

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER**

IN THE MATTER OF SURYA ROSHNI LIMITED

IN RESPECT OF ASHADEVI BERIWALA

Date of hearing: January 20, 2010

Appearances:

For Noticee: Shri Mukund Beriwal

For SEBI: Shri Suresh Gupta, General Manager,
Shri Sunil Kumar, Manager,
Shri Kirtikumar Jadav, Presenting Officer and
Ms. Vasudha Goenka, Legal Officer

ORDER

UNDER SECTION 11B READ WITH SECTION 11 (4) OF SECURITIES AND EXCHANGE BOARD OF INDIA, ACT, 1992 READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULANT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 1995 READ WITH REGULATION 13 OF SEBI (PROHIBITION OF FRAUDULANT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003

1. The Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into the trading in the scrip of Surya Roshni Limited (hereinafter referred to as 'Surya Roshni') for the period of May 17, 2000 to September 5, 2000, *inter alia*, to ascertain whether there had been any violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 (hereinafter referred to as the

‘FUTP Regulations’) and SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 (hereinafter referred to as the ‘Broker Regulations’).

2. Investigations revealed that Mrs. Ashadevi Beriwalla (hereinafter referred to as ‘the noticee’) had mis-utilised and put to risk the stock exchange mechanism by transferring or mirroring her off market financing transactions, on to the exchange system. In doing so, she created artificial volumes in the market. She was aware of the fact that the shares being sold by her were purchased by the entities for whom financing was made available. Therefore, it was alleged in the Investigation Report that the noticee had violated the provisions of Regulation 4(b) and 4(c) of the FUTP Regulations and that her trading activities were prejudicial to the interests of the investors and the securities markets.
3. Accordingly, a notice dated May 26, 2003 (hereinafter referred to as ‘SCN’) was issued to the noticee asking her to show cause as to why in the interest of the investors and the orderly development of the securities market, appropriate direction(s) as provided under Section 11(4) of the SEBI Act, 1992 including restraining her from accessing the securities market and prohibiting her from buying, selling or dealing in securities, should not be passed against her for the violations of the provisions of Regulation 4(b) and 4(c) of the FUTP Regulations.
4. The noticee replied to the said SCN vide her letter dated June 9, 2003 wherein it was, *inter alia*, stated that she had dealt in the shares of Surya Roshni for making a profit and that her intention was never to create any volume in the scrip and that she had nothing to gain from the said volume creation. It was also stated that she had no links with the promoter or any other party having a vested interest in the shares and that she had not tried to manipulate the share price of Surya Roshni in any manner whatsoever and had sold the shares at the prevailing market price at the National Stock Exchange (hereinafter referred to as ‘NSE’).
5. An opportunity of personal hearing was granted to the noticee on April 20, 2004 before the then Whole Time Member, SEBI, Late Shri A. K. Batra, which was availed by the noticee. However, I find that the case could not be proceeded with as Late Shri A. K. Batra had laid down office before completion of the proceedings. When the case was entrusted to me for

consideration, I thought it fit to issue a fresh notice for hearing. Therefore, an opportunity of personal hearing was granted before me on January 20, 2010 where Mr. Mukund Beriwalla appeared on behalf of the noticee and stated that the reply of the noticee had already been brought on record vide her reply dated June 9, 2003 to the SCN. Mr. Mukund Beriwalla in the oral submissions before me further submitted that the noticee accepted the fact that she had entered into the transactions as alleged in the SCN. He also stated that the noticee had similar dealings in a number of other scrips and several orders had been passed penalising her for similar violations debarring the noticee for a period ranging from 1 to 6 months. The noticee has since understood the ramifications of her trades and she has stopped entering into such transactions. Further, he stated that representations had previously been made by the noticee to SEBI for clubbing of all the cases pending against her so as to avoid penalising her over and over again and requested that a lenient view on her dealings be taken in the instant matter.

6. I have carefully considered the SCN, the reply of the noticee and the other relevant material on record. The issue that arises for my consideration is whether the noticee had created false and misleading appearance of trading in the market and mis-utilised and put to risk the stock exchange mechanism by transferring or mirroring her off-market financing transactions on the exchange.
7. I note that during the course of investigation it was observed that the noticee had entered into spot/off-market deals with one Ms. Aditi Dalal. The shares purchased on spot/off-market basis were sold through DGP Securities Limited (hereinafter referred to as 'DGP') on the Exchange right after the transfer of shares into the account of the noticee. I further note that all the sell orders of the noticee had been immediately executed and the counter party broker was an associate of the said Ms. Aditi Dalal. The details of shares purchased on off market/spot basis is given hereinunder:

Name of the Seller	Purchases	Rate	Net Del. Qty	Share recd on date.
Aditi Dalal	1,35,000	20.15	1,35,000	29.05.2000

Aditi Dalal	10,000	19.85	10,000	04.07.2000
Aditi Dalal	84,000	19.85	84,000	11.07.2000
Aditi Dalal	2,39,000	18.05	2,39,000	26.07.2000
Aditi Dalal	10,000	18.00	10,000	02.08.2000
Aditi Dalal	1,86,000	18.25	1,86,000	09.08.2000
Aditi Dalal	1,25,000	16.50	1,25,000	29.08.2000

8. I note that by selling the shares immediately after receipt, the noticee tried to safeguard its interest as the sale transaction would get covered under the Settlement Guarantee Fund of the exchange.
9. The transactions executed by the noticee in the scrip of Surya Roshni with DGP are as follows:

Name of the Client	Buy	Sell	Net
Ashadevi Beriwal	0	1,35,000	-1,35,000
	0	10,000	-10,000
	0	84,000	-84,000
	0	2,39,000	-2,39,000
	0	10,000	-10,000
	0	1,86,000	-1,86,000
Total		6,64,000	-6,64,000

10. I note from the trade and order log analysis that the trades executed by the noticee through DGP were matched/structured with a related entity of Aditi Dalal. The matched/ structured transactions noticed are as follows:

Order Date	Trade No.	Qty.	Buy Order Time	Order No.	Buying TM	Buy Order Volume	Buy Order Price (Rs.)	Sell order time	Sell order no.	Selling TM	Sell order vol.	Sell order price (Rs.)
29/5/00	340419	50000	13:12:56	200005290513010	CFL	50000	20.25	13:12:29	200005290512988	DGP	50000	20.25
29/5/00	340742	50000	13:13:09	200005290513534	CFL	50000	20.25	13:13:09	200005290513542	DGP	50000	20.25
29/5/00	341306	35000	13:13:22	200005290513965	CFL	35000	20.25	13:22:22	200005290513977	DGP	35000	20.25
5/7/00	579729	10000	15:12:47	200007050870156	CFL	10000	19.80	15:12:46	200007050870133	DGP	10000	19.80
12/7/00	143449	42000	11:05:13	200007120250951	CFL	42000	19.80	11:05:12	200007120250941	DGP	42000	19.80

12/7/00	143832	42000	11:05:31	200007120 251615	CFL	42000	19.80	11:05:31	200007120 251612	DGP	42000	19.80
26/7/00	101330	50000	10:21:55	200007260 157869	CFL	50000	18.00	11:21:54	200007260 157840	DGP	50000	18.00
26/7/00	102005	50000	10:22:11	200007120 259012	CFL	50000	18.20	10:22:09	200007120 258858	DGP	50000	18.20
26/7/00	102582	50000	10:22:24	200007260 159890	CFL	50000	18.30	10:22:24	200007260 159855	DGP	50000	18.30
26/7/00	103448	36000	10:22:43	200007260 161156	CFL	50000	18.40	10:22:44	200007260 161210	DGP	50000	18.40
26/7/00	104230	10000	10:23:04	200007260 162561	CFL	39000	18.50	11:23:04	200007260 162533	DGP	39000	18.50
2/8/00	90150	50000	10:36:50	200008020 172443	CFL	10000	18.40	10:36:49	200008020 172399	DGP	10000	18.40
8/8/00	202846	50000	11:26:08	200008080 328773	CFL	50000	16.80	11:26:07	200008080 328747	DGP	50000	16.80
8/8/00	203792	50000	11:26:37	200008080 330097	CFL	50000	16.85	11:26:37	200008080 330092	DGP	50000	16.85
18/8/00	331042	50000	13:23:42	200008180 563562	CFL	10000	16.80	13:23:42	200008180 563535	DGP	1000	16.80
23/8/00	677449	39000	15:17:20	200008230 978216	CFL	25000	16.85	15:17:20	200008230 978195	DGP	25000	16.85
23/8/00	678057	50000	15:17:32	200008230 978939	CFL	25000	16.90	15:17:32	200008230 978961	DGP	25000	16.90
23/8/00	678654	50000	15:17:44	200008230 979678	CFL	25000	16.80	15:17:44	200008230 979636	DGP	25000	16.80
23/8/00	679346	10000	15:18:01	200008230 980657	CFL	25000	16.85	15:18:00	200008230 980633	DGP	25000	16.85
23/8/00	699290	10000	15:25:14	200008231 004932	CFL	25000	16.85	15:25:14	200008231 004919	DGP	25000	16.85
30/8/00	623836	25000	14:54:22	200008300 921685	CFL	10000	17.85	14:54:22	200008300 921659	DGP	10000	17.85

11. From a perusal of the trades as illustrated hereinabove, I note that these orders were placed at approximately the same time, at the same price and for the same quantity. I note that Aditi Dalal was associated/related with the aforementioned member CFL Securities Ltd. (hereinafter referred to as 'CFL'), as well as a certain Tropical Securities. & Investment Pvt. Ltd. (hereinafter referred to as 'Tropical') and Harbinger Trading Co. Pvt. Ltd. (hereinafter referred to as 'Harbinger'). Shri Milan Dalal, the Director of both CFL and Tropical is the brother of Aditi Dalal's husband. Harbinger is an associate company of CFL and Tropical.

12. Further, I note that Harbinger was the ultimate client of CFL for all the transactions mentioned above. I note from the demat statement of the noticee that she had received the shares from CFL / Tropical / Harbinger and she had sold the same shares in the secondary market through the related member DGP to Harbinger.

13. I note that the noticee is the mother of Mr. Mukund Beriwal, CEO of DGP. Also, I note that the noticee had received direct deliveries from Harbinger, CFL and Tropical. From a perusal of the trading details submitted by the noticee, I note that the purchases had been

shown as purchases on spot basis. Further, I note that DGP had accepted the deliveries on behalf of the noticee directly from third parties viz. CFL, Harbinger etc. Further, DGP had made payments to third party viz. Aditi Dalal by debiting the account of the noticee as also by way of pay orders. I find that all these facts point to the fact that the noticee and DGP were related to each other.

14. Therefore, considering the above referred facts and circumstances, I find that the noticee along with her related entity DGP had transacted in the scrip of Surya Roshni with a view to create artificial volumes. Further, to safeguard financial interest of the noticee (financing against the purchase of shares), the noticee had immediately sold these shares on the market through DGP. I note that these transactions have been executed for completing the financial arrangements, which had crystallized outside the exchange mechanism. The noticee had bought those shares in spot deals from clients who were at the buy-side at the exchange or their associates with an assurance that they (the buy-side clients or their associates) would buy those shares back in the exchange. The entire process led to artificial volume in the scrip and created illusory trading.
15. From the above discussion, I find that the noticee had created false/misleading appearance of trading in the market and mis-utilised and put to risk the stock exchange mechanism by transferring or mirroring her off-market financing transactions on the exchange. Thus, I find that the provisions of Regulation 4 (b) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13(2) of SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 2003 had been violated.
16. I note that the noticee had been debarred from dealing in securities for six months vide SEBI's order dated August 31, 2004 for trading in the scrip of Ravalgon Sugar Farms Ltd and Shrenuj & Co. Ltd. for violating Regulation 4 (a), (c) & (d) of PFUTP Regulations, 1995, vide order dated February 07, 2007, the noticee was debarred from dealing in the securities for a period of three months for trading in the scrip of M/s. Roofit Industries Ltd for violating Regulation 4 (b), (c) & (d) of PFUTP Regulations, 1995 and vide order dated September 23, 2008, the noticee was debarred from dealing in the securities for a period of

one month for trading in the scrip of M/s. Jagsonpal Pharmaceuticals Ltd for violating Regulation 4 (a), (b), (c) & (e) of PFUTP Regulations, 1995.

17. Now therefore, I in exercise of the powers conferred upon me under Section 19, read with Sections 11, 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 & Unfair Trade Practices relating to Securities Market) Regulations, 1995 read with Regulation 13 of Securities and Exchange Board of India (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities Market) Regulations, 2003, hereby warn Mrs. Ashadevi Beriwalla (PAN No. AEIPB4231N) to be cautious in her future dealings and exercise due care and diligence in the conduct of her affairs as a securities market participant. Further, any future instances of violation or non-compliance by her with the SEBI Act and Rules and Regulations framed there under shall be dealt with stringently.

Date: 30/MARCH/2010

Place: Mumbai

**PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**