlata Ramesh Hankare, Ms. Rashmi R. Gandhi, Mr. Jitendra Mannalal Jain, Ms. Renu Paliwal along with two other related entities Ms. Usha Mehta (has a common mobile number with Mr. Jitendra Jain and Ms. Renu Paliwal viz. 9322123256) and Ms. Soalli Shaikh (has a common mobile number with Ms. Hemlata Hankare viz. 9773694131) have created significant volumes in the scrips of Ushdev International Limited, Asian Star Co Limited, Jaybharat Textiles and

Real Estate Limited, Sat Industries Limited, Mavens Biotech Limited, KSL and Industries Limited, Allcargo Global Logistics Limited and four other scrips namely, Lotus Eye Care Hospital Limited, MVL Limited, Anil Products Limited and KBS Capital Management Limited. In the scrips of Lotus Eye Care Hospital Limited, MVL Limited, Anil Products Limited and KBS Capital Management Limited, these entities have created significant volumes in the range of 22% to 46% of gross market volume and that more than 99% of the trades executed amongst themselves were found to be synchronized. The trading of persons of the Group along with Ms. Usha Mehta and Ms. Soalli Shaikh in the other scrips needs to be investigated. The same *prima facie* suggests that the Group to be involved in creating artificial volumes in other scrips as seen from their trading concentrations to the market trades. Such persistent trading behavior, which *prima facie* is in violation of securities laws, requires immediate preventive intervention by SEBI.

ROLE OF STOCK BROKERS:

13. Majority trading by the clients was through two trading members, India Capital Markets Private Limited and Emkay Global Financial Services Limited. Their systems to generate alerts on such clients and trading behavior would be examined in the course of investigation which is underway.

SUMMARY OF PRELIMINARY FINDINGS:

14. It is observed by the pattern of trades by these entities that the entities are involved in synchronized/circular trading among themselves which is evident as

- a. The contribution of the Group to the total volume on buy and sell side had ranged from 27% to 77% in all the scrips in period I, *prima facie* with an intention of creating artificial volume so as to give the market a false impression about the liquidity of the scrips.
- b. A very high percentage of trades by entities of the group among themselves in period I which has come down in period II shows that an artificial interest has been created by the group in period I

- c. More than 99% of trades among the persons of the Group are synchronized.
- d. The volumes in the scrips have increased significantly after the Group had started trading in the scrips, as seen in table 5
- e. The trading activity of the Group in period 1 has generated an interest in the scrips as the trading activity of other investors has seen a significant rise in period II over period 1
- f. It appears that the activities of the Group are an attempt to attract unsuspecting investors to deal in the scrips, as is evident from the increase in volume and price in most of the mentioned scrips.
- g. As per the provisions contained in Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) 2003, dealing in securities shall be deemed to be fraudulent or an unfair trade practice if it involves fraud i.e. any act while dealing in securities in order to induce another person to deal in securities, whether or not there is any wrongful gain or avoidance of any loss and indulging in any act which creates false or misleading appearance of trading in securities market or a dealing in security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuation in the price of such security for wrongful gain or avoidance of loss. Prima facie, the Group had indulged in fraudulent and unfair trade practices. Thus, the activities of the Group appear to be in violation of the relevant provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations 2003.

15. The Group had picked up scrips with low daily volumes (Mavens Biotech Limited, Panoramic Univerasal Limited, Rasi Electrodes Limited) or not very liquid scrip and injected liquidity artificially by their trading. The modus operandi has been to create artificial volumes that were substantial enough to make the said scrips attractive enough to investors. Since the links between entities of the group are not known to the market, unsuspecting investors believe that growing volumes with accompanying price rise is a sign of positive health of the company. Once the trading volume reach high levels, the Group exits or substantially reduces its trading. The intention of the Group is only to provide misleading signals to the market by artificially injecting volumes in the trading of the scrip. This appears to be taking place without check. Market discipline, in the process gets violated rather easily with impunity due to pre determined actions of a few deviant traders, thereby compromising the integrity of the market. The Regulator would fail in its duty if it were not to put a halt to such distortional activities that

come to its notice. The preliminary findings discussed above clearly show that the entities jointly and severally, have *prima facie* violated Regulations 3 and 4 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI has initiated formal investigations into the matter. SEBI is mandated to regulate the activities in the securities market thereby encouraging transparent and fair practices by the market participants. The trading pattern of the aforesaid persons as explained above is *prima facie* detrimental to the interests of the investors in the securities market. It is the duty of SEBI to promptly intervene in such cases in order to protect the genuine investors alerting them about the *prima facie* violations of the group in their dealings in the securities market. Such protection is necessary for the stability and growth of the securities market. Further the persons mentioned above, are *prima facie* found to be instrumental in manipulating the scrips, as mentioned above in this order. It is noticed that the persons of the group have continued their trading pattern even beyond the period of examination. Therefore, the market is exposed to risk detrimental to the interest of the investors. The preliminary findings mentioned above, leads to the conclusion that there is a *prima facie* case for SEBI to intervene immediately to prevent continuing market abuse by the activities of the group. It is, therefore, necessary and essential to urgently issue orders to protect the interests of investors and to preserve the safety and integrity of the market. Accordingly, the following ad interim order is passed.

16. In view of the foregoing, in order to protect the interest of investors and securities market from further such acts of the entities as discussed above, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11B and 11(4)(b) thereof, hereby, by way of ad interim ex-parte order restrain the following persons from accessing the securities market and further prohibit them from buying, selling or dealing in securities in any manner whatsoever, with immediate effect, till further directions.

Sr. No.	Name of the Person	Permanent Account Number
1	Ms. Hemlata Ramesh Hankare	ACPPH5612Q
2	Ms. Rashmi R Ghandhi,	AKHPG6563D
3	Anil Rajmal Shah HUF	AAGHA1506F
4	Alpesh R Shah HUF	AAMHS6375L
5	Mr. Jitendra Mannalal Jain	AIMPJ2936J
6	Ms. Renu Madhusudhan Paliwal	ABHPP8821A
7	Hasmukh Valchand Jain HUF	AABHH4638G
8	Naresh V. Rajawat HUF	AADHN8192D
9	Ms. Pawanben Valchand Jain	ACUPJ1494R
10	Ms. Reeta Naresh Rajawat	AACPR7700A
11	Mr. Kunal Dileep Kothari	AWRPK0567H
12	Ms. Sweta Bharat Kothari	APEPK5134Q
13	Ms. Neela Khicha	AAFPG6547D
14	Ms. Shobha Dilip Kothari	ALFPK0986M
15	Mr. Hitesh Mahendra Jain	ACXPJ9852A
16	Kamlesh P. Jain HUF	AAFHK8006H

17. The National Securities Depository Limited and Central Depository Services (India) Limited are directed to freeze the beneficial owner accounts of the aforesaid persons.

18. The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are advised to square off any existing open positions in the Futures and Options Segment, if any, for the persons mentioned in Paragraph 16 above. Further, the concerned stock exchanges should also ensure that no fresh positions are created for the said persons. The said persons would not be allowed to take fresh positions or increase their open positions or execute trades.

19. The persons against whom this order is passed may file their objections, if any, within twenty one days from the date of this order and, if they so desire, avail

themselves of an opportunity of personal hearing before the Securities and Exchange Board of India, on a date and time to be fixed on a specific request, received from the said persons.

20. 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: FEBRUARY 20, 2010**