

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI
CORAM: PRASHANT SARAN, WHOLE TIME MEMBER
IN THE MATTER OF SUN INFOWAYS LTD.

In respect of
Govind Chichani, Kamlesh Jain, Abhayraj Shukla, Mayrose Capfin Pvt. Ltd.,
Adhunik Finance Pvt. Ltd., Ashok Kumar Choudhary and RS Investments

ORDER

Under Sections 11, 11B and 11(4) of Securities and Exchange Board of India Act, 1992

1. Securities and Exchange Board of India (SEBI) conducted investigation into alleged irregular transactions in the scrip of Sun Infoways Ltd. (hereinafter referred to as “SIL” or “the company”) following a sudden fall in the price of the scrip accompanied by low delivery in the period from February 5, 2001 to May 2, 2001 (hereinafter referred to as the “investigation period”). There was a consistent fall in the price of the scrip during the investigation period. The opening price on February 5, 2001 was Rs.342, which fell to a low of Rs.60.75 on April 30, 2001 before finally closing at Rs.73.80 on May 2, 2001. SEBI had earlier conducted an investigation in the same scrip, for the period February 2000 to August 2000, where the price of the scrip had moved from Rs.10 in February, 2000 to Rs.696 in August, 2000. SEBI initiated actions against the company, its related entities, certain stock brokers and a few of the clients for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995.
2. Investigation revealed that circular/synchronised trades were executed between certain brokers, trading on behalf of their clients, during the investigation period. These clients included Govind Chichani, Kamlesh Jain, Abhayraj Shukla, Mayrose Capfin Pvt. Ltd., Adhunik Finance Pvt. Ltd., Ashok Kumar Choudhary and RS Investments (hereinafter collectively referred to as the “noticees”). Such circular/reversal trades created artificial volumes to the tune of 5,43,500 shares (gross), executed in 2443 trades resulting out of 363 buy orders and 364 sell orders. Circular trades generated 26% to 97% of daily volumes on the days when such trading was observed. The daily traded volume in the scrip was considerably high, due to circular

trading amongst the select brokers and their clients, in the first part of the investigation period, that is, from February 5, 2001 to March 2, 2001 (settlement numbers 46 to 49). These trades led to an increase in the price of the scrip from the beginning of the investigation period to March 2, 2001, and the opening price stayed in the range of Rs.342 to Rs.296. Thereafter, the trading of these entities in the scrip reduced drastically and the volume of trades in the scrip became negligible. The price of the scrip also started declining, and by April 30, 2001, the price fell to Rs. 60.75 before rising marginally to Rs. 73.75 at the end of the investigation period. It was thus alleged that certain entities, including the noticees herein, had created artificial volumes in the scrip by executing circular trades which were synchronized in terms of order price, time and quantity, and thus violated Regulations 4(a), (b), (c) and (d) of SEBI (Prevention of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 (hereinafter referred to as “PFUTP Regulations, 1995”) read with Regulation 4(1), 4(2) (a), (b) (e) (g) and (n) of SEBI (Prevention of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “PFUTP Regulations, 2003”).

3. Accordingly, SEBI issued a notice dated October 7, 2008 (hereinafter referred to as “SCN”) to Govind Chichani, Kamlesh Jain, Abhayraj Shukla, Mayrose Capfin Pvt. Ltd., Adhunik Finance Pvt. Ltd., Ashok Kumar Choudhary and RS Investments asking them to show cause as to why suitable directions under Sections 11, 11(4) and 11B of SEBI Act, 1992 should not be passed against them.
4. The SCN was delivered to Kamlesh Jain and Govind Chichani. With respect to Abhayraj Shukla, SEBI sent a letter to his broker, Renaissance Securities, to collect the SCN, and the same was served on July 7, 2010. However, despite reminders, no reply has been received from the three (3) aforementioned noticees. Subsequently, opportunity for personal hearing was granted, *inter alia*, to the three (3) aforementioned noticees on August 17, 2010 and again on September 23, 2010. However, the aforementioned noticees, i.e., Kamlesh Jain, Govind Chichani and Abhayraj Shukla did not appear for the personal hearing on the scheduled dates. Therefore, I am compelled to proceed *ex parte* against Abhayraj Shukla, Kamlesh Jain and Govind Chichani.

5. With regard to the other four (4) noticees herein, namely Ashok Kumar Choudhary, Adhunik Finance Pvt. Ltd., Mayrose Capfin Pvt. Ltd. and RS Investments, the SCN was duly delivered. Adhunik Finance Pvt. Ltd. availed of the opportunity for personal hearing on September 20, 2010, wherein Balveer Singh Choudhary and Vinay Chauhan, its authorized representatives made submissions. Similarly, Mayrose Capfin Pvt. Ltd., appeared before me through its authorized representatives, Joby Matthew and Deepak Dhane, and another noticee, Ashok Kumar Choudhary, appeared through its representative, Yogesh Jagia on September 23, 2010 and made the submissions. I also note that written replies were filed by Ashok Kumar Choudhary, Adhunik Finance Pvt. Ltd. and Mayrose Capfin Pvt. Ltd. RS Investment also submitted a written reply vide its letter July 26, 2010 stating that its contentions were placed therein.
6. Mayrose Capfin Pvt. Ltd, *inter alia*, has submitted that:
- i. The noticee denied that it had indulged in circular and reversal trades. Further, the noticee submitted that the SCN failed to show how and in what manner their trades are circular in nature.
 - ii. It had placed orders with the Stock Broker, Nirmal Bang Securities Pvt. Ltd and was not aware of the identity of the counter party broker or client.
 - iii. The logical outcome of the creation of an artificial market would have been a rise in the price, because of the demand created by the artificial market. However as per the SCN, the price of the scrip fell consistently. Thus, there is a disconnect between the purported basis/reason for the investigation and the allegations made against them.
 - iv. It is not related or connected with the counter party clients or brokers. Hence, its trades ought to be considered separately.
 - v. Its trades constitute only a minuscule portion of the total trades alleged to be irregular and of the total turnover in the scrip during the relevant period.
7. Adhunik Finance Pvt. Ltd., *inter alia*, has submitted that:
- i. The quantum of transactions which are alleged to be synchronized is too insignificant to have any impact on the volume.

- ii. The noticee submitted that it was not acting in concert with the said clients and its trades were independent, conducted in the ordinary course of business and based on their commercial wisdom.
 - iii. It is not related to the other entities mentioned in the SCN.
8. Ashok Kumar Choudhary, *inter alia*, has submitted that:
- i. He denied having any relation/connection with any person/ director/ management of SIL. He also denied having borrowed from or lent funds to any person named in the show cause notice. The trades were conducted through registered stock brokers of recognized stock exchange at the prevailing market rate and in compliance with the rules and regulations governing such transactions.
 - ii. He also stated that he had not traded in the shares of SIL, except make a purchase of 300 shares in a single order, during the investigation period
9. RS Investment, *inter alia*, has submitted that:
- i. The noticee was a sub-broker engaged in purchase and sale of shares on behalf of its various clients. It was carrying on its business in Mumbai, through the broker SSK Investor Services.
 - ii. Ashok Chowdhury and Tele Finlease (P) Ltd. were its clients.
 - iii. It has acted in a bonafide manner on the instruction and directions of the client to purchase or to sell such shares.
10. I have carefully considered the SCN, the replies filed and other material available on record. The questions that arise for consideration here are:
- a. Whether the noticees' trades were non-genuine, artificial and synchronized in terms of order time, quantity and price?
 - b. Whether the noticees had created artificial volumes in the scrip of SIL which distorted the market equilibrium?

11. I note that during the investigation period, three different groups were trading in the scrip in a circular manner within the groups. These three groups can be divided as under:

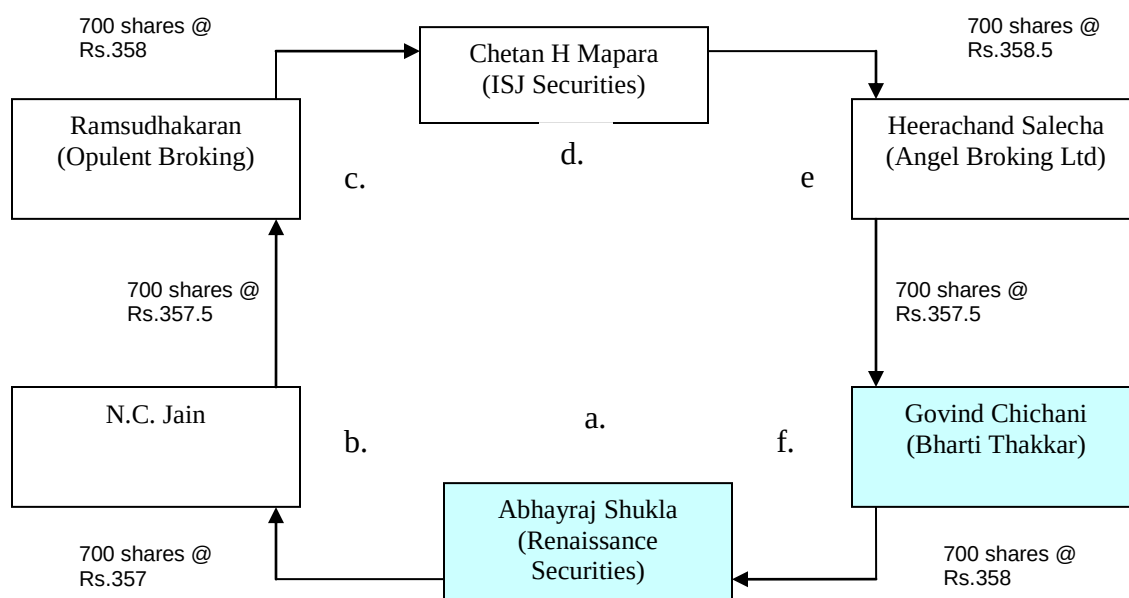
Sr. No.	Member Name	Dealt for client (sub-broker)	No of Days Traded During the Period / No of Days Done Circular Trading	Buy	Sell	Gross (buy+ sell)
				Circular/ reversal Qty	Circular / reversal Qty	Gross Circular traded Qty. (% to total trading of the broker)
Group I						
	Angel Broking Ltd.	Heerachand Salecha	14/12	34200	31300	65500 (86.41%)
	NC Jain	Proprietary trading	6/6	26500	26500	53000 (83.33%)
	Opulent Broking	Ramsudhakaran	7/6	27100	27100	54200 (90.03%)
	Bharti Thakkar India	Govind Chichani	5/5	26500	26500	53000 (100%)
	Shripal Jain	Proprietary trading	5/5	21400	20700	42100 (98.36%)
	ISJ Securities	Chetan Haridas Mapara (Vintel Securities)	17/9	8100	7100	15200 (37.25%)
	Joindre Capital Services	1.Heerachand Salecha 2.Kamlesh Jain (Alwin Securities)	14/9	5600	8900	14500 (34.65%)
	Renaissance Securities (now Mehta Equities)	Abhayraj Shukla (Millennium Securities)	13/8	22500	23300	45800 (75.83%)
Total circular trading among Group I				171400	171400	342800
Group II						
	LKP Shares & Securities Ltd.	Adinath Propcon Pvt. Ltd. (Surtaj Assets & Cap management Pvt. Ltd)	22/16	23100	21800	44900 (75.20%)
	Nirmal Bang Securities Pvt. Ltd.	Mayrose Capfin Pvt. Ltd.	18/12	18900	20200	39100 (68.47%)
	Mahesh Kothari Shares & Stock Brokers Pvt. Ltd.	Great Eastern Mercantile Pvt. Ltd. (Parth Investment Consultants P Ltd)	20/16	19700	19600	39300 (75.43%)
	Sovereign Securities Pvt. Ltd.	Adhunik Finance Pvt. Ltd. (Hindustan Holdings Ltd.)	16/14	20700	22500	43200 (82.28%)
	Veekrant Stocks & Finance Pvt. Ltd.	Sati & Swati Investments. –trading on own account Shree Shyam Fabtex Pvt. Ltd (Yash Finance)	13/8	10700	8100	18800 (90.82%)
Total circular trading among Group II				93100	92200	185300
Group III						
	IKM Investor Services Ltd.	Rajender Rai Ashok Kumar Chaudhary (CompuAction Securities Pvt. Ltd.)	19/7	3800	4300	8100 (31.03%)
	SSK Investor Services	R.S Investments	3/3	4000	3300	7300 (79.34%)
Total circular trading among Group III				7800	7600	15400
Total of group I+II+III				272300	271200	543500
Total Market traded Quantity				456500	456500	913000

* Highlighted name indicates that the entity is a noticee.

12. Thus, the entities belonging to Group I were seen to be trading in a circular manner amongst themselves, Group II entities executed circular/ reversal trades with other entities of the same group, and Group III entities also circulated the shares of the company amongst themselves. Each of the noticees, as evident from the table above, formed a part of Group I, II or III. While Govind Chhichani, Kamlesh Jain and Abhayraj Shukla were part of Group I, Mayrose Capfin Pvt. Ltd. and Adhunik Finance Pvt. Ltd. were included in Group II. Ashok Kumar Chaudhary and R.S Investments, on the other hand, formed a part of Group III.

GROUP I

13. As mentioned before, the noticees traded within their groups in a circular fashion. Govind Chhichani, Kamlesh Jain and Abhayraj Shukla, three among the noticees herein and trading clients being part of Group I traded amongst themselves and other entities of the same group. For instance, I note from the trade and order logs annexed to the SCN that on February 5, 2001 that the clients indulged in circular trades. This can be diagrammatically represented in a circle as under:

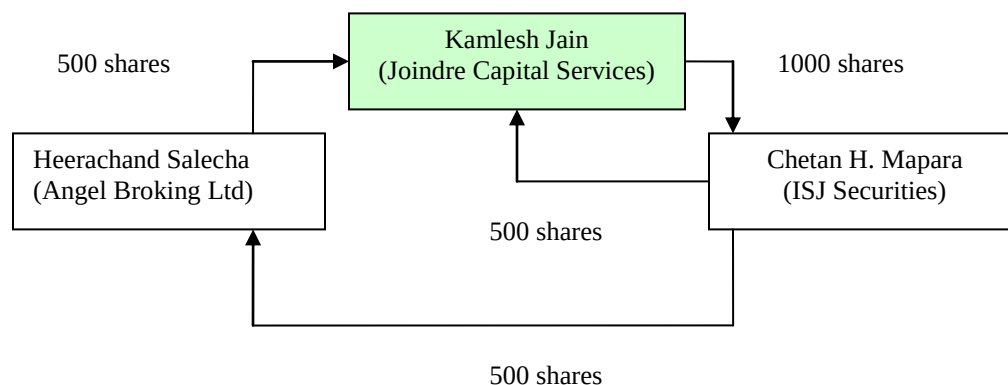


* The name without the parentheses indicates the name of the client and the name within the parentheses indicates the name of the broker. Coloured box indicates that the client is a noticee.

- a. Abhayraj Shukla, one of the noticees, dealing through the broker Renaissance Securities, at 11:27:16 am, sold 700 shares of the company to NC Jain at the rate of Rs.357 per share. The buy and sell orders were placed a mere second apart. The buy and sell order price and quantity matched to perfection.
- b. A few minutes later, at 11:33:05 am, NC Jain sold these 700 shares to Ramsudhakaran, who was trading through the broker Opulent Broking at a price of Rs.357.50. In this case also, the quantity and price of the buy and sell orders were matched exactly and the time of placing the orders differed by just one second.
- c. Soon after, at 11:40:04 am Ramsudhakaran sold 700 shares at Rs. 358 a share, to Vintel Securities, a sub broker dealing on behalf of Chetan H Mapara. The buy and sell orders matched precisely in respect of price, quantity and time.
- d. Less than 4 minutes later, Vintel Securities, sold 700 shares through its broker ISJ Securities to Heerachand Salecha at Rs. 358.50 a share. Once again, the buy and sell orders were identical in terms of price, quantity and time.
- e. Heerachand Salecha, then, dealing through Angel Broking Ltd, sold 700 shares at the rate of Rs.357.50 to Govind Chichani, one of the noticees herein. The difference between the price, quantity and time of the buy and sell orders was nil.
- f. Thereafter, at 12:09:29 pm Abhayraj Shukla bought 700 shares from Govind Chichani, dealing through his broker, Bharti Thakkar India Ltd. The time difference between the buy and sell orders was one second, and the buy and sell order price and quantity were alike.

In this manner, the 700 shares were circulated amongst the clients. A number of such circular and synchronized trades were executed by the aforementioned noticees.

14. Kamlesh Jain, the other noticee forming part of Group I, was also involved in circular trades. For instance:



** The name without the parentheses indicates the name of the client and the name within the parentheses indicates the name of the broker. Coloured box indicates that the client is a noticee.*

- On March 22, 2001 Kamlesh Jain, dealing through his broker, Joindre Capital Services, sold 1000 shares to Chetan H. Mapara, who was dealing through Vintel Securities, a sub-broker of ISJ Securites.
- Thereafter, on March 26, 2001, Chetan H. Mapara securities sold 500 shares to Heerachand Salecha, and 500 shares to Kamlesh Jain
- Subsequently, on the same day, Heerachand Salecha sold 500 shares to Kamlesh Jain.

The aforesaid trades resulted out of buy and sell orders which were placed less than a minute apart. Further, the counterparty buy and sell order price and quantity were also similar in each of the trades.

15. I further note that over the next few days, the noticee, Kamlesh Jain was involved in similar trades with the Group I entities.

16. I note that during the investigation period, **Govind Chichani**, through the broker, Bharti Thakkar India Ltd. traded for 5 days and executed reversal/circular trades on all 5 days for 53000 shares (gross), and constituted 5.81% of the total market traded quantity (gross). Majority of these trades were executed with the brokers Opulent Stock Broking (5 days), N.C Jain (4 days), Angel Broking Ltd. (5 days), Shripal Jain (3 days), and Renaissance Securities Ltd. (now known as Mehta Equities Ltd.) (4 days). The noticee placed 31 buy orders and 31 sell orders resulted in 238 buy trades

and 241 sell trades of a circular/ reversal nature. Circular trading accounted for 100% of the entity's trades in the scrip of SIL during the investigation period.

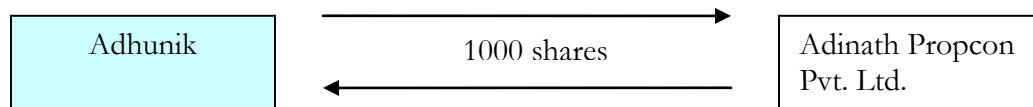
17. Further, **Abhayraj Shukla** traded through Renaissance Securities Ltd. (now known as Mehta Equities Ltd.) for 13 days and executed reversal/circular trades on 8 days for 45800 shares (gross), i.e., 5.02% of the market traded quantity (gross). Majority of these trades were executed with the brokers Opulent Stock Broking (4 days), N.C Jain (5 days), Angel Broking Ltd. (3 days), Bharti Thakkar India Ltd. (4 days), Shripal Jain (5 days) and Joindre Capital Services Ltd. (2 days). 187 buy trades and 252 sell trades, arising out of 30 buy orders and 32 sell orders, resulted in circular/ reversal trades. Such trading constituted 75.83% of the entity's trades in the scrip during the investigation period.
18. **Kamlesh Jain** traded through Joindre Capital Services Ltd. The broker traded for 14 days for its clients Kamlesh Jain and Heerachand Salecha and executed reversal/circular trades on all the 9 days for 14500 shares (gross) which is 1.59% of the market traded quantity (gross). Majority of these trades were executed with the brokers, Angel Broking Ltd. (4 days), ISJ Securities Ltd. (8 days), Renaissance Securities Ltd. (now known as Mehta Equities Ltd.) (2 days), Opulent Broking (1 day) and Shripal Jain (1 day). There were 56 buy trades and 69 sell trades (that resulted in circular/ reversal trades) by the broker arising out of 9 buy orders and 15 sell orders. This circular trading amounts to 34.65% of the broker's trades in the shares of the company during the investigation period. Kamlesh Jain bought 11500 shares and sold 10000 shares, of which reversal/circular trades were executed for 2100 shares.
19. I note that a clear pattern of circular trading emerges in the trades carried out among these clients during the investigation period. Each leg of the circular trades impacted the price of the scrip and/ or gave a misleading appearance of trading in the scrip.
20. The Group I clients had together contributed to a gross quantity of 342800 shares i.e., over 37.2% of the gross traded volume in the scrip, by way of circular trading that was structured by order time (less than one minute), order quantity and order rate during the investigation period. These trades comprised of 214 buy orders and 215

sell orders and had resulted in 1562 trades. Most of these orders were placed with a time gap of just 0-4 seconds and the maximum time difference being 1 minute. Such closely matched orders resulting in a circular pattern of trading cannot be a mere coincidence.

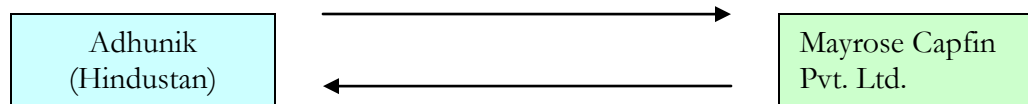
21. In view of the above, I find that Govind Chichani, Abhayraj Shukla and Kamlesh Jain had created artificial volumes in the scrip by executing circular trades which were synchronized in terms of order price, time and quantity, and thus violated Regulations 4(a), (b), (c) and (d) of PFUTP Regulations, 1995 read with Regulation 4(1), 4(2) (a), (b) (e) (g) and (n) of PFUTP Regulations, 2003.

GROUP II

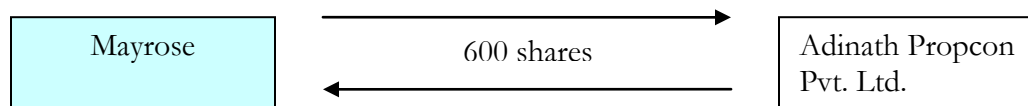
22. Group II consists of brokers and clients who are either connected to the company or its directors/ promoters or its auditor, Dilip Nabera. Of the noticees herein, Mayrose Capfin Pvt. Ltd (hereinafter referred to as “Mayrose”) and Adhunik Finance Pvt. Ltd. (hereinafter referred to as “Adhunik”) form part of Group II.
23. I note that while Adhunik dealt through the broker Sovereign Securities, Mayrose dealt through Nirmal Bang Securities Pvt. Ltd.
24. From the trade and order logs that are annexed to the SCN, I note that there were several reversal/ circular trades in the scrip wherein Mayrose and Adhunik were involved. For instance, on February 15, 2001 at 1:00:22 pm, Adinath Propcon Pvt. Ltd., another entity in Group II, sold 1000 shares to Adhunik. The sell and buy orders matched in terms of price and quantity. Thereafter, at 1:44:43 pm, the trade was reversed when Adhunik sold 1000 shares to Adinath Propcon Pvt. Ltd. The buy order price and quantity were the same as the sell order price and quantity. In both these trades, the time difference in the buy and sell orders was less than a minute.



25. A similar pattern of reversal was also observed on February 19, 2001 when Mayrose sold 500 shares to Adhunik in a matched deal and soon after bought 500 shares from Adhunik. The buy and sell order price and quantity were alike in this case also, and the time difference between the counterparty orders was 2 seconds and 14 seconds, respectively.



On the same day, Mayrose, *inter alia*, bought and sold 600 shares with Adinath Propcon as the counterparty. These orders too were closely matched, and the time difference was 12 seconds on one occasion, and a meager 7 seconds on the other



26. I note that **Mayrose** traded through Nirmal Bang Securities Pvt. Ltd. for 18 days. It executed reversal/circular trades on 12 days for a total of 39100 shares (gross) which amounts to 4.28% of the market traded quantity (gross). Majority of these trades were executed with the brokers LKP Shares & Securities Ltd. (12 days), Mahesh Kothari Shares & Stock Brokers Pvt. Ltd. (11 days), Sovereign Securities Ltd. (10 days) and Veekrant Stocks & Finance Pvt. Ltd. (5 days). 31 buy orders and 32 sell orders placed by Mayrose resulted in 178 buy trades and 192 sell trades that were of a circular/reversal nature. During the investigation period, circular trading accounted for 68.47% of the entity's trades in the scrip.

27. **Adhunik** dealt through Hindustan Holdings, a sub-broker of Sovereign Securities Pvt. Ltd. on 16 days and executed reversal/circular trades on 14 days. Such reversal/circular trades executed by **Adhunik**, one of the noticees, accounted for 4.73% of the total market traded quantity. Majority of these trades were executed with counterparty brokers Nirmal Bang Securities Pvt. Ltd. (10 days), Mahesh Kothari Shares & Stock Brokers Pvt. Ltd. (11 days), LKP Shares & Securities Ltd. (11 days) and Veekrant Stocks & Finance Pvt. Ltd. (7 days). Adhunik executed 204 buy trades and 206 sell trades (that resulted in circular/ reversal trades) arising out of 34 buy orders and 32

sell orders for a total of 43200 shares (gross). 82.28% of the entity's trades in the scrip of SIL, during the investigation period, were of a reversal /circular nature.

28. Thus, I note that the entities belonging to Group II contributed 185300 shares i.e., about 20.29% of the gross traded volume in the scrip during the investigation period by way of circular/ reversal trades. These trades comprised of 138 buy orders and 139 sell orders and had resulted in 819 trades. Majority of these trades were placed within 0-20 seconds of the counter order.

29. I note that the noticees forming part of Group II, that is, Adhunik and Mayrose, have submitted that their trades formed a miniscule proportion of the total market volume, and thus could not have had a manipulative effect on the trading in the scrip. This contention is incorrect. Both the noticees contributed more than 4% to the market volume. Moreover, as the scheme of manipulation was carried out by an entire group of entities, their trades cannot be viewed in isolation. The noticees have also contended that they are not related to the counterparties and that the trades were genuine in nature. While the trading on the exchange platform is faceless in nature, it has often been seen that it is possible to manipulate the system by placing closely matched buy and sell orders. The repetitive nature of such trades indicates that there was some wrong doing. Such a pattern of trading cannot be a mere coincidence. I also note that Mayrose has the same address as the residential address of the auditor of Sun Infoways Ltd., Dilip Nabera. Moreover, Manoj Jain, director of Mayrose, is the nephew of Dilip Nabera. On the other hand, one of the directors of Adhunik, namely, Sadhana Nabera is the wife of Dilip Nabera. These relations corroborate the role of Mayrose and Adhunik in manipulation established by the pattern of trading.

30. In view of the above, I find that Mayrose Capfin Pvt. Ltd and Adhunik Finance Pvt. Ltd. had created artificial volumes in the scrip by executing circular trades which were synchronized in terms of order price, time and quantity, and thus violated Regulations 4(a), (b), (c) and (d) of PFUTP Regulations, 1995 read with Regulation 4(1), 4(2) (a), (b) (e) (g) and (n) of PFUTP Regulations, 2003.

GROUP III

31. Two of the other noticees herein, RS Investments and Ashok Kumar Choudhary were a part of Group III.

32. I note from the trade and order logs annexed to the SCN that the noticee, RS Investments was involved in reversal of trades on several days. For example, on February 15, 2001, the noticee bought and sold 1000 shares with Rajendra Rai as the counterparty in the manner depicted below:

						Sell Client Name	
Trade Date	Trade Time	Buy Client Name	Order Time Difference	Order Rate Diff	Order Qty Diff	Rajendra Rai	R S Investments
2/15/2001	11:33:17 AM	R S Investments	0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
			0:00:12	0	0	100	
	11:34:16 AM	Rajendra Rai	0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
			0:00:10	0	0		100
2/15/2001	Total					1000	1000

33. Similarly, on February 20, 2001, RS Investments executed reversed trades with the same counterparty client, Rajendra Rai, in the manner illustrated below:

						Sell Client Name	
Trade Date	Trade Time	Buy Client Name	Order Time Difference	Order Rate Diff	Order Qty Diff	Rajendra Rai	R S Investments
2/20/2001	02:56:49 PM	R S Investments	0:00:15	0	0	200	
			0:00:15	0	0	200	
			0:00:15	0	0	200	
			0:00:15	0	0	200	
			0:00:15	0	0	200	

						Sell Client Name	
Trade Date	Trade Time	Buy Client Name	Order Time Difference	Order Rate Diff	Order Qty Diff	Rajendra Rai	R S Investments
	02:57:15 PM	Rajendra Rai	0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
			0:00:13	0	0		100
2/20/2001	Total					1000	1000

34. From the above two tables it is evident that the buy and sell orders were closely matched. While the time difference was miniscule, the order price and quantity matched exactly. Moreover, the trades were reversed within one minute of placing order, on both occasions demonstrated above.

35. **R.S Investments** traded through its broker SSK Investor Services on 3 days and executed reversal/circular trades on all 3 days for 8100 shares (gross) which is 0.80% of the market traded quantity (gross). Majority of these trades were matched with the broker and SSK Investor Services (3 days). There were 37 buy trades and 29 sell trades (that resulted in circular/ reversal trades) by the broker arising out of 6 buy orders and 6 sell orders. I also note that 79.41% of the trades by **R.S Investments** in the scrip of SIL during the investigation period were circular/ reversal trades.

36. This clearly shows that R.S. Investments, was part of the manipulation, and that his trades cannot be viewed individually. The scheme of manipulation must be seen in its entirety.

37. I note that RS Investments has submitted that it was a sub broker and that it was acting on the instructions of its clients. However, I note RS Investments was registered as a client and not as a sub-broker with SSK Investor Services. Hence, this submission of the noticee cannot be accepted.

38. In view of the above, I find that RS Investment had created artificial volumes in the scrip by executing circular trades which were synchronized in terms of order price, time and quantity, and thus violated Regulations 4(a), (b), (c) and (d) of PFUTP Regulations, 1995 read with Regulation 4(1), 4(2) (a), (b) (e) (g) and (n) of PFUTP Regulations, 2003.
39. As mentioned earlier, Ashok Kumar Choudhury also was a part of Group III. However, I note from the contention of Ashok Kumar Choudhury as well as the trade and order log annexed to the SCN that, during the investigation period, he had only purchased 300 shares, for which he had placed only a single order. I note that Ashok Kumar Choudhary did not have any other trades in the scrip during the investigation period. Accordingly, I find that the violation of Regulations 4(a), (b), (c) and (d) of PFUTP Regulations, 1995 read with Regulation 4(1), 4(2) (a), (b) (e) (g) and (n) of PFUTP Regulations, 2003 by Ashok Kumar Choudhury does not stand established.
40. Therefore, taking into consideration the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 19 of the SEBI Act read with Section 11B and 11(4)(b) of SEBI Act, 1992, hereby restrain Govind Chichani (PAN AAAHG2470A), Kamlesh Jain (PAN ACRPJ9758K), Abhayraj Shukla (PAN AABPS3909F), Mayrose Capfin Pvt. Ltd. (PAN AACCM4957H), Adhunik Finance Pvt. Ltd. (PAN AACCA3263G) and RS Investments from accessing the securities market and prohibit it from buying, selling or otherwise dealing in securities, directly or indirectly, for a period of 1 (one) year.
41. Further, the SCN against Ashok Kumar Choudhary is disposed of with no further direction.
42. This order shall be served on all recognized stock exchanges and depositories to ensure that the noticee is not allowed to undertake transactions as prohibited in Para 40 above.
43. This order shall come into effect immediately.

DATE : 26/12/2011
PLACE: MUMBAI

PRASHANT SARAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA