WTM/RKA/IVD/ID-4/ 39 /2012

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: RAJEEV KUMAR AGARWAL, WHOLE TIME MEMBER

ORDER

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

In the matter of Temptation Foods Limited, Bang Overseas Limited, Confidence Petroleum India Limited, Cals Refineries Limited and Shree Precoated Steels Limited (now known as Ajmera Realty & Infra India Limited).

In respect of

1. Chandra Financial Services P. Ltd. (PAN: AABCC5331Q)
2. Kundan Leasing & Finvest P. Ltd. (PAN: AAACK7448R)
3. Jay Investrade P. Ltd. (PAN: AAACJ5150H)
4. HSM Financial Services P. Ltd. (PAN: AAACH9218G)
5. Shanti Financial Services P. Ltd. (PAN: AAFCS2399G)
6. Mr. Harsh Shirish Maniar (PAN: AABPM3940R)
7. Mr. Jay Shirish Maniar (PAN: AMKPM0946R)
8. Maruti Securities Ltd. (PAN: AABCM3651M)
9. Mr. K. Varadarajan (PAN: ADOPK6730C)

Dates of hearing: March 01, 2012 and March 05, 2012

Appearances:

For Noticees 1 to 7	Mr. Rajesh Khandelwal, Advocate Mr. Harsh Shirish Maniar, and Mr. Jay Shirish Maniar
For Noticees 8 and 9	Mr. K. Varadarajan
For SEBI:	Mr. Santosh Kumar Shukla, Joint Legal Adviser Ms. Neelam Bhardwaj, General Manager Mr. Siddhesh Lotlikar, Assistant General Manager Mr. Amitesh Kumar, Assistant Legal Adviser, and Mr. Benoy Melshiyar, Assistant Legal Adviser.

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1. Securities and Exchange Board of India ('*SEBI*') during routine market surveillance observed synchronized deals in the scrips of Temptation Foods Limited ('*Temptation*'), Bang Overseas Limited ('*Bang*'), Confidence Petroleum India Limited ('*Confidence*'), Cals Refineries Limited ('*Cals*') and Shree Precoated Steels Limited ('*SPSL*') (presently known as Ajmera Realty & Infra India Limited). These scrips, hereinafter, have been collectively

referred to as '*five scrips*'. On examination of the trade data relating to these five scrips, inter-linkages among certain entities (hereinafter collectively referred to as the '*connected clients*') dealing in these five scrips were noticed in the form of off-market transactions as well as synchronized deals in the market. The names of these '*connected clients*' are mentioned in the show cause notices issued under these proceedings. These '*connected clients*' were found to be having large trading concentration in the said five scrips and a substantial portion of their trading amongst themselves in synchronized manner was found to have contributed to the increase in the market volume of those five scrips.

2. Pursuant to the preliminary investigation, SEBI vide an *ad interim ex-parte* order dated June 04, 2009 restrained certain '*connected clients*' including *Chandra Financial Services P. Ltd. ('Chandra'), Kundan Leasing & Finvest P. Ltd. ('Kundan'), Jay Investrade P. Ltd. ('Jay'), HSM Financial Services P. Ltd. ('HSM'), Shanti Financial Services P. Ltd. ('Shanti') and Mr. Harsh Shirish Maniar* and *Mr. Jay Shirish Maniar* who are directors in these companies ('hereinafter collectively referred to as *'Maniar group'*) and *Maruti Securities Ltd.* ('*Maruti*') from accessing the securities market and further prohibited them from buying, selling or dealing in the securities market, directly or indirectly, till further directions. The *ad-interim* order dated June 04, 2009 was confirmed vide orders dated September 18, 2009 and September 30, 2009 in respect of *Maniar group* and *Maruti*, respectively.

3. SEBI had conducted investigation into the trading in the shares of the said five scrips for the following periods-

   (a) *'Temptation'*- for the period August 01, 2007 to February 28, 2009,
   (b) '*Bang*' - for the period March 01, 2008 to February 28, 2009,
   (c) *'Confidence'*- for the period January 01, 2008 to February 28, 2009,
   (d) *'Cals'* - for the period June 01, 2008 to February 28, 2009; and
   (e) *'SPSL'* -for the period October 01, 2007 to February 29, 2008.

4. Upon completion of the investigation, SEBI issued separate show cause notices (SCNs) dated July 05, 2011 and July 12, 2011 to the *Maniar group;* and *Maruti* and its director *Mr. K. Varadarajan* under sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 ('*SEBI Act*') read with Regulation 11 of SEBI (Prohibition of Fraudulent Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('*PFUTP Regulations*') with respect to their trading in the said five scrips for violation of various provisions of the SEBI Act and PFUTP Regulations. The allegations and the violations charged in SCNs issued to respective noticees are listed in the following Table :-

Table I : List of charges against respective noticees:

Sl. No.	Name of the entity	Allegation	Violation
1.	*Chandra*	Executed circular and synchronized deals in the five scrips and executed reverse trades in the scrips of '*Temptation*', '*Bang*' and '*Cals*'; which created artificial volumes in the respective scrips and manipulated the price of the scrips of '*Bang*', '*Confidence', 'Cals'* and '*SPSL'*.	Regulations 3(a), (b), (c) and (d) and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations read with section 12A (a), (b) and (c) of SEBI Act.
2.	*Kundan*	Executed circular and synchronized deals in the five scrips and executed reverse trades in the scrip of '*Cals*'; which created artificial volumes in the respective scrips and manipulated the price of the scrips of '*Bang*', '*Confidence*', '*Cals* 'and '*SPSL'*.	
3.	*Jay*	Executed circular and synchronized deals in the scrips of '*Temptation*', '*Bang*', '*Confidence*' and *'Cals'*; which created artificial volumes in the respective scrips and manipulated the price of the scrips of '*Bang*', '*Confidence*', '*Cals'* and '*SPSL'*.	
4.	*HSM*	Executed synchronized deals in the scrip of *'Bang*' and reversal of trades in the scrips of '*Bang*', '*Cals'* and '*SPSL'*; which created artificial volumes in the respective scrips and manipulated the price of the scrip of '*Bang'*.	
5.	*Shanti*	Executed circular trades by entering into off market transactions in the scrip of '*Temptation'*.	Regulations 3(a), (b), (c) and (d) and 4(1), 4(2) (a) and (g) of the PFUTP Regulations.
6.	*(i) Mr. Harsh Shirish*	They are the only directors of *Chandra, Kundan, Jay, HSM and Shanti* and were in	Regulations 3(a), (b), (c) and (d)

	Maniar and (ii) *Mr. Jay Shirish Maniar*	charge of the day to day management of these companies.	and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations.
7.	*Maruti*	Executed circular and synchronized deals in the five scrips and reversed trades in the scrips of *'Temptation' and 'SPSL'*; which created artificial volumes in the respective scrips and manipulated the price of the scrip of '*Bang*', '*Confidence*', '*Cals* 'and '*SPSL*'.	Regulations 3(a), (b), (c) and (d) and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations
8.	*Mr. K Varadarajan*	*Mr. K. Varadarajan* was director of *Maruti* and was in charge of its day to day affairs.	Regulations 3(a), (b), (c) and (d) and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations

5. *Chandra, HSM* and *Mr. Harsh Shirish Maniar* vide their separate letters dated August 29, 2011 and *Kundan, Jay, Shanti* and *Mr. Jay Shirish Maniar* vide their separate letters dated September 09, 2011 replied to the SCNs issued to them and sought an opportunity of personal hearing. Accordingly, an opportunity of personal hearing was granted to the *Maniar group* on March 01, 2012 before me when *Mr. Harsh Shirish Maniar* and *Mr. Jay Shirish Maniar* along with advocate Mr. Rajesh Khandelwal appeared on behalf of the *Maniar group* and made submissions.

6. Further, *Maruti* vide letter dated November 09, 2011 replied to the SCNs issued to it and sought an opportunity of personal hearing. Accordingly, an opportunity of personal hearing was granted to *Maruti* on March 05, 2012 before me when *Mr. K. Varadarajan* appeared for himself as well as for *Maruti* and made submissions .

7. The submissions of the noticees *inter alia* are as under:
   a. For proving misleading appearance of trading, the trading has to be done in synchronized manner, without any order difference, or rate difference and time difference of less than 1 minute. By no figment of imagination, their transactions can

be termed misleading appearance of trading as beneficial ownership has changed and the alleged transactions are all backed by delivery in case of sale transactions and backed by payment and taking delivery in case of buy transactions.

b. They do not have any relation/connection with any of the '*connected clients*'. Sharing common address and having common directors does not lead towards wrongful act.

c. Off-market transactions do not create artificial volume or impact market price or volume in any manner. Taking the off-market volumes and adding up to the market volume and stating that volumes were created in the market in unacceptable. In the matter of *Kajal P Shah vs. SEBI*, Hon'ble SAT vide order dated August 11, 2011 has stated that "*Of course, the appellant executed an off market transaction when she sold the shares but off market transactions are not illegal and nothing has been stated in the show cause notice as to how that transaction was illegal violating the trading norms of the exchange."* ThisSAT judgment clearly brings out the fact that off-market transaction cannot be illegal and affect the trading in the exchange. Further, a glance at the quantity column at the right of the annexure to the SCN alleging circular trading shows that no quantity is matching at all between the entities. Hence, no adverse inference regarding circular transactions even in off-market (though it will not impact market equilibrium) can be made.

d. The scrip wise submissions of *Maniar group* and *Maruti* are mentioned in the following paragraphs.

e. **In the scrip of '*Temptation*'-**

I. MANIAR GROUP

(i) From the pattern described in the SCNs, two transactions werein off-market and the market transactions were not synchronized as there was price and quantity difference between the orders. Further, delivery had been taken and there were no reversals of trades.

(ii) Out of 230 trades shown in the SCN, only in 43 trades time difference was less than 1 minute. Out of these 43 trades, only in 21 trades (of 2,03,250 shares) the quantity as well as price difference was zero. In 191 trades, the difference between the sell and buy orders was very huge ranging from 1,499 shares to 12,500 shares. When majority of the orders are showing such a huge difference in time and order, the charge of synchronized trading falls apart as the trade logs prove otherwise.

(iii) On November 7, 2008 *Acme Craft P. Ltd. ('Acme'),* placed a sell order for 8,500 shares which matched with 182 buy orders of *Chandra* with quantity difference of 8,499 to 6,000 shares wherein the traded quantity was 1 share

for most of the buy orders. Thus, these trades were not synchronized in any manner. Delivery of shares was taken on November 7, 2008 and there were no reversals. Further, on November 11, 2008 *Chandra* placed a sell order to sell 8,500 shares and *Maruti* placed 4 buy orders with quantity difference of 3500, 6000, 8000 shares. The time difference was between 2 to 3 minutes and there was no synchronization. Delivery of shares was taken on November 11, 2008 and there were no reversals. On November 14, 2008 *Maruti* sold these 8,500 shares to *Kundan* with a price difference of □0.15. The trade on November 20, 2008 had a price difference of □0.05 and therefore not synchronized. 2,03,250 shares of the noticees that matched contributed only 0.86% of the market volume and cannot lead to any artificial volume. The allegation with regard to non-transfer of beneficial ownership is false as all sales were backed by delivery.

(iv) The SCNs alleged only 2 transactions of reversal of trades on 2 different days. On July 2, 2008 *Chandra* sold 1 lac shares to *Maruti* and *Maruti* took delivery of the said shares. On July 4, 2008, *Maruti* sold these shares to *Chandra*. This trade was also backed by payments and delivery. In both these trades, there was price difference between orders and, therefore, they were not synchronized. These two trades cannot be said to be reversal as it is clearly established fact that reversal refers to reversal on the same day and when delivery is not taken leading to artificial volumes.

(v) As per SEBI regulations, for creation of artificial volumes, no delivery should take place and there should not be change of beneficial ownership.

(vi) Payment was made to *Maruti* on account of advance as *Maruti* was short of funds and had approached for short term lending. Lending of funds cannot lead to creation of artificial volumes in the market.

*II. **MARUTI***

(i) They bought 3,35,018 shares of *Temptation* and sold 3,35,018 shares, as against 2,30,68,520 shares traded during the investigation period wherein the '*connected clients*' traded quantity was 96,54,996 shares during that period. Their contribution is 3.46% of the quantity of '*connected clients'* and 1.45% of the total traded volume. During the period August 2007 to February 2009, the average traded volume of *Maruti* was 19,972 shares as against exchange average monthly traded volume of 12,14,133 shares which in terms of percentage was 1.645%. Therefore, it is evident that *Maruti* did not contribute any trading concentration in the scrip of *Temptation*.

(ii) It is wrong to allege that *Maruti* was involved in circular trading as the shares were bought through exchange, delivery of shares was credited to the demat account and payment was made. Every transaction had transferred the beneficial ownership. The allegations of transfer of beneficial ownership not happening is untrue as all sales were backed by delivery and on a single day, no entity had undertaken both buy and sell transactions.

(iii) There is no connection with *Venture Business Advisors P. Ltd. ('Venture')* and 1 lac shares were bought in July 2008 from *Chandra* through the exchange in the normal session, for which delivery of shares was credited to the demat account and payments were made.

(iv) The reversal transaction has been alleged on two different days. This cannot be reversal as it is clearly established fact among SEBI, SAT, Supreme Court, etc that reversal refers to reversal on same day, and when delivery is not taken leading to artificial volumes.

(v) Further, artificial volumes as per the SEBI regulations require no delivery to be taken and no change in beneficial ownership for artificial volumes to be created.

(vi) The payment made to *Maruti* by *Chandra* was on account of advance given to *Maruti* as it was short of funds and they provided a short term loan, and has nothing to do with the market. Advancing of loan cannot lead to creation of artificial volumes in the market.

f. **In the scrip of '*Bang*'**

I. MANIAR GROUP

(i) The volume of transactions done by *Chandra* was only 2.90 lac shares, whereas the trading volume was 2.65 crore shares. Its contribution was therefore only 1.09%. Regarding the trades shown in SCN (Annexure 11) for 2.85 lac shares by C*handra*, in 46 trades it may be pointed out that these trades were not synchronized with respect to price, quantity and time. In 44 trades out of 46 trades there was quantity difference in sell order and buy order. 41 trades had time difference greater than a minute ranging from 5 minutes to more than an hour.

(ii) The volume of transactions done by *Kundan was* only 3.19 lac shares, whereas the trading volume was 2.65 crore shares. Its contribution was therefore, only 1.1%. Regarding the trades shown in SCN (Annexure 9) for 1.39 lac shares by *Kundan*, in 28 trades it may be pointed out that these trades were not synchronized with respect to price, quantity and time. In 11

trades, there was price difference of □2.1. In 26 trades there was difference in quantity ranging from 1,000 to 63,000 shares. In 24 trades there was a time difference of more than a minute ranging up to half an hour.

(iii) The volume of transactions done by *Jay* was only 2.61 lac shares, whereas the trading volume was 2.65 crore shares. Its contribution was therefore, only 1.08%. Regarding the trades shown in SCN (Annexure 9) for 2.85 lac shares by *Jay*, 54 trades were not synchronized with respect to price, quantity and time. In 51 trades out of 54 trades, there was quantity difference in sell order and buy order. 52 trades had time difference greater than a minute ranging from 5 minutes to more than an hour. Hence more than 90% of the trades shown in SCN were not synchronized.

(iv) The volume of transactions done by *HSM* was only 3.01 lac shares, whereas the trading volume was 9.15 crore shares. Its contribution was therefore only 0.3%. Regarding the trades shown in SCN (Annexure 2) for 3.01 lac shares by *HSM*, 37 trades were not synchronized with respect to price, quantity and time. In 36 trades out of 37 trades there was quantity difference in sell order and buy order. 33 trades had time difference greater than a minute ranging from 5 minutes to more than four hours. Hence more than 90% of the trades shown in SCN were not synchronized.

(v) Out of the 159 trades done by *Chandra* for the period October 2008 to December 2008 as shown in the Annexure 13 to the SCN, 46 trades were having price difference between buy orders and sell orders. Further, 151 of the 159 trades were having quantity difference ranging between 20,000 to 44,000 shares. 110 trades had a time difference greater than one minute ranging from two minutes to nineteen minutes. Thus, there was time, price and quantity difference between the orders and therefore, the trades were not synchronized. Further, on each of these days the delivery of shares had been taken and beneficial ownership of shares had changed.

(vi) Out of the 161 trades done by *Chandra* for the period January 2009 to February 2009 as shown in the Annexure 16 to the SCN, 60 trades were having price difference between buy orders and sell orders. Further, 119 trades of the 161 trades were having quantity difference ranging between 20,000 to 85,000 shares. 102 trades had a time difference greater than one minute ranging from twenty minutes to more than two hours. Thus, there was time, price and quantity difference between the orders and therefore, the trades were not synchronized. Further, on each of these days the

delivery of shares had been taken and beneficial ownership of shares had changed.

(vii) *Chandra* had placed only 2,410 orders out of the total 1,42,603 market orders constituting only 1.69%. *Kundan* had placed only 1,053 orders out of the total market orders constituting only 0.74%. *Jay* had placed only 235 orders out of the total market orders constituting only 0.16%. *HSM* had placed only 124 orders out of the total market orders constituting only 0.09%. The total percentage of all the four entities is only 2.5%. The remaining orders constituting 97.5% were placed by others.

(viii) Further, *Chandra* had placed 1,796 orders for 8.60 lac shares at last traded price (LTP). Only 476 orders for 4.30 lac shares were placed at price higher than LTP and 138 orders for 1.15 lac shares at price lower than LTP. Thus, *Chandra* placed more than double the shares and 4 times the orders at market price. *Kundan* had placed 739 orders for 3.29 lac shares at LTP. Only 258 orders for 2.87 lac shares were placed at price higher than LTP and 56 orders for 61,137 shares at price lower than LTP. Thus, *Kundan* placed more than 50,000 shares and 3 times the orders at market price. *Jay* had placed 178 orders for 1.09 lac shares at LTP and 20 orders for 57,828 shares at price lower than LTP. Thus, *Jay* placed more than four times of the orders at market price. *HSM* had placed 91 orders for 1.08 lac shares at LTP. Only 23 orders for 15,903 shares were placed at price higher than LTP and 10 orders for 9,734 shares at price lower than LTP. Thus, *HSM* placed more than 6 times of shares and 3 times the orders at market price.

(ix) It can be seen from Annexure 20 of the SCN that *Chandra* had placed 50 orders for 1.57 lac shares at LTP. Only 1.5 lac shares in 35 orders were placed at price higher than LTP. Further, 600 shares in two orders were placed at price lower than LTP. This clearly shows that *Chandra* placed more shares and orders at market price. It can also be seen that *Chandra* had only placed 5.90% of the orders, whereas others have placed 94% of the total orders. It can be seen from Annexure 18 of the SCN that *Kundan* had placed 50 orders for 1.78 lac shares at LTP. Only 99,000 shares in 52 orders were placed at price higher than LTP. Further, 8,223 shares in 8 orders were placed at price lower than LTP. This clearly shows that *Kundan* placed more shares and orders at market price. It can be seen from Annexure 18 of the SCN that *Jay* had placed 33 orders for 1.55 lac shares at LTP. Only 90,950 shares in 26 orders were placed at price higher than LTP. Further, 10,535 shares in 5 orders were placed at price lower than LTP. This clearly shows

that *Jay* placed more shares and orders at market price. It can be seen from Annexure 18 of the SCN that *HSM* had placed 75 orders for 1.12 lac shares at LTP. Only 39,000 shares in 28 orders were placed at price higher than LTP. Further, 23,650 shares in 5 orders were placed at price lower than LTP. This clearly shows that *HSM* placed more shares and orders at market price.

(x) In the matter of Appeal No. 102 of 2006 decided on October 27, 2008 in the matter of *M/s Jagruti Securities Ltd. and in Ketan Parekh vs. SEBI Appeal No. 2 of 2004* decided on July 14, 2006, Hon'ble SAT decided that LTP trades as being made out by SEBI without the whole data and only selective data at higher LTP is not conclusive of any manipulation.

II. MARUTI

(i) The total market volume during the investigation period was 2,65,28,074 shares wherein *Maruti*'s trading volume during the said period was 33,25,520 shares i.e. 12.51%. It is alleged in the SCN that *Maruti* had executed synchronized orders for 2,51,158 shares by creating artificial volumes. The total market volume was 2,65,28,074 shares and its contribution by way of synchronized trading was 2,51,158 shares i.e. 0.95% of the total market volume which will not impact the market in any way.

(ii) The total traded volume of *Maruti* during the months of October, November and December 2008 were 1,42,090 shares, 2,09,020 shares and 91,453 shares, respectively totaling to 4,42,563 shares i.e. 32.66% of the total traded volume for these months and 1.66% of the total volume during the investigation period. .

(iii) Out of the 159 trades *shown in the annexure 11 of the SCN* for the period October 2008 to December 2008 , 46 trades were having price difference between buy orders and sell orders. Further, 151 of the 159 trades were having quantity difference ranging between 20,000 to 44,000 shares. 110 trades had a time difference greater than one minute ranging from two minutes to nineteen minutes. Thus, there was time, price and quantity difference between the orders and therefore, the trades were not synchronized. Further, on each of these days the delivery of shares had been taken and beneficial ownership of shares had changed.

(iv) *Maruti* had placed only 10,380 orders out of the total market orders of 1,42,603 orders constituting only 7.27%. Further, *Maruti* had placed 8,110 orders for 13.84 lac shares at LTP. Only 1,573 orders for 7.68 lac shares

were placed at price higher than LTP and 697 orders for 2.14 lac shares at price lower than LTP. Thus, *Maruti* placed more than double the shares and 5 times the orders at market price.

(v) In the matter of Appeal No. 102 of 2006 decided on October 27, 2008 in the matter of *M/s Jagruti Securities Ltd. and in Ketan Parekh vs SEBI Appeal No. 2 of 2004* decided on July 14, 2006, Hon'ble SAT decided that LTP trades as being made out by SEBI without the whole data and only selective data at higher LTP is not conclusive of manipulation.

(vi) It can be seen from Annexure 16 of the SCN that *Maruti* had placed 103 orders for 2.36 lac shares at LTP. Only 1.84 lac shares in 75 orders were placed at price higher than LTP. Further, 1,764 shares in 12 orders were placed at price lower than LTP. This clearly shows that *Maruti* placed more shares and orders at market price. It can also be seen that *Maruti* had placed only 12.89% of the orders, whereas others have placed 87.11% of the total orders.

g. **In the scrip of '*Confidence*'**

I. <u>MANIAR GROUP</u>

(i) Only 11.22 lac shares out of 15.27 crore shares were synchronized. This constitutes only less than 1% of the total market volume and cannot be said manipulative. Further, the market transactions were not synchronized as there was price and quantity difference between orders.

(ii) Annexure 23 of the SCN shows synchronized trading of 9 trades executed by *Chandra* on 7 days in the time frame of 24 months of investigation period. Such a small number of synchronized trades constituting less than 1% of the total market volume for only 7 days out of 26 months is only coincidental and cannot be called manipulative.

(iii) Annexure 24 of the SCN shows 93 orders placed by *Chandra*. Of these 49 orders were having price difference upto □0.80. 89 orders were having quantity difference between sell and buy order. Annexure 21 of the SCN shows the synchronized trading done by *Kundan*. 16 of the 33 orders had a time difference of greater than 1 minute. All the 33 orders had quantity difference ranging from 1 lac to 4 lac shares. 8 orders had even price difference between buy and sell orders. These trades cannot be called manipulative.

(iv) *Chandra* had placed only 199 orders constituting only 0.70% of the total market orders. *Kundan* had placed only 1.44% of the total orders. *Jay* had

placed only 0.29% of the total orders. Further, *Chandra* had placed 14.38 lac shares in 152 orders at LTP. Only 1.37 lac shares in 34 orders were placed at price higher than LTP. Thus, the trades executed at market price were 10 times of the volume traded and 5 times of the number of trades executed by *Chandra* at LTP in comparison to price higher than LTP. *Kundan* had placed 8.04 lac shares at LTP and only 3.44 lac shares at price higher than LTP. Thus, the trades executed at market price were 2.5 times of the volume traded and 3 times of the number of trades executed by *Kundan* at LTP in comparison to trades executed at price higher than LTP. *Jay* had placed 3.11 lac shares at LTP and only 38,599 shares at price higher than LTP. Thus, the trades executed at market price were 10 times of the volume traded and 5 times of the number of trades executed by *Jay* at LTP in comparison to trades executed at price higher than LTP.

(v) The allegations made in para 20 of the SCN is very far-fetched. 9.64 lac shares were purchased by *Chandra* and then 9.75 lac shares (more than the original quantity of 9.64 lac shares) was transferred to *Maruti*. Similarly, *Maruti* had transferred 9.98 lac shares (more than 9.75 lac shares) to *Kundan*. A person buying 1 pencil cannot sell 2 pencils to another person as it has been made out in the SCN.

II. MARUTI

(i) The total traded volume of *Maruti* from January 2008 to February 2009 was 1,40,70,400 shares as against total market volume of 15,27,32,567 shares i.e. 9.23% of the total market volume. Hence, *Maruti* cannot influence market trade in any manner.

(ii) Only 11.22 lac shares out of 15.27 crore shares was synchronized. This constitutes less than 1% of the total market volume and cannot be said as manipulative. Further, the market transactions were not synchronized as there was price and quantity difference between orders.

(iii) *Maruti* had placed 25.38 lac shares in 531 orders at LTP. Only 7.49 lac shares in 231 orders were placed at price higher than LTP. Thus, the trades executed at market price were 4 times of the volume traded and 3 times of the number of trades executed by *Maruti* at LTP in comparison to price higher than LTP. This clearly shows that there were no manipulative trades.

h. **In the scrip of '*Cals*'**

I. MANIAR GROUP

(i) Out of total volume of 85.78 crore shares, only 1.77 crore shares were synchronized. There were only 50 trades that were synchronized out of 95,044 trades in the scrip during the investigation period. Further, the market transactions were not synchronized as there was price and quantity difference between orders.

(ii) *Chandra* had placed only 1.37% of the total market orders. Further, *Chandra* had placed 6.45 crore shares at LTP. Only 89.76 lac shares were placed at the price higher than LTP. Thus, the trades executed by *Chandra* at market price were 8 times of the volume traded and 5 times of the number of trades in comparison to trades executed at price higher than LTP. *Kundan* had placed 5.53 crore shares at LTP. Only 97.35 lac shares were placed at the price higher than LTP. Thus, the trades executed by *Kundan* at market price were 10 times of the volume traded and 5 times of the number of trades in comparison to trades executed at price higher than LTP. *Jay* had placed 3.68 crore shares at LTP. Only 33.57 lac shares were placed at the price higher than LTP. Thus, the trades executed by *Jay* at market price were 10 times of the volume traded and 5 times of the number of trades in comparison to trades executed at price higher than LTP. This clearly shows that there were no manipulative trades.

(iii) *HSM* had executed 9 trades for 3.56 lac shares which was less than 0.01% of total volume of 86.74 crore. 7 out of 9 trades had quantity difference from 90,000 to 11 lac shares and had time difference greater than 1 minute. 6 out of 9 trades had even price difference. Further, in all these trades, *HSM* appeared on the sell side and had taken delivery of all shares and change of beneficial ownership had taken place.

*II. **MARUTI***

(i) *Maruti* traded for 8,27,91,182 shares i.e. 9.69% of the total market volume of 85,35,62,169 shares. Further, out of total volume of 85.78 crore shares, only 1.77 crore shares were synchronized. There were only 50 trades that were synchronized out of 95,044 trades in the scrip during the investigation period.

(ii) With regard to circular trading, it is observed that the shares were bought and sold on different dates, for different quantities and at different prices where the delivery was given leading to the change in beneficial ownership. Thus, the said transactions were not circular trading.

(iii) *Maruti* had placed only 2.79% of the total market orders. Further, *Maruti* had placed 6.38 crore shares at LTP. Only 1.66 crore shares were placed at higher LTP. Thus, the trades executed at market price were 4 times of the volume traded and 3 times of the number of trades executed by *Maruti* at LTP in comparison to price higher than LTP. This clearly shows that there were no manipulative trades as majority of trades were at LTP.

i. **In the scrip of '*SPSL*'**

I. <u>MANIAR GROUP</u>

(i) Out of the volume of 14.54 crore shares of structured trading done in 7,61,071 trades, *Chandra's* contribution was only 2.32 lac shares in 15 trades and only for 5 days during a period of 26 months. Thus, creation of 0.01% volume in a scrip can only be a coincidence and not any manipulation. Further, *Chandra* had placed only 0.34% of the total market orders. It had placed 69,915 shares in 201 trades at LTP. Only 48,001 shares in 85 trades were placed at the price higher than LTP. Thus, the trades executed by *Chandra* at market price were 1.5 times of the volume traded and 2 times of the number of trades in comparison to trades executed at price higher than LTP. This clearly shows that there were no manipulative trades.

(ii) *Kundan* had placed only 0.34% of the total market orders. It had placed 57,376 shares at LTP. Only 18,137 shares were placed at the price higher than LTP. Thus, the trades executed by *Kundan* at market price were 3 times of the volume traded and 5 times of the number of trades in comparison to trades executed at price higher than LTP.

(iii) *Jay* had placed only 8 orders constituting only 0.01% of the total market orders. It had placed 23,098 shares at LTP. Only 1,908 shares were placed at the price higher than LTP. Thus, the trades executed by *Jay* at market price were 11 times of the volume traded in comparison to trades executed at price higher than LTP.

(iv) *HSM* had placed only 300 orders constituting only 0.36% of the total market orders. The SCN alleges that 3.73 lac shares executed by *HSM* in 46 trades created artificial volume. A volume of 3.73 lac shares out of total volume of 14.54 crore shares was less than 0.01%. Further, 30 out of the 46 trades had a time difference greater than 1 minute. 39 out of the 46 trades had quantity difference ranging from 500 to 80,000 shares. 18 trades had even price difference between sell orders and buy orders. Further, in all

these trades, *HSM* appeared on the sell side and had taken delivery of all shares and change of beneficial ownership had taken place.

II. MARUTI

(i) Out of the total volume of 14.54 crore shares during the investigation period, *Maruti* had traded for 2.36 lac shares. Thus, a creation of 0.01% volume in the scrip can only be a coincidence and not any manipulation.

(ii) *Maruti* had placed only 6.16% of the total market orders. Further, *Maruti* had placed 13,83,528 shares in 3,762 orders at LTP. Only 5,76,929 shares in 974 orders were placed at price higher than LTP. This clearly shows that there were no manipulative trades as majority of trades were at LTP.

8. I have carefully considered the SCNs, the replies to the SCNs, submission made during the hearing and relevant material available on record. I note that *Mr. Harsh Shirish Maniar* and *Mr. Jay Shirish Maniar* are the only directors in all these companies namely; *Chandra*, *Kundan*, *Jay*, *HSM* and *Shanti* and these companies have common address at Achal Bhuvan, 3rd floor, 21 Modi Street, Fort, Mumbai. Thus, they are connected to each other. *Maniar group, Maruti* and *Acme* had financial dealings and 'off-market' transfer of shares with each other leading to the credence that they were connected to each other. Further, all these entities have traded in the said five scrips mostly through trading members namely; Krishvi Securities P. Ltd. ('*Krishvi*') and M/s Chandravadan J. Dalal ('*CJ Dalal*'), both trading members of BSE. Deepak Chandravadan Dalal (proprietor of CJ Dalal) and Anita Deepak Dalal (Director of the Krishvi) are husband and wife. Thus, CJ Dalal and Krishvi are connected /related to each other.

9. Having found the connection amongst various entities as above, I proceed to examine the trades of the noticees in five scrips during relevant investigation period in the following paragraphs.

10. I note that there is no dispute as to the trades of the noticees described in the SCNs. However, the issues for consideration are whether those trades were circular, synchronized and reversed and whether they led to creation of artificial volumes and price manipulation in the respective scrips as alleged in the SCNs. The issues can be decided on examination of the facts and circumstances of the case and relevant regulations applicable thereon.

Trading in the scrip of '*Temptation*'

11. I find that in the scrip of '*Temptation*', *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* had indulged in 'market' as well as in 'off-market' transactions. During November 07, 2008 to November 20, 2008 they traded in this scrip through trading members CJ Dalal, Krishvi and Lalkar Securities P. Ltd. ('*Lalkar*') as described in the following Tables:-

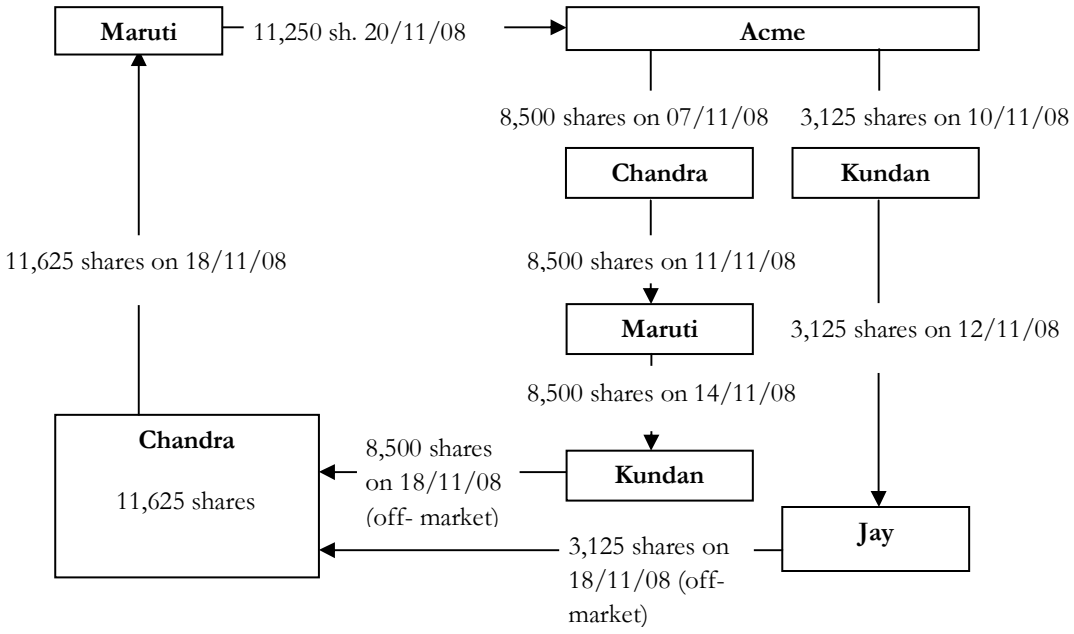
Table II- Market Transactions:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
07-Nov-08	Chandra	CJ Dalal	Krishvi	Acme	8,500
10-Nov-08	Kundan	CJ Dalal	Krishvi	Acme	3,125
11-Nov-08	Maruti	CJ Dalal	Krishvi	Chandra	8,500
12-Nov-08	Jay	Krishvi	CJ Dalal	Kundan	3,125
14-Nov-08	Kundan	CJ Dalal	Lalkar	Maruti	8,500
18-Nov-08	Maruti	CJ Dalal	Lalkar	Chandra	11,625
20-Nov-08	Acme	CJ Dalal	Lalkar	Maruti	11,250

Table III- Off Market Transactions:

Execution Date	Buyer Name	Seller Name	Quantity
18-Nov-08	Chandra	Jay	3,125
18-Nov-08	Chandra	Kundan	8,500

12. The above mentioned trades are pictorially presented as follows:-



13. The 'off-market' and the 'market' transactions of *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* for the period November 25, 2008 to December 04, 2008 are as under:-

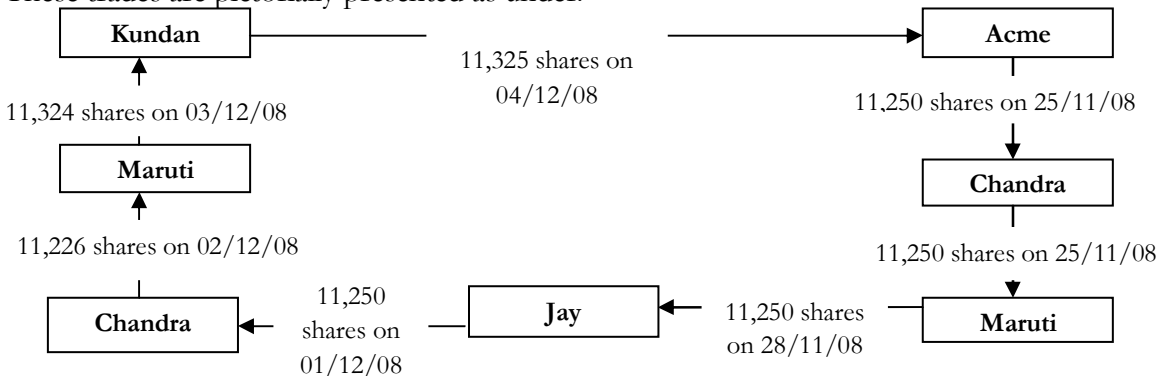
Table-IV Off-Market Transactions:

Execution Date	Buyer Name	Seller Name	Quantity
25-Nov-08	Chandra	Acme	11,250

Table-V Market Transactions:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
25-Nov-08	Maruti	CJ Dalal	Lalkar	Chandra	11,250
28-Nov-08	Jay	CJ Dalal	Krishvi	Maruti	11,250
01-Dec-08	Chandra	CJ Dalal	Krishvi	Jay	11,250
02-Dec-08	Maruti	CJ Dalal	Krishvi	Chandra	11,226
03-Dec-08	Kundan	CJ Dalal	Krishvi	Maruti	11,324
04-Dec-08	Acme	Krishvi	CJ Dalal	Kundan	11,325

14. These trades are pictorially presented as under:-



15. I further find that on December 8, 2008, *Venture,* the promoter of '*Temptation'* transferred 3,10,000 shares of '*Temptation'* through 'off-market' transfer to *Shanti.* Out of these 3,10,000 shares, *Shanti* transferred 40,000 shares through 'off-market' transfer to *Chandra* in two tranche i.e. 10,000 shares on December 11, 2008 and 30,000 shares on December 15, 2008. These 40,000 shares of '*Temptation'* were introduced in the 'market' and then traded amongst *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* through circular trading. On December 24, 2008, these 40,000 shares were transferred back by *Chandra* to *Shanti* through 'off -market' transfer. On December 30, 2008, *Shanti* transferred 40,000 shares of '*Temptation'* to *Venture* in off-market. These 'off-market' and 'market' transactions in the scrip of '*Temptation'* are described in the following tables:-

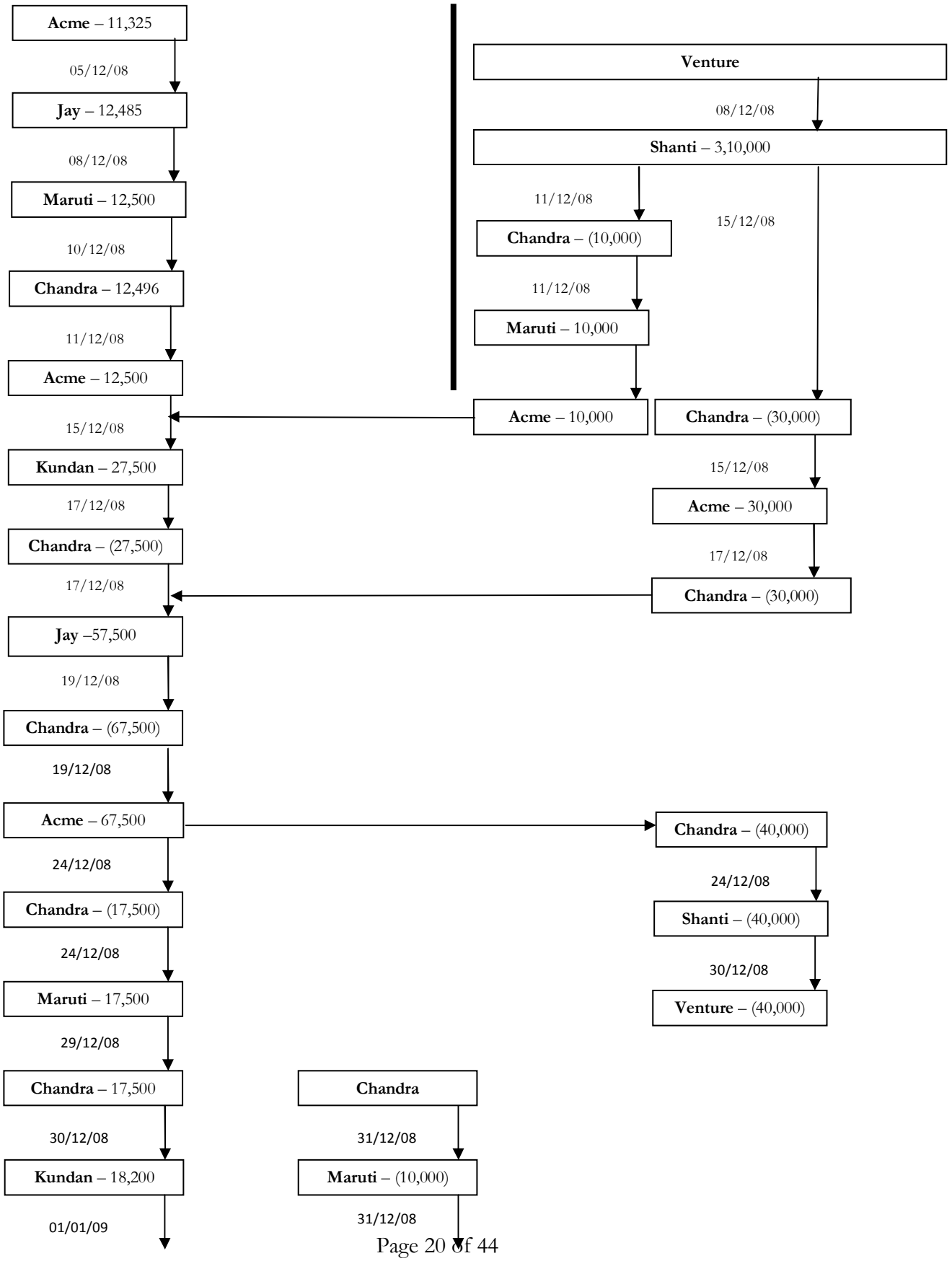
Table-VI 'Off-Market' Transactions:

Execution Date	Buyer Name	Seller Name	Quantity
11-Dec-08	Chandra	Shanti	10,000
15-Dec-08	Chandra	Shanti	30,000
17-Dec-08	Chandra	Acme	30,000
17-Dec-08	Chandra	Kundan	27,500
19-Dec-08	Chandra	Jay	67,500
24-Dec-08	Chandra	Acme	40,000
24-Dec-08	Chandra	Acme	17,500
24-Dec-08	Shanti	Chandra	40,000
30- Dec-08	Venture	Shanti	40,000
31-Dec-08	Maruti	Chandra	10,000
01-Jan-09	Chandra	Kundan	18,200
05-Jan-09	Chandra	Jay	17,774
06-Jan-09	Chandra	Acme	8,976
07-Jan-09	Chandra	Acme	26,750
12-Jan-09	Chandra	Jay	26,750
14-Jan-09	Chandra	Acme	19,200
14-Jan-09	Jay	Acme	8,000
16-Jan-09	Chandra	Jay	16,455
20-Jan-09	Chandra	Acme	16,955
20-Jan-09	Jay	Acme	7,500
21-Jan-09	Chandra	Jay	2,500
22-Jan-09	Chandra	Kundan	20,000
23-Jan-09	Chandra	Acme	1,200
28-Jan-09	Chandra	Kundan	3,100
29-Jan-09	Chandra	Acme	23,375
02-Feb-09	Chandra	Acme	3,100
02-Feb-09	Chandra	Jay	14,677
04-Feb-09	Chandra	Kundan	17,777
06-Feb-09	Chandra	Jay	17,691
10-Feb-09	Chandra	Jay	86
10-Feb-09	Chandra	Kundan	16,277
12-Feb-09	Chandra	Jay	24,700
13-Feb-09	Maruti	Chandra	700
16-Feb-09	Chandra	Kundan	8,828

Table-VII 'Market' Transactions:

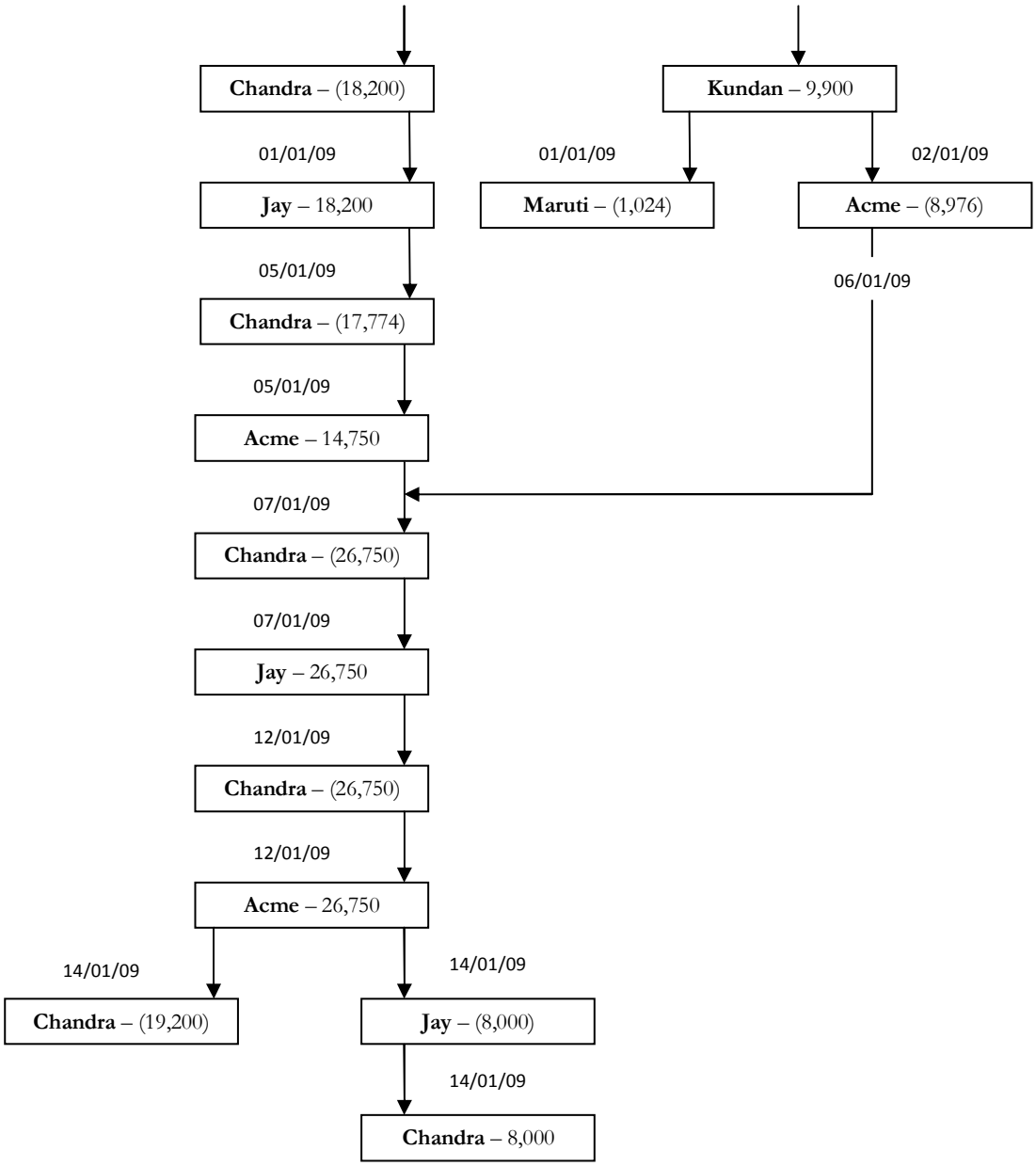
Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
5-Dec-08	Jay	CJ Dalal	Krishvi	Acme	12,485
8-Dec-08	Maruti	Krishvi	CJ Dalal	Jay	12,500
10-Dec-08	Chandra	CJ Dalal	Krishvi	Maruti	12,496
11-Dec-08	Acme	Krishvi	CJ Dalal	Chandra	12,500
11-Dec-08	Acme	Krishvi	CJ Dalal	Maruti	10,000
11-Dec-08	Maruti	CJ Dalal	Lalkar	Chandra	10,000
15-Dec-08	Acme	Krishvi	Lalkar	Chandra	30,000
15-Dec-08	Kundan	Krishvi	CJ Dalal	Acme	27,500
17-Dec-08	Jay	Krishvi	Lalkar	Chandra	57,500
17-Dec-08	Jay	CJ Dalal	Lalkar	Chandra	10,000
19-Dec-08	Acme	Krishvi	Lalkar	Chandra	67,500
24-Dec-08	Maruti	CJ Dalal	Lalkar	Chandra	17,500
29-Dec-08	Chandra	Krishvi	CJ Dalal	Maruti	17,500
01-Jan-09	Jay	CJ Dalal	Lalkar	Chandra	18,200
01-Jan-09	Maruti	CJ Dalal	CJ Dalal	Kundan	1,024
02-Jan-09	Acme	Krishvi	CJ Dalal	Kundan	8,976
05-Jan-09	Acme	CJ Dalal	Lalkar	Chandra	14,750
07-Jan-09	Jay	CJ Dalal	Lalkar	Chandra	26,750
12-Jan-09	Acme	CJ Dalal	Lalkar	Chandra	26,750
14-Jan-09	Chandra	CJ Dalal	MR Share	Jay	8,000
19-Jan-09	Jay	CJ Dalal	Lalkar	Chandra	2,500
20-Jan-09	Kundan	CJ Dalal	MR Share	Jay	7,500
20-Jan-09	Kundan	CJ Dalal	Lalkar	Chandra	14,317
21-Jan-09	Acme	CJ Dalal	Lalkar	Chandra	1,200
22-Jan-09	Jay	CJ Dalal	Lalkar	Chandra	20,000
23-Jan-09	Kundan	CJ Dalal	Lalkar	Chandra	3,100
27-Jan-09	Acme	CJ Dalal	MR Share	Jay	258
27-Jan-09	Acme	CJ Dalal	Krishvi	Jay	13,375
28-Jan-09	Acme	Krishvi	CJ Dalal	Kundan	3,100
28-Jan-09	Kundan	CJ Dalal	Lalkar	Chandra	3,100
29-Jan-09	Jay	CJ Dalal	Lalkar	Chandra	23,375
02-Feb-09	Kundan	CJ Dalal	Lalkar	Chandra	17,777
04-Feb-09	Jay	CJ Dalal	Lalkar	Chandra	17,777
06-Feb-09	Kundan	CJ Dalal	Lalkar	Chandra	16,277
10-Feb-09	Jay	CJ Dalal	Lalkar	Chandra	24,600
12-Feb-09	Kundan	CJ Dalal	Lalkar	Chandra	14,700
13-Feb-09	Kundan	CJ Dalal	Krishvi	Chandra	3,600
13-Feb-09	Kundan	CJ Dalal	Krishvi	Maruti	700

16. The above trades are pictorially presented as under:-



……**continued on the next page →**

……continued from the flow chart on the earlier page



17. From the above transactions, a clear pattern of circular trading is evident in the trades amongst the above clients, viz; *Chandra*, *Kundan*, *Jay*, *Maruti*, *Acme* and *Shanti* (off-market) in the manner:- A>B>C>D>A. It is also noted that in the circular transactions during November 07, 2008 to November 20, 2008 and November 25, 2008 to December 04, 2008 there was minor difference in the quantity of shares (375 and -75, respectively) sold and received back by Acme.

18. I note that such pattern of circular trading in the scrip of '*Temptation'* continued for 23 trading days in the months of November and December 2008 amongst these entities and they traded for 4,47,831 shares (circular quantity) in 230 trades which constituted 14% of total traded volume in these two months i.e. 30,44,625 shares. I further note that such pattern of circular trading in this scrip continued for 20 trading days during January and February 2009 amongst these entities wherein they traded for 2,91,706 shares (circular quantity) in 50 trades which constituted 9.54% of the total traded volume in these two months i.e. 30,56,312 shares .

19. From the above examination, I observe that there was repeated pattern of circular trading over a period of time amongst '*connected clients*'. In the facts and circumstances of this case, both 'market' as well as 'off- market' transactions need to be taken into account to understand the nature of the transactions. I also observe that these entities have transferred few shares in 'off-market' only to camouflage the nature of circular transactions by attempting to break the chain of circular transfer of shares of '*Temptation'* in 'market' transactions. I find that the '*connected clients*' adopted device to receive back slightly less or more number of shares than sold in an attempt to give an impression that the trades were not the circular ones. In my view, exact matching of quantity sold and received back is not always necessary to treat such trades as circular ones particularly when a series of such trades had taken place over a period of time amongst '*connected clients'* as in this case. In my view, therefore, minor difference in quantity sold and purchased and *vice-versa* will not change the nature and intention of these trades which are clearly circular in nature.

20. I also note that in the SCNs it has been alleged that *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* had entered into following trades in the scrip of '*Temptation'* during November 25, 2008 to December 30, 2008:-

Table-VIII Details of Synchronized Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Qty	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
25-Nov-08	1	204.95	12:13:22	12:13:22	11250	204.95	Maruti	CJ Dalal	Lalkar	Chandra	11250	12:13:12	11250	204.95	0:00:10	0	0.00
8-Dec-08	92	174.95	15:16:39	15:16:38	12500	174.95	Maruti	Krishvi	CJ Dalal	Jay	12500	15:16:38	12500	174.95	0:00:00	0	0.00
11-Dec-08	51	166.75	15:25:44	15:25:40	5000	166.75	Acme	Krishvi	CJ Dalal	Maruti	5000	15:25:42	5000	166.75	0:00:02	0	0.00
15-Dec-08	22	167.70	14:29:40	14:29:39	30000	167.7	Acme	Krishvi	Lalkar	Chandra	30000	14:29:39	30000	167.7	0:00:00	0	0.00
15-Dec-08	24	167.75	14:55:47	14:55:46	5000	167.75	Kundan	Krishvi	CJ Dalal	Acme	5000	14:55:43	5000	167.75	0:00:03	0	0.00
15-Dec-08	25	167.75	14:56:00	14:55:59	7000	167.75	Kundan	Krishvi	CJ Dalal	Acme	7000	14:55:55	7000	167.75	0:00:04	0	0.00
17-Dec-08	66	157.00	14:20:59	14:20:59	5000	157	Jay	Krishvi	Lalkar	Chandra	5000	14:20:58	5000	157	0:00:01	0	0.00
17-Dec-08	67	157.00	14:21:14	14:21:07	5000	157	Jay	Krishvi	Lalkar	Chandra	5000	14:21:13	5000	157	0:00:06	0	0.00
17-Dec-08	68	156.00	14:21:31	14:21:31	5000	156	Jay	Krishvi	Lalkar	Chandra	5000	14:21:29	5000	156	0:00:02	0	0.00
17-Dec-08	69	156.00	14:21:43	14:21:42	2500	156	Jay	Krishvi	Lalkar	Chandra	2500	14:21:41	2500	156	0:00:01	0	0.00
17-Dec-08	70	157.00	14:26:18	14:26:17	10000	157	Jay	Krishvi	Lalkar	Chandra	10000	14:26:16	10000	157	0:00:01	0	0.00
17-Dec-08	71	157.00	14:26:29	14:26:28	10000	157	Jay	Krishvi	Lalkar	Chandra	10000	14:26:27	10000	157	0:00:01	0	0.00
17-Dec-08	72	156.00	14:27:32	14:27:31	10000	156	Jay	Krishvi	Lalkar	Chandra	10000	14:27:31	10000	156	0:00:00	0	0.00
17-Dec-08	73	156.00	14:27:53	14:27:53	10000	156	Jay	Krishvi	Lalkar	Chandra	10000	14:27:49	10000	156	0:00:04	0	0.00
19-Dec-08	69	154.00	11:31:42	11:31:41	10000	154	Acme	Krishvi	Lalkar	Chandra	10000	11:31:39	10000	154	0:00:02	0	0.00
19-Dec-08	70	154.00	11:32:03	11:32:02	10000	154	Acme	Krishvi	Lalkar	Chandra	10000	11:32:00	10000	154	0:00:02	0	0.00
19-Dec-08	114	150.25	13:42:25	13:42:24	10000	150.25	Acme	Krishvi	Lalkar	Chandra	10000	13:42:22	10000	150.25	0:00:02	0	0.00
19-Dec-08	115	150.25	13:42:40	13:42:37	10000	150.25	Acme	Krishvi	Lalkar	Chandra	10000	13:42:39	10000	150.25	0:00:02	0	0.00
19-Dec-08	116	150.25	13:42:58	13:42:57	10000	150.25	Acme	Krishvi	Lalkar	Chandra	10000	13:42:57	10000	150.25	0:00:00	0	0.00
19-Dec-08	118	149.75	13:43:28	13:43:27	17500	149.75	Acme	Krishvi	Lalkar	Chandra	17500	13:43:27	17500	149.75	0:00:00	0	0.00
30-Dec-08	49	172.75	15:25:56	15:25:55	7500	172.75	Kundan	CJ Dalal	Lalkar	Chandra	7500	15:25:52	7500	172.75	0:00:03	0	0.00

21. From the above transactions, I find that the above mentioned '*connected clients*' had placed buy and sell orders for the same number of shares, for the same price and at almost the same time and thus had indulged in synchronized trades. I note that during November 25, 2008 to December 30, 2008 there were 21 synchronized trades for 2,03,250 shares of '*Temptation*'. These 21 synchronized trades themselves contributed 6.70% to the total traded volume in the scrip and 45% of the quantity of shares traded through circular trades amongst the '*connected clients*' during this period. Therefore, arguments of the noticees in this regard are without basis and are, therefore, not acceptable.

22. I note that on November 07, 2008 *Acme* placed a sell order for 8,500 shares of '*Temptation*' which matched with 182 buy orders of *Chandra* wherein *Chandra* continuously placed the substantial number of buy orders for one share and more, repeatedly. This pattern of trading wherein the trades also happened at the same price with the same counter party '*connected clients*' in synchronized manner within a span of 18 minutes (15:40:16 to 15:59:38) seems abnormal and non-genuine. I am of the view that these

'*connected clients*' had used a device / artifice to create artificial volume and misleading appearance of trading in the scrip through synchronized trades .

23. I further note that on July 2, 2008 *Chandra* received 1 lac shares of '*Temptation'* in 'off-market' from Venture. On July 4, 2008 *Chandra* transferred these 1 lac shares to Venture in 'off-market'. After receipt of these shares from Venture in 'off market' on July 02, 2008, *Chandra* had also entered into reversal of trades with *Maruti* through 'market' transactions the details of which are as under:-

Table-IX Reversed Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Member Code	Counter Party Member Code	CP Non Client Name	Traded Qty	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
2-Jul-08	72	307.80	13:47:32	13:47:31	25000	308.00	Maruti	CJ Dala	Lalkar	Chandra	25000	13:47:24	25000	307.80	0:00:07	0	0.20
2-Jul-08	104	324.75	14:23:36	14:23:35	25000	324.95	Maruti	CJ Dala	Lalkar	Chandra	24500	14:23:23	25000	324.75	0:00:12	0	0.20
2-Jul-08	124	323.00	14:58:21	14:58:20	25000	325.00	Maruti	CJ Dala	Lalkar	Chandra	24850	14:58:07	25000	323.00	0:00:13	0	2.00
2-Jul-08	127	323.75	15:03:40	15:03:38	25000	325.00	Maruti	CJ Dala	Lalkar	Chandra	25000	15:03:30	25000	323.75	0:00:08	0	1.25
4-Jul-08	44	323.00	12:57:54	12:57:53	100000	323.40	Chandra	CJ Dala	CJ Dala	Maruti	100000	12:57:43	100000	323.00	0:00:10	0	0.40

24. In my view, the above transactions were reversal of trades between *Chandra* and *Maruti* for creating artificial volume in the scrip of '*Temptation'*. I note that the total market volume in this scrip on July 2 and 4, 2008 was 1,47,851 shares and 1,44,078 shares, respectively and thus these reversed trades contributed approximately 65% to the total market volume traded on those two days.

25. I further note that on July 2, 2008 itself *Chandra* received □3.17 crore from Lalkar being the consideration for the shares sold by it to *Maruti* and out of this amount, □2.96 crore was transferred to *Maruti*. Thereafter, □2 crore was transferred to CJ Dalal and □0.96 crore to Krishvi. The noticees have contended that the payment made to *Maruti* was on account of advance given to *Maruti* as they were short of funds and approached for short term lending. The noticees have not produced any evidence to support their argument. I, find that the above market transactions involve sale of shares between *Chandra* and *Maruti* wherein *Maruti* incurred pay-in obligations. I am of the view that the amount received by *Maruti* from *Chandra* was transferred to trading member C J Dalal to fulfill its pay-in obligations.

26. From the pattern of repeated circular and synchronized trades and the above mentioned reversed trades amongst the '*connected clients',* it can be safely inferred that they traded in a co-ordinated and concerted manner. In my view, reversal of trades does not necessarily

have to take place on the same date in close proximity of time as in case of synchronized trades. Further, synchronization of trading is not necessary in case of reversal of trades as sought to be contended by the noticees.

In the scrip of '*Bang*'.

27. I note that during October 2008 to December 2008, the total traded volume in the scrip of *Bang* on BSE was 15,61,178 shares. The trading volume of '*connected clients*' viz; *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* ranged between 86.86% to 99.91% of the total volume on BSE during this period. Further, as described in the SCNs these entities had indulged in 'market' as well as in 'off-market' transactions in the scrip during October 2008 to December 2008 through trading members CJ Dalal, Krishvi and Lalkar. Some of those 'market' and the 'off-market' transactions done by these entities in this scrip for the period October 31, 2008 to November 18, 2008 are as under:-

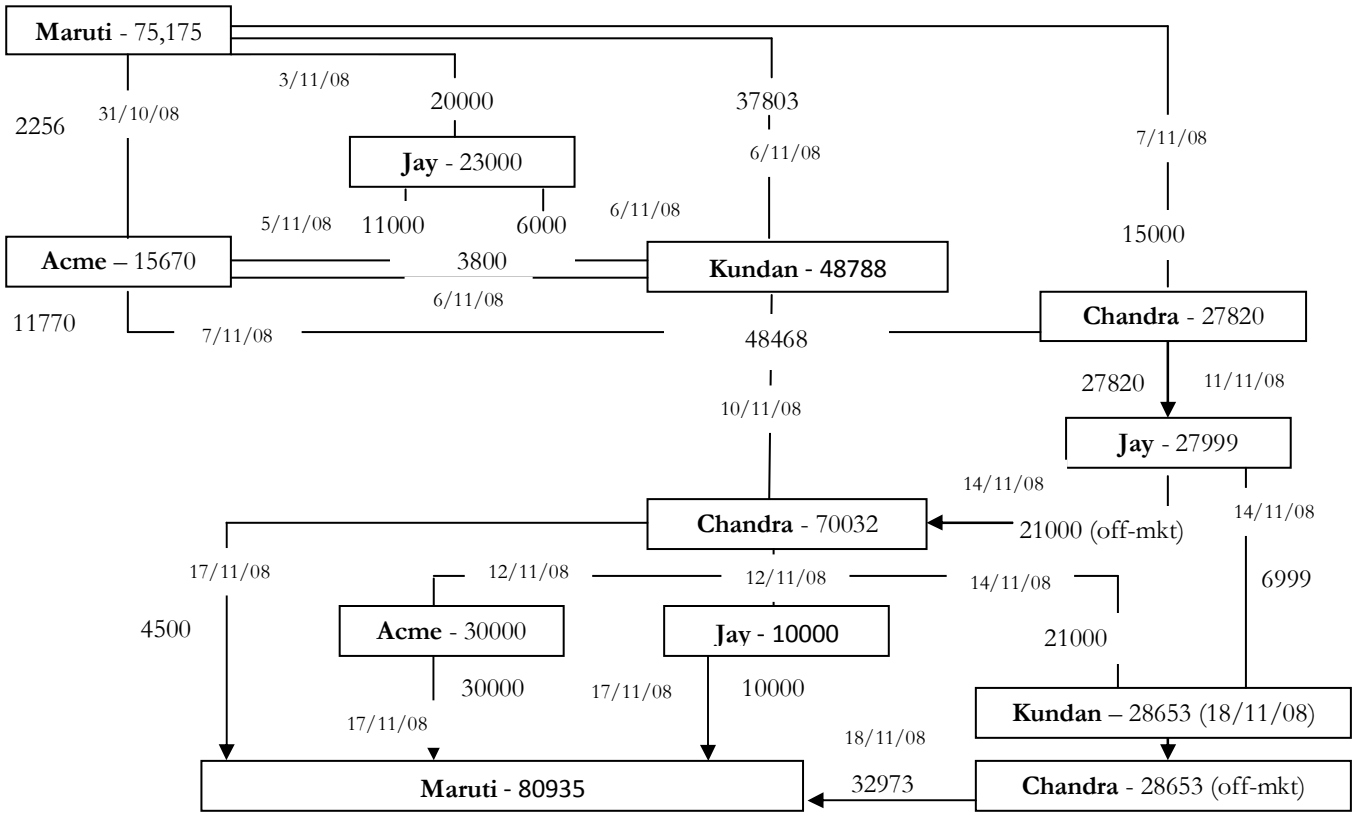
Table-X 'Market' Transaction:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
31-Oct-08	Acme	CJ Dalal	CJ Dalal	Maruti	2256
3-Nov-08	Jay	CJ Dalal	Krishvi	Maruti	20000
5-Nov-08	Acme	CJ Dalal	Krishvi	Jay	11000
6-Nov-08	Kundan	CJ Dalal	Krishvi	Acme	3800
6-Nov-08	Kundan	CJ Dalal	Krishvi	Chandra	500
6-Nov-08	Kundan	CJ Dalal	Krishvi	Jay	6000
6-Nov-08	Kundan	CJ Dalal	Krishvi	Maruti	37803
7-Nov-08	Chandra	CJ Dalal	Krishvi	Acme	11,770
7-Nov-08	Chandra	CJ Dalal	Krishvi	Maruti	15,000
10-Nov-08	Chandra	CJ Dalal	Krishvi	Kundan	48,468
11-Nov-08	Jay	CJ Dalal	Krishvi	Chandra	27,820
12-Nov-08	Acme	Krishvi	CJ Dalal	Chandra	30,000
12-Nov-08	Jay	Pravin Shah	CJ Dalal	Chandra	10,000
14-Nov-08	Kundan	CJ Dalal	Lalkar	Chandra	21,000
14-Nov-08	Kundan	CJ Dalal	Krishvi	Jay	6,999
17-Nov-08	Maruti	Krishvi	CJ Dalal	Acme	22,000
17-Nov-08	Maruti	Krishvi	CJ Dalal	Jay	8,000
17-Nov-08	Maruti	SPS	CJ Dalal	Chandra	4,500
17-Nov-08	Maruti	SPS	CJ Dalal	Jay	2,000
17-Nov-08	Maruti	Pravin Shah	CJ Dalal	Acme	8,000
18-Nov-08	Maruti	CJ Dalal	Lalkar	Chandra	32,973

Table-XI 'Off Market' Transaction:

Execution Date	Buyer Name	Seller Name	Quantity
14-Nov-08	Chandra	Jay	11,000
14-Nov-08	Chandra	Jay	10,000
18-Nov-08	Chandra	Kundan	28,973

28. The above trades are pictorially presented as under:-



29. From the above transactions, a clear pattern of circular trading is evident in the trades amongst the above clients, viz; *Chandra, Kundan, Jay, Maruti* and *Acme* in the manner:- A>B>C>D>A. I find that these entities traded (159 trades in 35 trading days) for 13,76,266 shares through circular trading, which constituted 88% of the total traded volume in the scrip during October to December 2008. I also note that their day-wise contribution ranged from 42.80% to 100%. I find similar pattern of circular trades by these entities in this scrip as in the scrip of '*Temptation*'. I, therefore, hold the same view with respect to the circular trades in this scrip as in the case of '*Temptation*' as found above.

30. The total market volume during the investigation period (March 2008 to February 2009) in the scrip of *Bang* was 2,65,28,074. I note that *Chandra*, *Kundan*, *Jay*, *HSM, Maruti* and

Acme had traded amongst themselves for 60,68,929 shares contributing 22.87% of the total market volume. I also note that these entities has indulged in the following 33 trades which matched in terms of price, quantity and time:-

Table-XII Synchronized Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
13-Mar-08	453	101	12:43:40	12:43:40	15000	101	Kundan	CJ Dala	Lalkar	Chandra	14964	12:43:21	15000	101	00:00:19	0	0
13-Mar-08	866	98.75	14:25:48	14:25:48	15000	98.75	Kundan	CJ Dala	Lalkar	Chandra	15000	14:25:37	15000	98.75	00:00:11	0	0
13-Mar-08	884	99	14:33:37	14:33:37	30000	99	Kundan	CJ Dala	Lalkar	Chandra	29710	14:33:19	30000	99	00:00:18	0	0
13-Mar-08	1412	99	16:09:35	16:09:35	10000	99	Maruti	SPS	CJ Dala	Kundan	6914	16:09:27	10000	99	00:00:08	0	0
13-Mar-08	1425	99	16:09:56	16:09:55	10000	99	Maruti	SPS	CJ Dala	Kundan	8115	16:09:49	10000	99	00:00:06	0	0
13-Mar-08	1430	99	16:10:03	16:10:03	10000	99	Maruti	SPS	CJ Dala	Kundan	1785	16:09:49	10000	99	00:00:14	0	0
17-Mar-08	952	100.1	14:30:42	14:30:41	10000	100.1	Chandra	CJ Dala	Lalkar	Maruti	10000	14:30:37	10000	100.1	00:00:05	0	0
28-Mar-08	876	126.5	11:57:51	11:57:51	5000	126.5	Maruti	CJ Dala	SPS	Chandra	4552	11:57:43	5000	126.5	00:00:08	0	0
28-Mar-08	882	126.5	11:58:46	11:58:45	4000	126.5	Maruti	CJ Dala	SPS	Chandra	3501	11:58:10	4000	126.5	00:00:35	0	0
28-Mar-08	983	126.5	12:44:03	12:43:18	2000	126.5	Maruti	CJ Dala	SPS	Chandra	1970	12:44:02	2000	126.5	00:00:44	0	0
30-Apr-08	1463	217.5	14:59:15	14:59:15	3000	217.5	Maruti	CJ Dala	Krishvi	Chandra	2806	14:59:09	3000	217.5	00:00:06	0	0
06-May-08	1653	223	14:57:53	14:57:44	25000	223	Chandra	SPS	Krishvi	Kundan	24386	14:57:52	25000	223	00:00:08	0	0
06-May-08	1663	223	14:58:06	14:58:02	25000	223	Chandra	SPS	Krishvi	Kundan	24925	14:58:05	25000	223	00:00:04	0	0
09-May-08	1215	224	14:42:16	14:41:46	2000	224	Maruti	CJ Dala	SPS	Chandra	53	14:42:16	2000	224	00:00:30	0	0
21-May-08	460	245.5	10:39:11	10:39:11	62000	245.5	Maruti	CJ Dala	CJ Dala	Kundan	62000	10:39:09	62000	245.5	00:00:01	0	0
03-Jun-08	213	241.5	11:01:54	11:01:53	42000	241.5	HSM	CJ Dala	CJ Dala	Jay	42000	11:01:52	42000	241.5	00:00:01	0	0
06-Jun-08	399	242.75	14:35:39	14:35:36	25000	242.75	Jay	MR Sha	CJ Dala	Maruti	25000	14:35:39	25000	242.75	00:00:03	0	0
06-Jun-08	418	243	14:53:24	14:53:02	5000	243	Kundan	Krishvi	CJ Dala	Maruti	4896	14:53:24	5000	243	00:00:22	0	0
06-Jun-08	419	243	14:53:24	14:53:09	5000	243	Kundan	Krishvi	CJ Dala	Maruti	104	14:53:24	5000	243	00:00:15	0	0
06-Jun-08	426	243	14:53:49	14:53:26	5000	243	Kundan	Krishvi	CJ Dala	Maruti	4850	14:53:49	5000	243	00:00:23	0	0
09-Jun-08	844	244	15:17:02	15:16:54	1000	244	Chandra	CJ Dala	Krishvi	Kundan	1000	15:17:02	1000	244	00:00:07	0	0
09-Jun-08	847	244.5	15:17:17	15:17:09	2000	244.5	Chandra	CJ Dala	Krishvi	Kundan	2000	15:17:17	2000	244.5	00:00:08	0	0
09-Jun-08	849	244.5	15:17:39	15:17:33	2000	244.5	Chandra	CJ Dala	Krishvi	Kundan	2000	15:17:38	2000	244.5	00:00:05	0	0
09-Jun-08	851	244.5	15:17:53	15:17:51	2000	244.5	Chandra	CJ Dala	Krishvi	Kundan	1000	15:17:43	2000	244.5	00:00:08	0	0
09-Jun-08	853	244.25	15:17:55	15:17:42	2000	244.25	Chandra	CJ Dala	Krishvi	Kundan	1000	15:17:55	2000	244.25	00:00:12	0	0
09-Jun-08	854	244.5	15:18:01	15:17:56	2000	244.5	Chandra	CJ Dala	Krishvi	Kundan	2000	15:18:00	2000	244.5	00:00:05	0	0
09-Jun-08	855	244.25	15:18:11	15:17:42	2000	244.25	Chandra	CJ Dala	Krishvi	Kundan	1000	15:18:10	2000	244.25	00:00:28	0	0
09-Jun-08	876	244.25	15:19:23	15:19:22	5000	244.25	Chandra	CJ Dala	Krishvi	Kundan	1000	15:19:05	5000	244.25	00:00:17	0	0
09-Jun-08	887	244	15:20:49	15:20:49	7500	244	Chandra	CJ Dala	Krishvi	Kundan	7500	15:20:39	7500	244	00:00:10	0	0
11-Jun-08	595	262.5	11:34:35	11:34:33	39919	262.5	Maruti	CJ Dala	CJ Dala	Jay	39919	11:34:34	39919	262.5	00:00:01	0	0
07-Jul-08	23	240	15:24:26	15:24:26	1000	240	Kundan	Krishvi	CJ Dala	Maruti	870	15:24:17	1000	240	00:00:09	0	0
26-Aug-08	48	237.5	15:41:09	15:41:08	1000	237.5	Jay	CJ Dala	Krishvi	Maruti	1000	15:40:44	1000	237.5	00:00:24	0	0
24-Nov-08	9	220.95	11:11:11	11:11:10	500	220.95	Kundan	CJ Dala	Krishvi	Chandra	500	11:10:26	500	220.95	00:00:45	0	0

10-Dec-08	21	180	15:29:50	15:29:50	18000	180	Kundan	CJ Dalal	Lalkar	Chandra	18000	15:29:17	18000	180	00:00:32	0	0
22-Dec-08	75	163.7	15:41:01	15:41:01	10000	163.7	Chandra	CJ Dalal	Krishvi	Jay	9998	15:40:12	10000	163.7	00:00:49	0	0
13-Jan-09	42	124.45	13:55:20	13:55:20	5000	124.45	Acme	CJ Dalal	Lalkar	Chandra	5000	13:55:16	5000	124.45	00:00:04	0	0
14-Jan-09	16	123.25	10:33:51	10:33:50	1	123.25	Jay	CJ Dalal	CJ Dalal	Maruti	1	10:33:43	1	123.25	00:00:08	0	0
15-Jan-09	16	117	11:49:17	11:49:17	5000	117	Jay	CJ Dalal	Lalkar	Chandra	5000	11:49:13	5000	117	00:00:03	0	0
15-Jan-09	23	116.25	11:56:56	11:56:56	10000	116.25	Jay	CJ Dalal	Lalkar	Chandra	10000	11:56:53	10000	116.25	00:00:03	0	0
19-Jan-09	313	130	15:02:40	15:02:40	13400	130	Jay	CJ Dalal	Lalkar	Chandra	13400	15:02:32	13400	130	00:00:08	0	0
21-Jan-09	2463	138.5	15:25:58	15:25:58	20000	138.5	Acme	CJ Dalal	Lalkar	Chandra	20000	15:25:55	20000	138.5	00:00:03	0	0
23-Jan-09	399	140.5	12:48:05	12:48:05	4000	140.5	Chandra	CJ Dalal	Krishvi	Acme	4000	12:47:58	4000	140.5	00:00:07	0	0
28-Jan-09	197	136.25	13:18:12	13:18:12	7500	136.25	Acme	Krishvi	Lalkar	Chandra	7499	13:18:08	7500	136.25	00:00:04	0	0
28-Jan-09	247	137.75	14:20:47	14:20:46	7500	137.75	Acme	Krishvi	Lalkar	Chandra	7500	14:20:45	7500	137.75	00:00:01	0	0
25-Feb-09	32	84.5	10:21:48	10:21:47	37290	84.5	Jay	CJ Dalal	Lalkar	Chandra	37190	10:21:47	37290	84.5	00:00:00	0	0

31. From the pattern of above transactions, I find that *Chandra*, *Kundan*, *Jay*, *HSM, Maruti* and *Acme* had indulged in synchronized trades with respect to price, quantity and time for 2,90,954 shares of '*Bang*' in the above 33 trades.

32. I also note that on June 16, 2008 *HSM* bought 13,497 shares from *Maruti* and 44,993 shares from *Chandra* and thereafter it sold 49,886 shares to *Maruti* on June 18, 2008 and 27,000 shares on June 20,2008 as described below:-

Table-XIII Reversed Trades:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
16-Jun-08	HSM	Indiabulls	CJ Dalal	Maruti	13497
16-Jun-08	HSM	Indiabulls	SPS	Chandra	29299
16-Jun-08	HSM	Indiabulls	Lalkar	Chandra	15964
18-Jun-08	Maruti	CJ Dalal	Indiabulls	HSM	49886
20-Jun-08	Maruti	CJ Dalal	Indiabulls	HSM	27000

33. The SCN to *HSM* has alleged that aforesaid transactions between *HSM* and other '*connected clients*' were by way of reversal of trades. The noticees have denied that the aforesaid transactions were by way of reversal of trades. I find that the above trades amongst the '*connected clients*' are substantial and those transactions were done during the period when the '*connected clients*' were indulging in synchronized trades. In my view, though the quantity of shares bought and sold did not match exactly, the probability of these transactions being reversed trades between these '*connected clients'* as part of premeditated plan /device and artifice to create artificial volume in the scrip, is high.

34. In view of the above, I find that these '*connected clients*' indulged in circular trades, synchronized trades and several other trades as mentioned above in the scrip of '*Bang*' to create artificial volume in the scrip.

In the scrip of '*Confidence*'

35. I note that the total traded volume in the scrip of '*Confidence*' during the investigation period (January 01,2008 to February 28,2009) was 15,27,32,567 shares out of which *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* had traded 6,71,72,730 shares i.e. 43.98% of the total traded volume. Further, these five '*connected clients*' had traded amongst themselves for 1,89,27,230 shares i.e. 28.17% of their total traded volume and 12.40% of the total market volume in the scrip during the investigation period .

36. During October 2008 to December 2008, the total traded volume in this scrip was 3,64,53,486 shares. As described in the SCNs *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* had indulged in 'market' as well as in 'off-market' transactions in the scrip during October 2008 to December 2008. Some of those 'market' and the 'off-market' transactions done by these entities in this scrip are as under:-

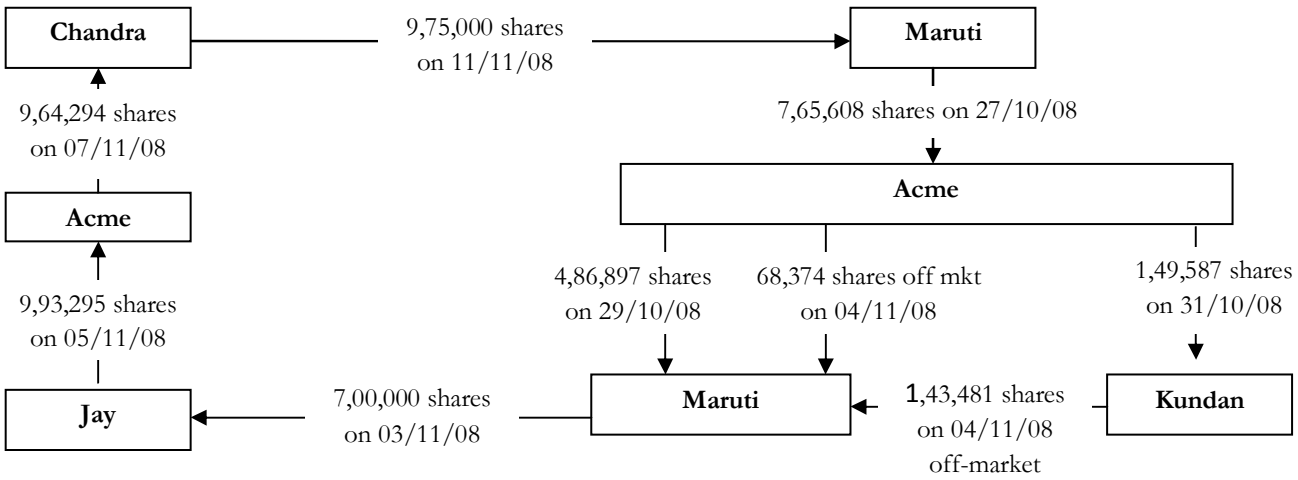
Table-XIV 'Market' Transactions:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
27-Oct-08	Acme	CJ Dalal	Lalkar	Maruti	7,65,608
29-Oct-08	Maruti	CJ Dalal	Krishvi	Acme	4,86,897
31-Oct-08	Kundan	Krishvi	CJ Dalal	Acme	1,49,587
3-Nov-08	Jay	CJ Dalal	Lalkar	Maruti	7,00,000
5-Nov-08	Acme	CJ Dalal	Krishvi	Jay	9,93,295
7-Nov-08	Chandra	CJ Dalal	Krishvi	Acme	9,64,294
11-Nov-08	Maruti	CJ Dalal	Lalkar	Chandra	9,75,000

Table- XV 'Off-Market' Transactions:

Execution Date	Buyer Name	Seller Name	Quantity
04-11-2008	Maruti	Acme	68,374
04-11-2008	Maruti	Kundan	143,481

37. These trades can be pictorially presented as under:-



38. I find that these trades amongst five '*connected clients*' were done in 100 trades on 30 trading days for 1,02,55,515 shares which constituted 28.80% of total traded volume during October 2008 to December 2008. I note from above transactions that a pattern of circular trading is clearly observed amongst these clients in this scrip also like in the scrips of '*Temptation*' and '*Bang*'. I, therefore, hold the same view with respect to the circular trades in this scrip also as in respect of those scrips.

39. I also note that *Chandra*, *Kundan* and *Jay*, *Maruti* and *Acme* had also executed following trades that matched in terms of order time, quantity and price. These trades are as under:-

Table-XVI Synchronized Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
10-Mar-08	574	13.80	16:28:59	16:28:59	100000	13.80	Chandra	Krishvi	CJ Dalal	Maruti	97431	16:28:53	100000	13.80	00:00:06	0	0
28-Mar-08	194	13.50	12:26:56	12:26:56	450000	13.50	Maruti	CJ Dalal	MR	Jay	449900	12:26:43	450000	13.50	00:00:13	0	0
08-May-08	180	16.00	15:21:04	15:20:53	100000	16.00	Chandra	SPS	CJ Dalal	Maruti	92200	15:21:04	100000	16.00	00:00:11	0	0
12-Jun-08	309	16.00	15:04:26	15:04:26	100000	16.00	Jay	CJ Dalal	CJ Dalal	Maruti	100000	15:04:13	100000	16.00	00:00:13	0	0
19-Jun-08	158	16.70	15:24:17	15:24:17	100000	16.70	Maruti	CJ Dalal	MR	Jay	49900	15:23:26	100000	16.70	00:00:51	0	0
19-Jun-08	160	16.70	15:24:17	15:24:17	100000	16.70	Maruti	CJ Dalal	MR	Jay	49600	15:24:06	100000	16.70	00:00:11	0	0
19-Jun-08	164	16.70	15:25:24	15:25:24	100000	16.70	Maruti	CJ Dalal	MR	Jay	90650	15:24:31	100000	16.70	00:00:53	0	0
26-Aug-08	166	11.58	15:28:25	15:28:24	43400	11.58	Jay	CJ Dalal	Krishvi	Maruti	43400	15:28:23	43400	11.58	00:00:01	0	0
31-Oct-08	303	9.37	15:13:07	15:13:05	149587	9.37	Kundan	Krishvi	CJ Dalal	Acme	149587	15:13:06	149587	9.37	00:00:01	0	0

40. I find that the above trades were synchronized with respect to price, quantity and time.

In the scrip of '*Cals*'

41. The total traded quantity in this scrip during the investigation period (June 01, 2008 to February 28, 2009) was 85,78,47,441 shares out of which *Maniar Group* (i.e. *Chandra*, *Kundan*, *Jay*, S*hanti* and *HSM*), *Maruti* and *Acme* traded for 57,82,62,980 shares i.e. 67.41% of the total traded volume through trading members CJ Dalal and Krishvi. These entities had traded amongst themselves for 18,44,54,844 shares i.e. 31.90% of their total traded volume.

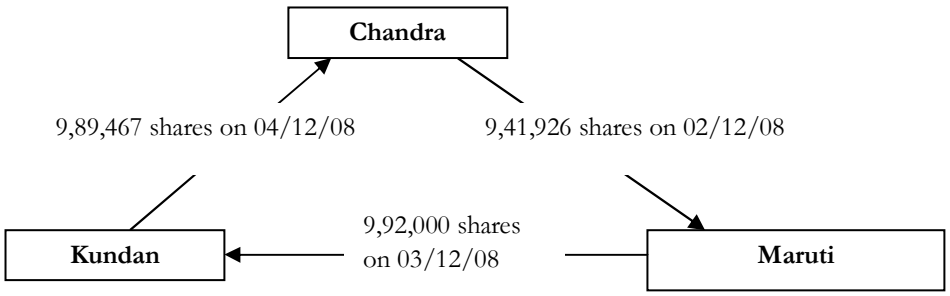
42. During the investigation period, *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* had indulged in 'market' as well as in 'off-market' transactions in the scrip as described in the SCNs. Some of those 'market' and the 'off-market' transactions done by these entities in this scrip are as under:-

(a) Trades executed by *Chandra*, *Kundan* and *Maruti* in December 2008

Table-XVII

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity
2-Dec-08	Maruti	CJ Dalal	Krishvi	Chandra	941926
3-Dec-08	Kundan	CJ Dalal	Krishvi	Maruti	992000
4-Dec-08	Chandra	Pravin Shah	CJ Dalal	Kundan	989467

The above trades can be pictorially presented as under:-



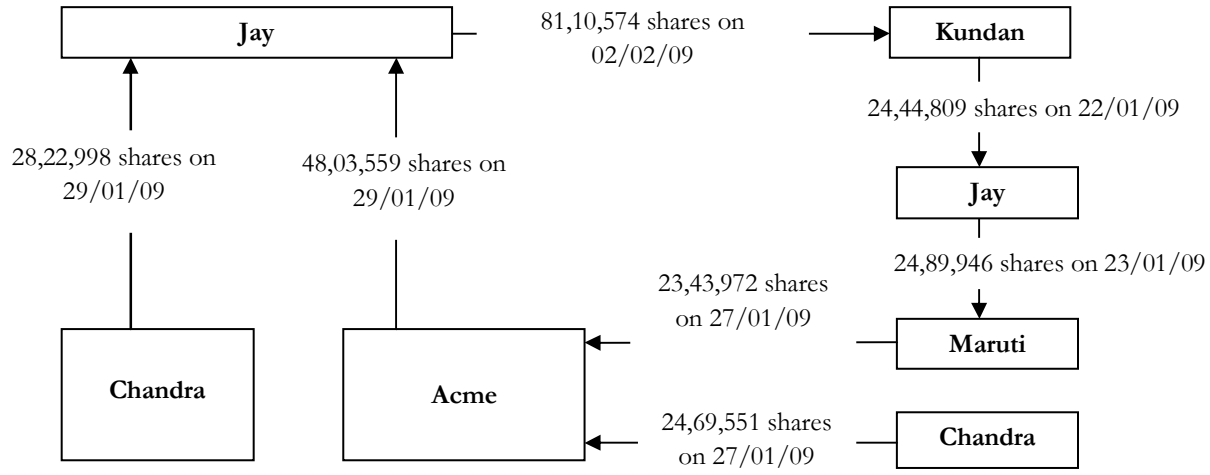
(b) Trades among *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* during January - February 2009

Table-XVIII

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity
22-Jan-09	Jay	CJ Dalal	Krishvi	Kundan	24,44,809

23-Jan-09	Maruti	CJ Dalal	Krishvi	Jay	24,89,946
27-Jan-09	Acme	CJ Dalal	Krishvi	Chandra	24,69,551
27-Jan-09	Acme	CJ Dalal	Krishvi	Maruti	23,43,973
29-Jan-09	Jay	CJ Dalal	Krishvi	Acme	48,03,559
29-Jan-09	Jay	CJ Dalal	Krishvi	Chandra	28,22,998
02-Feb-09	Kundan	CJ Dalal	Krishvi	Jay	81,10,574

The above trades can be pictorially presented as under:-



43. From the above transactions, I find a pattern of circular trading amongst *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme* in this scrip also as found in respect of other scrips as discussed above.

44. During investigation period, these entities had also traded in 1,77,59,435 shares of the scrip in the following manner:-

Table-XIX -Synchronized Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
9-Jul-08	136	4.19	15:29:59	15:29:52	800000	4.19	Chandra	Krishvi	CJ Dalal	Maruti	796501	15:29:58	800000	4.19	0:00:06	0	0.00
11-Jul-08	254	4.17	15:51:38	15:51:34	300000	4.17	Acme	Krishvi	CJ Dalal	Maruti	299500	15:51:38	300000	4.17	0:00:03	0	0.00
30-Jul-08	248	4.04	15:47:30	15:47:29	600000	4.04	Chandra	Krishvi	CJ Dalal	Maruti	589800	15:47:23	600000	4.04	0:00:06	0	0.00
14-Aug-08	287	3.90	14:21:56	14:21:56	500000	3.9	Kundan	Krishvi	CJ Dalal	Chandra	300251	14:21:35	500000	3.9	0:00:21	0	0.00
14-Aug-08	291	3.90	14:22:01	14:21:56	500000	3.9	Kundan	Krishvi	CJ Dalal	Chandra	199746	14:22:00	500000	3.9	0:00:05	0	0.00
14-Aug-08	315	3.90	14:28:12	14:28:11	100000	3.9	Kundan	Krishvi	CJ Dalal	Chandra	87743	14:28:05	100000	3.9	0:00:06	0	0.00
26-Aug-08	89	3.84	13:32:44	13:32:44	100000	3.84	Jay	CJ Dalal	Krishvi	Maruti	100000	13:32:44	100000	3.84	0:00:00	0	0.00

26-Aug-08	90	3.84	13:32:58	13:32:57	50000	3.84	Jay	CJ Dalal	Krishvi	Maruti	50000	13:32:57	50000	3.84	0:00:00	0	0.00
26-Aug-08	91	3.84	13:33:08	13:33:08	75000	3.84	Jay	CJ Dalal	Krishvi	Maruti	75000	13:33:08	75000	3.84	0:00:00	0	0.00
26-Aug-08	92	3.84	13:33:19	13:33:19	80000	3.84	Jay	CJ Dalal	Krishvi	Maruti	80000	13:33:19	80000	3.84	0:00:00	0	0.00
26-Aug-08	93	3.84	13:33:31	13:33:31	60000	3.84	Jay	CJ Dalal	Krishvi	Maruti	60000	13:33:30	60000	3.84	0:00:01	0	0.00
26-Aug-08	94	3.84	13:33:44	13:33:44	100000	3.84	Jay	CJ Dalal	Krishvi	Maruti	100000	13:33:43	100000	3.84	0:00:01	0	0.00
26-Aug-08	95	3.84	13:33:52	13:33:52	35000	3.84	Jay	CJ Dalal	Krishvi	Maruti	35000	13:33:52	35000	3.84	0:00:00	0	0.00
28-Aug-08	287	3.49	15:17:59	15:17:59	100000	3.49	Chandra	CJ Dalal	Krishvi	Maruti	1000000	15:17:53	100000	3.49	0:00:06	0	0.00
1-Sep-08	246	3.29	14:08:00	14:07:59	100000	3.29	Kundan	CJ Dalal	Pravin	Chandra	100000	14:07:57	100000	3.29	0:00:03	0	0.00
1-Sep-08	250	3.32	14:20:36	14:20:36	100000	3.32	Kundan	CJ Dalal	Pravin	Chandra	100000	14:20:32	100000	3.32	0:00:04	0	0.00
1-Sep-08	262	3.29	14:33:07	14:33:06	100000	3.29	Kundan	CJ Dalal	Pravin	Chandra	100000	14:33:05	100000	3.29	0:00:01	0	0.00
1-Sep-08	271	3.28	14:39:21	14:39:21	100000	3.28	Kundan	CJ Dalal	Pravin	Chandra	99806	14:39:18	100000	3.28	0:00:03	0	0.00
1-Sep-08	276	3.29	14:51:10	14:51:09	100000	3.29	Kundan	CJ Dalal	Pravin	Chandra	100000	14:50:58	100000	3.29	0:00:11	0	0.00
1-Sep-08	295	3.33	15:10:34	15:10:34	120000	3.33	Kundan	CJ Dalal	Pravin	Chandra	120000	15:10:29	120000	3.33	0:00:05	0	0.00
1-Sep-08	374	3.48	15:16:32	15:16:17	100000	3.48	Kundan	CJ Dalal	Pravin	Chandra	22859	15:16:31	100000	3.48	0:00:14	0	0.00
4-Sep-08	179	3.76	15:26:05	15:26:00	500000	3.76	Maruti	Pravin	Krishvi	Kundan	450160	15:26:05	500000	3.76	0:00:04	0	0.00
4-Sep-08	183	3.76	15:26:31	15:26:26	150000	3.76	Maruti	Pravin	Krishvi	Kundan	100162	15:26:30	150000	3.76	0:00:04	0	0.00
4-Sep-08	185	3.76	15:27:12	15:26:26	150000	3.76	Maruti	Pravin	Krishvi	Kundan	49837	15:27:11	150000	3.76	0:00:45	0	0.00
4-Sep-08	187	3.76	15:27:12	15:27:06	150000	3.76	Maruti	Pravin	Krishvi	Kundan	95163	15:27:11	150000	3.76	0:00:05	0	0.00
10-Sep-08	108	4.16	13:04:29	13:04:28	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	100000	13:04:19	100000	4.16	0:00:09	0	0.00
10-Sep-08	109	4.16	13:04:42	13:04:42	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	100000	13:04:35	100000	4.16	0:00:06	0	0.00
10-Sep-08	110	4.16	13:04:55	13:04:55	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	100000	13:04:48	100000	4.16	0:00:06	0	0.00
10-Sep-08	112	4.16	13:05:08	13:05:08	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	90000	13:05:01	100000	4.16	0:00:07	0	0.00
10-Sep-08	113	4.16	13:05:22	13:05:08	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	10000	13:05:21	100000	4.16	0:00:13	0	0.00
10-Sep-08	114	4.16	13:05:26	13:05:25	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	90000	13:05:21	100000	4.16	0:00:05	0	0.00
10-Sep-08	115	4.16	13:05:38	13:05:25	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	10000	13:05:38	100000	4.16	0:00:13	0	0.00
10-Sep-08	116	4.16	13:05:43	13:05:42	100000	4.16	Maruti	CJ Dalal	CJ Dalal	Kundan	90000	13:05:38	100000	4.16	0:00:04	0	0.00
10-Sep-08	128	4.15	13:08:55	13:08:54	20000	4.15	Maruti	CJ Dalal	CJ Dalal	Kundan	19000	13:08:49	20000	4.15	0:00:05	0	0.00
10-Sep-08	129	4.14	13:09:22	13:09:21	10000	4.14	Maruti	CJ Dalal	CJ Dalal	Kundan	10000	13:09:16	10000	4.14	0:00:06	0	0.00
6-Oct-08	232	5.00	16:11:49	16:11:48	2000000	5	Maruti	CJ Dalal	Krishvi	Chandra	1923211	16:11:08	2000000	5	0:00:41	0	0.00
23-Oct-08	206	3.27	14:31:37	14:31:37	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	476114	14:30:59	500000	3.27	0:00:38	0	0.00
23-Oct-08	207	3.27	14:31:42	14:31:42	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	23886	14:30:59	500000	3.27	0:00:43	0	0.00
23-Oct-08	208	3.27	14:31:42	14:31:42	500000	3.27	Acme	CJ Dalal	Lalkar	maruti	476114	14:31:14	500000	3.27	0:00:28	0	0.00
23-Oct-08	210	3.27	14:31:48	14:31:47	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	23885	14:31:14	500000	3.27	0:00:33	0	0.00
23-Oct-08	211	3.27	14:31:48	14:31:47	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	476115	14:31:30	500000	3.27	0:00:18	0	0.00
23-Oct-08	212	3.27	14:31:53	14:31:53	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	23885	14:31:30	500000	3.27	0:00:23	0	0.00
23-Oct-08	213	3.27	14:31:53	14:31:53	500000	3.27	Acme	CJ Dalal	Lalkar	Maruti	476115	14:31:45	500000	3.27	0:00:08	0	0.00
5-Nov-08	812	2.59	15:25:31	15:25:15	500000	2.59	Chandra	SPS	CJ Dalal	Maruti	497500	15:25:31	500000	2.59	0:00:16	0	0.00
22-Jan-09	402	0.67	13:10:11	13:10:11	2500000	0.67	Jay	CJ Dalal	Krishvi	Kundan	2444809	13:09:53	2500000	0.67	0:00:17	0	0.00
16-Feb-09	579	0.52	10:42:45	10:42:45	800000	0.52	Kundan	CJ Dalal	CJ Dalal	Chandra	592083	10:42:33	800000	0.52	0:00:11	0	0.00
19-Feb-09	578	0.44	13:43:39	13:43:39	1100000	0.44	Kundan	CJ Dalal	Krishvi	Chandra	1066850	13:43:27	1100000	0.44	0:00:12	0	0.00

24-Feb-09	569	0.45	12:56:01	12:55:54	500000	0.45	Chandra	CJ Dalal	Krishvi	Acme	240500	12:56:00	500000	0.45	0:00:06	0	0.00
26-Feb-09	18	0.42	10:00:45	10:00:44	2496450	0.42	Jay	CJ Dalal	Krishvi	Chandra	2485940	10:00:45	2496450	0.42	0:00:01	0	0.00
27-Feb-09	102	0.43	10:13:35	10:13:16	1000000	0.43	Chandra	CJ Dalal	Krishvi	Jay	801900	10:13:34	1000000	0.43	0:00:18	0	0.00

45. From the above transactions, I find that in those trades the difference in the quantity, and price was zero and difference in time between buy and sell orders was almost negligible, maximum being 45 seconds. These trades were, thus, synchronized with respect to quantity, price and time of trade amongst *Chandra*, *Kundan*, *Jay*, *Maruti* and *Acme*.

46. *Chandra* and *Kundan* had also executed following trades through trading members CJ Dalal and Krishvi:-

Table-XX Reversed Trades:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
4-Feb-09	Chandra	CJ Dalal	Krishvi	Kundan	74,14,942
6-Feb-09	Kundan	CJ Dalal	Krishvi	Chandra	65,00,000
10-Feb-09	Chandra	CJ Dalal	Krishvi	Kundan	52,96,814
12-Feb-09	Kundan	CJ Dalal	Krishvi	Chandra	60,00,000

47. From the above Table I find that there is clear pattern of reversal of trades (as A>B>A) in the above transactions between *Chandra* and *Kundan.*

48. I also note that *HSM* received 7,00,000 shares and 8,00,000 shares of '*Cals*' in 'off-market' on July 15, 2008 from *Jay* and *Chandra*, respectively. Thereafter, *HSM* sold these shares in 'market' in 8 trading sessions out of which 2,04,741 shares were sold to the '*connected clients*'. The details of 'off-market' and 'market' transactions done by these entities in this scrip are as under:

Table XXI- Off Market Transactions:

Execution Date	Buyer Name	Seller Name	Quantity
15-Jul-08	HSM	Chandra	8,00,000
15-Jul-08	HSM	Jay	7,00,000

Table XXII- Market Transactions:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
22-Aug-08	Acme	Krishvi	Indiabulls Sec.	HSM	1,00,000
29-Aug-08	Chandra	Krishvi	Indiabulls Sec.	HSM	41,596

1-Sep-08	Kundan	C. J. Dalal	Indiabulls Sec.	HSM	63,145
5-Nov-08	Maruti	C. J. Dalal	Indiabulls Sec.	HSM	26,648
12-Nov-08	Maruti	C. J. Dalal	Indiabulls Sec.	HSM	20,000
12-Nov-08	Maruti	Krishvi	Indiabulls Sec.	HSM	104
1-Dec-08	Chandra	Pravin V. Shah	Indiabulls Sec.	HSM	33,110
4-Dec-08	Chandra	Pravin V. Shah	Indiabulls Sec.	HSM	71,747

49. Similarly, *HSM* also received 6,75,000 shares from *Chandra* on October 7, 2008 and 10,00,000 shares from *Kundan* on October 24, 2008 in 'off-market'. These shares were then sold by *HSM* in 'market' in 13 trading sessions out of which 1,51,609 shares were sold to the '*connected clients'*.

50. I find from the aforesaid transactions that *HSM* had executed reversal of trades with the *'connected clients'* and by these trades they have created artificial volume in the scrip of '*Cals'*. The noticees have denied that the aforesaid transactions were by way of reversal of trades. In my view, the above trades were amongst the *'connected clients'* and though the quantity of shares bought and sold did not match exactly, the probability of these transactions being reversed trades between *HSM* and these '*connected clients'* as part of premeditated plan /device and artifice to create artificial volume in the scrip, cannot be ruled out.

In the scrip of '*SPSL'*

51. During the investigation period, *Chandra*, *Kundan* and *Maruti* had traded in the scrip of *SPSL* in the following manner:-

Table-XXIII Synchronized Trades:

Trade Date	Trade No	Trade Rate	Trade Time	Order Time	Order Qty	Order Rate	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
10-Oct-07	1540	434.00	12:45:09	12:45:08	35000	434.00	Chandra	CJ Dalal	CJ Dalal	Maruti	35000	12:45:07	35000	434.00	00:00:01	0	0.00
5-Nov-07	1709	360.00	13:58:32	13:57:48	15000	360.00	Chandra	CJ Dalal	Pravin	Maruti	13549	13:58:32	15000	360.00	00:00:44	0	0.00
14-Jan-08	669	392.50	13:50:40	13:50:39	25000	392.50	Chandra	Krishvi	CJ Dalal	Maruti	25000	13:50:40	25000	392.50	00:00:01	0	0.00
14-Jan-08	715	391.50	13:54:22	13:54:21	20000	391.50	Chandra	Pravin	CJ Dalal	Maruti	20000	13:54:22	20000	391.50	00:00:01	0	0.00
14-Jan-08	718	391.50	13:54:41	13:54:40	3000	391.50	Chandra	Pravin	CJ Dalal	Maruti	3000	13:54:41	3000	391.50	00:00:01	0	0.00
14-Jan-08	722	391.00	13:55:52	13:55:50	7000	391.00	Chandra	Pravin	CJ Dalal	Kundan	7000	13:55:51	7000	391.00	00:00:01	0	0.00
14-Jan-08	723	391.00	13:56:06	13:56:04	10000	391.00	Chandra	Pravin	CJ Dalal	Kundan	10000	13:56:06	10000	391.00	00:00:02	0	0.00
15-Jan-08	635	379.00	14:47:55	14:47:54	10000	379.00	Kundan	CJ Dalal	Pravin	Chandra	10000	14:47:54	10000	379.00	00:00:00	0	0.00
15-Jan-08	636	379.00	14:48:16	14:48:16	10000	379.00	Kundan	CJ Dalal	Pravin	Chandra	10000	14:48:05	10000	379.00	00:00:11	0	0.00

15-Jan-08	638	378.50	14:48:38	14:48:37	10000	378.50	Kundan	CJ Dalal	Pravin	Chandra	10000	14:48:29	10000	378.50	00:00:08	0	0.00
30-Jan-08	56	324.00	10:33:39	10:33:38	25000	324.00	Maruti	CJ Dalal	Lalkar	Chandra	24138	10:33:29	25000	324.00	00:00:09	0	0.00
30-Jan-08	58	324.00	10:33:54	10:33:54	25000	324.00	Maruti	CJ Dalal	Lalkar	Chandra	860	10:33:29	25000	324.00	00:00:25	0	0.00
30-Jan-08	151	324.00	10:47:41	10:47:41	25000	324.00	Maruti	CJ Dalal	Lalkar	Chandra	24690	10:47:12	25000	324.00	00:00:29	0	0.00
30-Jan-08	162	324.00	10:49:14	10:49:14	25000	324.00	Maruti	CJ Dalal	Lalkar	Chandra	24169	10:48:53	25000	324.00	00:00:21	0	0.00

52. I find that in the trades described in the Table above, the difference in the quantity, and price was nil and difference in time between buy and sell orders was almost negligible, maximum being 44 seconds. These trades were, thus, synchronized with respect to quantity, price and time of trade amongst *Chandra, Kundan* and *Maruti* and contributed substantially to the market volume on those trading days. I find that through these trades *Chandra, Kundan* and *Maruti* had contributed to the total market volume on various days as under:-

Table-XXIV Volume Details:

Date	Synchronized volume of clients	Total Market Volume	Synchronized Volume as % to Market Volume
10-Oct-07	35,000	5,17,350	6.77%
5-Nov-07	13,549	2,45,590	5.52%
14-Jan-08	65,000	2,10,684	30.85%
15-Jan-08	30,000	1,26,384	23.74%
30-Jan-08	73,857	1,58,963	46.46%

53. I further note that during the investigation period, *HSM* and *Maruti* had indulged in certain other trades between themselves as described below

Table-XXV Market Transactions:

Trade Date	**Buy Client Name**	**Buy Member Name**	**Sell Member Name**	**Sell Client Name**	**Traded Qty.**	**Market Volume**	**% Market Volume**
19-Oct-07	HSM	Indiabulls Sec.	CJ Dalal	Maruti	99,975	3,11,316	32.11%
26-Oct-07	HSM	Indiabulls Sec.	CJ Dalal	Maruti	23,343	3,16,862	7.37%
29-Oct-07	HSM	Indiabulls Sec.	CJ Dalal	Maruti	40,394	5,04,963	8.00%
29-Oct-07	HSM	Indiabulls Sec.	Pravin Shah	Maruti	19,990	5,04,963	3.96%
19-Dec-07	HSM	Indiabulls Sec.	CJ Dalal	Maruti	40,497	5,64,931	7.17%
20-Dec-07	Maruti	CJ Dalal	Indiabulls Sec.	HSM	26,705	9,53,077	2.80%
31-Dec-07	Maruti	CJ Dalal	Indiabulls Sec.	HSM	35,367	3,03,407	11.66%
2-Jan-08	HSM	Indiabulls Sec.	CJ Dalal	Maruti	79,833	12,16,050	6.56%

54. I observe that *HSM* bought 2,24,199 shares from *Maruti* and sold 62,072 shares to *Maruti*. Then *HSM* again bought 79,833 shares from *Maruti*. Thus, I find that *HSM* had executed reversal of trades with *Maruti* and by these trades they have created artificial volume in the scrip of '*SPSL*'. The noticees have denied that the aforesaid transact*ions be*twee*n HSM* and *Maruti* were by way of reversal of trades. In my view, the above trades were amongst the *'connected clients'* and though the quantity of shares bought and sold did not match exactly, the probability of these transactions being reversed trades between these '*connected clients'* as part of premeditated plan /device and artifice to create artificial volume in the scrip, is high.

55. I also note that on October 24, 2007, *Maruti* sold 1,46,808 shares to another connected client Beejay Investment & Financial Consultants P. Ltd. ('*Beejay*') and on October 29 and 30, 2007 bought back 89,727 shares and 78,204 shares respectively from *Beejay* in a purportedly reversal of trades. These transactions are as under:-

Table-XXVI Reversed Trades:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Traded Quantity
24-Oct-07	Beejay	Globe Cap.	CJ Dalal	Maruti	1,46,808
29-Oct-07	Maruti	CJ Dalal	Globe Cap.	Beejay	89,727
30-Oct-07	Maruti	CJ Dalal	Globe Cap.	Beejay	78,204

56. I note that *Maruti* had executed reversal of transactions with Beejay and have created artificial volume in the scrip of SPSL.

57. The provisions PFUTP Regulations which are alleged to have been violated by the noticees are reproduced below:

PFUTP REGULATIONS .

"3. Prohibition of certain dealings in securities

No person shall directly or indirectly-

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under."

4. Prohibition of manipulative, fraudulent and unfair trade practices

"(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

(c).....

(d).....

(e) any act or omission amounting to manipulation of the price of a security;

(f).....

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security."

58. In the facts and circumstances of this case, there is a need to look into the matter holistically. On careful examination of the trades of the *Maniar group* and *Maruti* in the five scrips, I note that these entities by trading amongst themselves and with *Acme* through circular/synchronized/reversal trades have created artificial volumes in these five scrips. I am of the opinion that the above trades of the noticee are of too much of a coincidence in anonymous screen based trading system. Such transactions are possible only through coordinated and deliberate synchronization of orders by the involved parties. I find that such repeated matching of time, rate and quantity in anonymous screen based trading could be possible only with the involvement of the noticees. I, therefore, find that entering into such circular, synchronized and reversed trades is an attempt to tamper with the free, fair and transparent price discovery system of the stock exchange. Such practices where the transactions are put in with a premeditated understanding, have potential to distort the price discovery process at the stock exchange and disturbs the market equilibrium.I have taken into account the following observations of Hon'ble SAT in its order dated December 13, 2010 in *Appeal no. 190/2010 - Ajmera Associates Pvt. Ltd. Vs. SEBI* :

> *"... It is not in dispute that the trading system that we have on the stock exchanges is a blind trading system which maintains complete anonymity of the persons trading. The broker while executing an order (buy or sell) cannot possibly know at the time of placing the order through the*

system as to who the counter party is or even the counter party broker. In other words, the trading system does not permit the buyers and the sellers to have any interaction between them except through the trading system. A buy order placed on the system matches with a sell order and a trade comes to be executed and this matching is done by the system on a price time priority basis. Despite the anonymity of the system, we have seen market players and the intermediaries like the brokers executing manipulative trades by defeating the system and this is usually done by placing the buy and sell orders simultaneously for the same amount and at the same price. Such matching orders usually result in trades in comparatively less liquid scrips. This being the system, it sometimes becomes difficult to find out whether the brokers who execute the trades of their clients and who are expected to carry out their directions are also a party to the mischief. If the broker knew at the time of executing the trade what the client was upto, then obviously he is a party to the mischief. Since the trading system maintains complete anonymity, brokers always plead that they were ignorant about the counter party or his broker. In such a situation one has to look to the trading pattern and if the trades match too often or if the matching of the trades is noticed day after day and trade after trade, one can infer that the matching was done not by the system but by manipulating the same....."

…….(Emphasis supplied)

59. In the screen based trading the manipulative or fraudulent intent can be inferred from various factors such as conduct of the party, pattern of transactions, etc. Such intention may be demonstrated from the attending circumstances as observed by Hon'ble SAT in *Ketan Parekh Vs. SEBI, Appeal no. 2/2004* decided on July 14, 2006 in the following words-

"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, ..., the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

60. In the instant case, the nature of transactions, volume of the transactions and the frequency with which these transactions were undertaken by the noticees who were connected with each other cannot but lead to the conclusion that the aforesaid transactions in the five scrips were undertaken by the noticees for creation of artificial volume to give false or misleading appearance of trading in these scrips without intention of change in beneficial ownership.

61. I note that trading amongst the '*connected clients' in the five scrips* had impacted the market volume in the five scrips as under:

(a) In the scrip of '*Temptation'*, during the period from March 2007 to July 2007 (when '*connected clients*' did not have any significant trading volume), the average monthly traded quantity of the scrip on BSE was 71,580 shares whereas, during August 2007 to February 2009, when the '*connected clients'* had started trading significantly, the average monthly traded quantity increased to 12,14,133 shares. Thus, there was 17 times increase in average monthly traded quantity when '*connected clients*' were trading in the scrip. Out of the average monthly traded quantity of 12,14,133 shares during August 2007 to February 2009, as much as 5,08,158 shares (constituting 41.85% of market traded quantity) were contributed by the '*connected clients*'.

(b) During the investigation period of '*Bang*', the volume contributed by the '*connected clietns'* was 1,52,37,202 shares where as the market volume during this period was 2,65,70,064 shares i.e. 57.34%.

(c) In the scrip of *Confidence*, during January - December 2007 the average monthly traded volume on BSE was 52,52,464 shares out of which '*connected clients*' contributed 3,20,204 shares. During January 2008 - February 2009, the average monthly traded volume on BSE increased to 1,09,09,469 shares out of which '*connected clients*' contributed 45,25,728 shares. The average traded volume on BSE increased by 56,57,005 shares (i.e. 1,09,09,469 minus 52,52,464). The average traded volume of '*connected clients*' increased by 42,05,524 shares (i.e. 45,25,728 minus 3,20,204). Thus, 75% of the increase in BSE traded volume happened because of increase in traded volumes by '*connected clients*'. The trades of the '*connected clients*' constituted as much as 41.48% of the total traded quantity on BSE during the period January 2008 – February 2009.

(d) In the scrip of *Cals*, the '*connected clients*' started trading from May 27, 2008, before which there was no trading by them since January 1, 2008. The market traded volume increased from 5,60,300 shares (January 2008 – April 2008) to 9,53,16,382 shares (June 2008 – February 2009) i.e. about 170 times. Since the stock of *Cals* got split into 10:1 on May 30, 2008 (the exchange trading post split was effective from trade date of May 28, 2008) the number of shares traded post-split could logically be about 10 times more than the traded volume during pre-split period. But in this case, the traded volume went up by 170 times.

(e) In the scrip of *SPSL*, during January 2007 to August 2007, when '*connected clients*' contributed an average monthly volume of 750 shares, the BSE average monthly traded volume was 31,29,088 shares. Thereafter, during September

2007 to February 2008, the average monthly volume contributed by the '*connected clients*' increased to 30,23,651 shares while the BSE traded volume increased to 75,44,070 shares i.e. when average volume of the '*connected clients*' increased by 30,22,901 shares (30,23,651 minus 750), the average volume of BSE increased by 44,14,982 shares (75,44,070 minus 31,29,088). In other words, as much as 68% (30,22,901 divided by 44,14,982) of the increase in market volume was contributed by '*connected clients*'.

62. As discussed above, amongst the '*connected clietns',* the trading of *Maniar group* and *Maruti* were substantial and significant in the five srips. The details of market volume and contributions of *Maniar group* and *Maruti* in the five scrips during the relevant investigation periods are mentioned below:

Table- XXVII Volume of Maniar group and Maruti

Sr. no.	**Name of scrip**	**Market volume during investigation period**	**Contribution of *Maniar Group***	**Contribution of *Maruti***
1.	*Confidence*	63276288	29675242 (46.90%)	26597989 (42.03%)
2.	*Bang*	26528074	9184689 (34.62%)	7606530 (28.67%)
3.	*Cals*	857847441	293401667 (34.20%)	164917043 (19.22%)
4.	*SPSL*	16561284	1282768 (7.74%)	12482242 (75.37%)
5.	*Temptation*	23068520	1331436 (5.77%)	758958 (3.29%)

63. The noticees have submitted that off-market transactions do not create any artificial volume or impact market price or volume in any way. I have already held above that off -market transactions in this case were done to camouflage the nature of trades that were clearly circular. I also find that even if the quantity traded in off- market transactions are excluded, the total traded volume of the noticees are substantial.

64. The noticees have further submitted that there has been transfer of beneficial ownership as all sales have been backed by delivery. I, note that the shares sold by one connected client were bought by another connected client and in turn were received back by the seller through circular /reversed trades. Further, the shares traded through synchronized trades remained with one or the other connected client. I am, therefore, of the view that there has been no intention to transfer beneficial ownership pursuant to trades in the

five scrips amongst the connected clients. Moreover, the trades in question cannot be said to be genuine, under the facts and circumstances of this case, even if the trades in question were backed by payment and delivery of shares.

65. I note that in the SCNs it has also been alleged that the *Maniar group* and *Maruti* had manipulated the price of the scrips of '*Bang*', '*Confidence', 'Cals'* and '*SPSL*'. The noticees have contended that only selective trades that were executed at price higher than the LTP is not conclusive to establish the charge of price manipulation as alleged in the SCNs. In this regard, they have relied upon the following observations of the Hon'ble SAT in its order dated July 14, 2006 in the matter of *Ketan Parekh Vs. SEBI* :-

> "*The charge leveled against the appellant therein was that he had indulged in manipulating upwards the price of the scrip of Lupin Laboratories Ltd. and the same was established on the basis of charts showing that buy orders had been placed at prices higher that the last traded price. While reversing the order of the Board, this Tribunal observed that merely because some buy orders had been placed at a price higher that the last traded price in the scrip would not lead to the inference that the price was being manipulated upwards. It could indicate the desire of the appellant to purchase the shares and it is with that object in view that he may put in buy orders at the higher rate. The Board did not challenge the finding recorded by the Tribunal.*"

66. I find from Annexure to the SCNs that the total trades executed by the noticees at the price higher than LTP are less than the total trades executed by them at price lower than LTP and at the LTP. For instance, in the scrip of '*Bang*', during the period March 17, 2008 to June 17, 2008, I note that *Chandra, Kundan, Jay* and *HSM* had traded for 16,56,970 shares in 3,028 trades which were executed at LTP or at price lower than LTP as compared to 8,51,006 shares in 794 trades at price higher than LTP. I also note that *Maruti* had traded for 15,99,725 shares in 8,807 trades which were executed at LTP or at price lower than LTP as compared to 7,68,144 shares in 1,573 trades at price higher than LTP. Similarly, in the scrip of '*Confidence*', during the period March 18, 2008 to May 22, 2008, I note that *Chandra, Kundan and Jay* had traded for 26,10,852 shares in 550 trades which were executed at or price lower than the LTP as compared to 5,21,110 shares in 142 trades at price higher than LTP. I also note that *Maruti* had traded for 25,98,652 shares in 572 trades which were executed at LTP or at price lower than LTP as compared to 7,49,169 shares in 231 trades at price higher than LTP. From these facts, I find that the *Chandra, Kundan, Jay, HSM* and *Maruti* placed more shares and orders at LTP or at price lower than LTP than at price higher than LTP. Hence, the charge of price manipulation does not stand established. I, therefore, find that with regard to the

allegations of manipulation of price under regulations 4(2) (b) and (e) of PFUTP, as observed above, there is no substantial evidence in the SCNs to establish the alleged violation.

67. I, however, find that *Chandra, Kundan, Jay, HSM* and *Shanti* along with *Maruti* and *Acme* have executed trades with a pre-determined game plan to match the trades which were not genuine transactions. These circular, reversed and synchronized trades carried out by the *Maniar group* and *Maruti* were undertaken for creation of artificial volumes in the scrips of '*Temptation', 'Bang', 'Confidence', 'Cals'* and '*SPSL'* to give false or misleading appearance of trading in these scrips without the intention of transfer of beneficial ownership. *Mr. Harsh Shirish Maniar* and *Mr. Jay Shirish Maniar* being common and only directors in these entities namely *Chandra, Kundan, Jay, HSM* and *Shanti* were in charge of the day to day management of these companies and are, therefore, liable and responsible for all the acts and commissions of these entities Similarly, *Mr. K Varadarajan* being director of *Maruti* is liable and responsible for all the acts and commissions of *Maruti.*

68. In view of the above, I find that *Maniar group*, *Maruti* and *Mr. K Varadarajan* have violated regulations 3(a) (b), (c) and (d) and 4(1), 4(2) (a) and (g) of the PFUTP Regulations while carrying on trades in the scrips of '*Temptation'*, '*Bang'*, '*Confidence'*, '*Cals'* and '*SPSL'* during the relevant investigation periods.

69. I also note that the interim order was passed by SEBI on June 04, 2009 which was later confirmed on September 18, 2009 and September 30, 2009 vide which *Maniar group* and *Maruti* respectively were restrained from accessing the securities market. Thus, the *Maniar group* and *Maruti* have already undergone the restraint for more than three years. Considering the quantum of transactions undertaken by *HSM* and *Shanti,* in my view, the period of restraint already undergone by them vide the said orders is sufficient for the violations committed by them. However, in respect of *Chandra, Kundan, Jay, Mr. Harsh Shirish Maniar, Mr. Jay Shirish Maniar* and *Maruti,* in my view, considering the facts and circumstances of the case and quantum of trading done by them, restraining them from buying, selling and dealing in securities and accessing the securities market for a period of four years from the date of the interim order dated June 04, 2009 would be appropriate for the violations committed by them. *Mr. K. Varadarajan* was not covered in the interim order dated June 04, 2009. Restraining *Mr. K Varadarajan* from buying, selling and dealing in securities and accessing the securities market for a period of three years from the date of this order would be appropriate in the present facts and circumstances of the case.

70. In view of the foregoing, I, in exercise of the powers conferred upon me by virtue of section 19 read with sections 11, 11(4) and 11B of the Securities and Exchange Board of India Act, 1992 and regulation 11 of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, I, hereby issue the following directions:

(a) restrain the following entities from accessing the securities market and further prohibit them from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner till June 03, 2013 :-.

(i) Chandra Financial Services P. Ltd. (PAN: AABCC5331Q)
(ii) Kundan Leasing & Finvest P. Ltd. (PAN: AAACK7448R)
(iii) Jay Investrade P. Ltd. (PAN: AAACJ5150H)
(iv) Mr. Harsh Shirish Maniar (PAN: AABPM3940R)
(v) Mr. Jay Shirish Maniar (PAN: AMKPM0946R)
(vi) Maruti Securities Ltd. (PAN: AABCM3651M)

(b) restrain Mr. K. Varadarajan (PAN: ADOPK6730C) from accessing the securities market and further prohibit him from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner for a period of three years from the date of this order.

(c) The directions passed by SEBI vide orders dated June 04, 2009 and September 18, 2009 against HSM Financial Services P. Ltd. and Shanti Financial Services P. Ltd. shall be discontinued.

71. Show Cause Notices dated July 05, 2011 and July 12, 2009 issued to the noticees are accordingly disposed of.

72. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the direction given in para 70 above are complied with.

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

DATE :September 25th, 2012
PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA