

**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, Confidence Petroleum India Limited, Cals Refineries Limited and Shree Precoated Steels Limited (now known as Ajmera Realty & Infra India Limited).

In respect of:

1. Beejay Investments & Financial Consultants Pvt. Ltd. (PAN:AABCB0832B)
2. Flex Trade P. Ltd. (PAN: AAACF6723A)
3. Mr. Sudhir Jain (PAN: AEUPJ6167K)
4. Ms. Rashmi Jain (PAN: ABBPL1283E)

Appearances:

For Mr. Sudhir Jain : Mr. Aditya Bhansali, and
Mr. Manish Chhangani.

For Beejay, Flex and : Mr. Balveer Singh, and
Ms. Rashmi Jain Mr. Ashok Kumar Sharma.

For SEBI: Mr. Santosh Kumar Shukla, Joint Legal Advisor
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 scrips namely Temptation Foods Limited ('*Temptation*'), Bang Overseas Limited ('*Bang*'), Confidence Petroleum India Limited ('*Confidence*'), Cals Refineries Limited ('*Cals*') and Shree Precoated Steels Limited (presently known as Ajmera Realty & Infra India Limited) (hereinafter referred to as '*SPSL*'). These scrips have been hereinafter collectively referred to as 'the five scrips'. On examination of the trade data relating to the five scrips, inter-linkages amongst certain entities ('*connected clients*') dealings in these five scrips were noticed in the form of off-market transactions as well as synchronized deals in market. 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 nature was found to have contributed to the increase in the market volume in 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 *Beejay Investments & Financial Consultants Pvt. Ltd. ('Beejay')* and *Mr. Sudhir Jain* from accessing the securities market and further prohibited them from buying, selling or dealing in the securities market, directly or indirectly, till further directions. SEBI passed an order dated January 19, 2010 confirming its earlier order dated June 04, 2009.
3. SEBI conducted investigation into the trading in the shares of the said scrips for the following periods-
 - (a) *Temptation*- for the period August 1, 2007 to February 28, 2009,
 - (b) *Confidence*- for the period January 01, 2008 to February 28, 2009,
 - (c) *Cals* -for the period June 01, 2008 to February 28, 2009,
 - (d) *SPSL* -for the period October 01, 2007 to February 29, 2008.
4. Upon completion of the investigation, SEBI issued a common show cause notice dated August 01, 2011 ('SCN') to *Beejay, Flex Trade Pvt. Ltd. ('Flex')*, *Mr. Sudhir Jain* and *Ms. Rashmi Jain* (hereinafter collectively referred to as 'noticees') under sections 11, 11(4) and 11B of the SEBI Act read with regulation 11 of SEBI (Prohibition of Fraudulent Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') with respect to their trading in the scrips of '*Temptation*', '*Confidence*', '*Cals*' and '*SPSL*'. The SCN alleged that *Beejay* and *Mr. Sudhir Jain* had executed circular, reversal and synchronized trades in the scrips of '*Temptation*', '*Confidence*', '*Cals*' and '*SPSL*' and also manipulated the price of the scrip of '*Temptation*'. It also alleged that *Flex* had executed reversal and synchronized trades in the scrip of '*Temptation*'. Further, *Mr. Sudhir Jain* and *Ms. Rashmi Jain* were the only directors of *Beejay* and *Flex* and were in charge of the day to day management of these companies. The acts of the noticees were, thus, alleged to be in violation of regulations 3(a), (b), (c), (d) and regulations 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations read with sections 12A(a), (b) & (c) of SEBI Act, 1992.
5. *Beejay* and *Mr. Sudhir Jain* vide separate letters dated January 9, 2012 and *Flex* and *Ms. Rashmi Jain* vide separate letters dated January 10, 2012 replied to the SCN and sought an opportunity for personal hearing. Accordingly, an opportunity for personal hearing was

granted to the noticees on March 5, 2012, when the authorized representatives of the noticees appeared before me and made submissions.

6. I note that the submissions of all the noticees are similar/common to a large extent except the trading details. For sake of brevity, the submissions which are common have not been repeatedly mentioned separately for each of the noticees. I also note that Ms. Rashmi Jain has submitted that she had not traded for a single share on any of the exchanges in her personal name as such and she has been charged in capacity of director of *Beejay* and *Flex*. I note that she has herself not made any submission except aforesaid and has enclosed the replies of *Beejay* and *Flex* in her reply to the SCN. The submissions of the remaining noticees *inter alia* are as under:-
- (a) They are not part of the alleged '*connected clients*'.
 - (b) All the transactions carried out by them were genuine, in the ordinary course, carried out on the anonymous screen based order matching system of the exchange and at the prevalent market price. Further, they had traded independently, without acting in concert with anybody including the alleged '*connected clients*'. All the transactions were carried out by them in the securities market with the intention of investing and earning profits and enhancing shareholders value.
 - (c) They did not execute any circular, reversal and synchronized trades in the scrips of '*Temptation*', '*Cals*', '*Confidence*' and '*SPSL*'. They had not manipulated the price of the scrip of *Temptation*.
 - (d) They have also relied upon the judgment of the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Vikas Ganeshmal Bengani Vs. SEBI* and *Ketan Parekh Vs. SEBI* in respect of their contentions.
 - (e) As an NBFC, *Beejay* was having financial dealings with the *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.* and Mr. Harsh Shirish Maniar and Mr. Jay Shirish Maniar who are directors in these companies ('hereinafter collectively referred to as '*Maniar group*'), *Maruti Securities Ltd.* ('*Maruti*'), *Acme Craft P. Ltd.* ('*Acme*'), *Alosha Vanijya P. Ltd.* ('*Alosha*') and *LNS Stock Holdings P. Ltd.* ('*LNS*') in the ordinary course of business.
 - (f) **In the scrip of '*Temptation*'**

I. Beejay

- (i) In the scrip of '*Temptation*' out of whole of the investigation period comprising of 578 days , it has traded from August 2007 to February 2009, comprising

only of 102 days.. The trades were not continuous in nature. All the trades in the scrip of '*Temptation*' were delivery based trades and were in the market. All the deliveries were made by the noticee from its own demat account and were not received or borrowed from any other person. The quantum of its purchase and sales during the relevant period was 6.58% and 4.94% of the BSE volume.

- (ii) *Beejay*'s trading was independent of the trades of *Mr. Sudhir Jain* or *Flex* where he is a director and at no point of time *Beejay* was privy to their trade details and vice versa.
- (iii) *Beejay* had bought 2,87,698 shares (14.35% of the BSE volume) during the investigating period. It had purchased a mere 77,034 shares representing 3.84% of BSE volume during the period at a price above Last Traded Price ('LTP'), 47,438 shares representing 2.37% of BSE volume at price below LTP and 1,63,226 shares representing 8.14% of BSE volume at LTP. Moreover, the counterparties in all our trades were entities other than the alleged "*connected clients*". Thus, its buy trades were with an objective of trading in the scrip and not to manipulate its price. Moreover, all the buy trades had resulted in delivery and were not speculative in nature. Being an active investor, trading in the securities was its major source of income and livelihood. In such circumstances it was natural for it to place orders depending on the prevailing market conditions. While doing so, it was reasonable on its part to place orders at a price above the LTP of the scrip if the prices of the scrip were going up or if the required quantities were not available at the LTP. It may be noted that, admittedly, *Beejay* had placed order at a price below LTP and also at LTP. Therefore, while trading in the ordinary course if orders were placed at a price higher than the LTP, then no adverse inference should be drawn. *Beejay*'s majority of the purchases, both quantity wise and time wise, were at/ or below LTP. Thus, it cannot be alleged that the buy trades contributed significantly to the increase in price of '*Temptation*'.
- (iv) During the period August 01, 2007 to October 17, 2007, based on trades data, *Beejay* had sold 2,54,802 shares. During the period March 19, 2008 to June 19, 2008, it had sold 3,13,185 shares against its purchase of 2,06,453 shares. Sale of shares as a general rule has a moderating effect on price rise. Majority of the trades were at LTP which clarifies the fact that it was executing genuine trades and only due to prevailing conditions the price of the shares of '*Temptation*' went up.

- (v) It has been alleged that *Beejay* had executed synchronized trades with *Mr. Sudbir Jain* on March 27, 2008, February 16, 2008 and November 04, 2008. It is submitted that it had not traded in the scrip of '*Temptation*' on February 16, 2008. Though it had traded on 102 days during the relevant period, trades executed by it only on 2 days allegedly matched with *Mr. Sudbir Jain*, in a way in which SEBI alleges it to be synchronized. It may be further noted that:
- a. In all the trades, there was time difference spanning from 0 seconds to 1 min 46 seconds;
 - b. In most of the trades, there was quantity difference;
 - c. In one instance, there was also price difference;
 - d. There is nothing in the data to show that trades in question were reversal trades.
 - e. The trades were part of *Beejay's* total trade of 26,58,266 shares and represent mere 4.32% of its trade and an insignificant 0.49% of BSE volume during the investigation period.
- (vi) It is denied that *Beejay* had executed synchronized trades or reversal trades as alleged. It is submitted that *Beejay* had carried out trade in the anonymous order matching system of the exchange, wherein it did not get to choose its counter party. The trades which allegedly matched with trades of *Mr. Sudbir Jain*, were in the ordinary course and did not match by design. Based on the aforesaid, no adverse inferences can be drawn against *Beejay*.
- (vii) With regard to allegation of synchronized trade on January 27, 2009 for 9742 shares with '*Acme*', it is submitted that there was time difference of 6 seconds and 258 shares were sold by entities other than '*Acme*'.
- (viii) *Beejay's* trades which allegedly matched with *Flex* were miniscule 3.35% of its trade during the period. All its trades were executed on the anonymous order matching system of the exchange, were in the ordinary course and did not match by design or due to manipulative intent.
- (ix) *Beejay's* trades were independent of the trades of others including its Director *Mr. Sudbi Jain* or other entities where he is a Director. The trades which allegedly matched with trades of *Flex* were isolated transactions spread over a considerable period of time and were not repetitive or frequent.
- (x) In order to establish a case of reversal of trades, one has to prove that exact quantity of shares which the noticees sold should reach back to them. But in this case, while *Beejay* sold 11,348 shares, it bought 77,877 shares. In addition to that, one has also to consider the time gap between the trades. A detailed

perusal of Annexure 12 to the SCN reveals that while *Beejay* had bought shares from *Flex* on December 30, 2008 it sold them to *Flex* on February 12, 2009. . Similarly, *Beejay* allegedly sold 15,000 shares of '*Temptation*' to Mr. Samta Jain and thereafter it allegedly bought 24,000 shares from him. Had they intended to execute reversal of trades they would not have waited for different days and executed trades for different quantities.

- (xi) With regard to the allegation of synchronized trading on July 14, 2008, it is submitted that in all those trades there was time difference spanning from 3 seconds to 10 minutes and 11 seconds. Further, in almost all the trades there was quantity difference and in three instances there was also price difference. Trades in 7000 shares were alleged to be synchronized, which is very negligible quantity in comparison to its total trades.

II. Mr. Sudhir Jain

- (i) In the scrip of '*Temptation*' out of the investigation period comprising of 578 days, *Mr. Sudhir Jain* traded from August 2007 to February 2009, comprising only of 226 days. The trades were not continuous in nature. All the trades in the scrip were delivery based trades and were on the market. All the deliveries were made by the noticee from his own demat account and were not received or borrowed from any other person. The quantum of purchase and sales during the relevant period was 5.51% and 6.34% of the total market volume.
- (ii) During the period August 01, 2007 to October 17, 2007 he had bought mere 24,272 shares (1.21% of the BSE traded volume) at a price above LTP, 15,108 shares (0.75% of BSE traded volume) at a price below LTP and 72,612 shares (3.62% of BSE traded volume) at LTP. Similar was the situation when he had purchased the shares of '*Temptation*' during the period March 19, 2008 to June 19, 2008. Majority of his purchases, both quantity and trade- wise were at or below LTP. Thus, his trades had not contributed significantly to the increase in the price of scrip of '*Temptation*'.
- (iii) With regard to the allegation that he bought 9,100 shares which was 100% of market volume on October 08, 2007, it is submitted that he had a positive view on the stock and the shares were available at price below the previous day closing price of Rs. 213.45.
- (iv) To establish a case of reversal of trade one has to prove that exact quantity of shares which he sold should reach back to him. In this case, while he sold

79000 shares, he bought just 41,693 shares.. In addition to that, one has to consider the time gap also between the trades. A detailed perusal of Annexure 12 of the SCN reveals that, he had bought the shares from *Flex* on different dates like December 04, 2008, December 22, 2008, etc. and had sold the shares again in variable dates like January 07, February 12, 2009, etc.

- (v) It is denied that he had executed any synchronized trade with *Flex*. He had executed all trades on the anonymous order matching system of the exchange, where he does not get to choose his counter party. The trades which allegedly matched with *Flex*, were in the ordinary course. Perusal of Annexure-12 of the SCN shows that on December 18, 2008 *Flex* had placed order for purchase of 23,000 shares out of which only 17,000 was sold by alleged "*connected clients*" including him. Thus, it cannot be a case of synchronization. If synchronization was the objective then all the purchase and sell trades would have matched.

III. Flex

- (i) *Mr. Sudhir Jain* was a director of *Flex* till October 14, 2009 and had ceased to be a director thereafter. Merely on the surmises that one of its past directors was related to some persons does not indicate that it was "*connected client*" as alleged and any inference of connection on this basis is wrong.
- (ii) All the trades in the scrip of '*Temptation*' were delivery based trades and were in the market. All the deliveries were made by *Flex* from its own demat account and were not received or borrowed from any other person.
- (iii) Though its trading had stretched between November 2008 to February 2009, it comprised only of 23 days out of whole of the relevant period comprising of 578 days. The quantum of purchases during the relevant period was 2.22% of the BSE volume and the quantum of sales during the relevant period was 1.56% of the BSE volume. Total number of trades were 49. There was substantial price differences in 17 trades and quantity difference in almost all the trades. The time difference in the trades ranged between 00:00:00 sec to 3 hrs:42min:36sec. Moreover, 9 trades were executed after a time gap exceeding 1 (one) hour. 9 trades had matched in a time period between 5 minutes to 60 minutes and 12 trades were executed in a time period between 30 seconds to 5 minutes. Its volumes were too insignificant for creation of artificial volume.
- (iv) To establish a case of reversal of trade one has to prove that exact amount of shares which the noticees sold should reach back to them. In this case,,

while it bought 79000 shares, it sold just 41,693 shares, . In addition to that one has to consider the time gap also between the trades. A detailed perusal of Annexure 12 of the SCN reveals that, it had sold the shares to *Mr. Sudhir Jain* on different dates like December 04, 2008, December 19, 2008, etc. and had bought the shares again in variable dates like January 07, 2009, February 12, 2009 etc. Had they intended to execute reversal of trades they would not have waited for different days and executed different quantities of shares. Moreover, in order to execute a successful reversal trade it is important to know the counter party. Anonymous order matching system of the exchange does not provide any opportunity to choose one's counterparty. This clearly establishes the fact that there was no reversal of trade, on the contrary, normal, genuine trades were performed in regular manner in the exchange.

(v) The trades which allegedly matched with *Mr. Sudhir Jain*, were in the ordinary course and did not match by design. On December 18, 2008 *Flex* had placed 4 order for purchase of 23,000 shares of '*Temptation*' out of which only 17,000 shares matched with alleged "*connected clients*". Amongst the 4 trades, its trades with *Mr. Sudhir Jain* for 6,200 shares has been alleged to be synchronized. *Flex* was net buyer on that date and it had bought shares based on the seller shown on the screen. Apparently, 800 shares were picked up by entities not forming part of the alleged "*connected clients*". Similar was the case on February 12, 2009 when it had placed 2 orders for purchase of 19,500 shares out of which only 15,848 shares matched with alleged "*connected clients*". Amongst the 2 trades, its trades with *Mr. Sudhir Jain* for 4,500 shares has been alleged to be synchronized. On December 19, 2008, it had purchased a total of 74,882 shares and sold 36,000 shares. Perusal of Annexure-12 of the SCN shows that on December 19, 2008 it had placed 1 order for purchase of 33,000 shares and 1 order for sale of 36,000 shares. Out of the two orders, its sale of 36,000 shares has been alleged to be synchronized. In screen based anonymous order matching system of the exchange, it did not get opportunity to select its counter party. In view of this, the charge of synchronized trading cannot survive in any of its trades as there always exists probability in one or two trades getting matched and they need not be necessarily fictitious or illegal trades. Thus, it cannot be a case of synchronization.

(vi) In order to establish synchronization it is necessary to prove that two contracting parties had struck a deal beforehand, i.e. there was meeting of minds between the two contracting parties. It is submitted that at the time of

executing the transactions under question they were unaware of the identity of the actual seller/buyer and counter party broker and therefore there cannot be any question of meeting of minds. Further, synchronization is *ipso facto* not illegal even under the SEBI Act and SEBI Regulations unless proved illegal (bad) through evidences.

(g) **In the scrip of 'Confidence'**

I. Beejay

- (i) Its buy trades were just 1.06% and sell trades 0.85% of the BSE volume during the investigation period. Moreover, it had traded for just three days in respect of its buy trades and three days in respect of its sell trades during the investigation period spanning for 424 days. Thus, its trading was very insignificant to have any effect on the traded volume on BSE during the investigation period. Further, it had bought all the shares in the screen based anonymous order matching system of the exchange.
- (ii) With regard to allegation of selling 10,00,000 shares to Stupendors in synchronized trade on September 01, 2008, it is submitted that synchronized trading requires prior meeting of minds which is a serious allegation and cannot be proved only by trading pattern but other substantial evidence like phone calls etc. are also required to prove this charge. There is no such proof in this regard.

(h) **In the scrip of 'Cals'**

I. Beejay

- (i) Had it been involved in any manipulation in the four scrips as alleged in the SCN, it would have traded in this scrip also like in other alleged scrips. The mere fact that none of its trades in this scrip have been identified as manipulative, substantiates the rationale as to why it was not part or connected to any group or clients as alleged in the SCN.

II. Mr. Sudhir Jain

- (i) He had bought 30,35,000 shares on 3 days and had sold the same on 3 days out of the investigation period that lasted 9 months. His purchase and sales constituted 0.70% of the BSE volume.

- (ii) A careful perusal of Annexure 19 of the SCN would suggest that on August 26, 2008 he had bought 12,94,495 shares from *Kundan*, 5,81,231 shares from *Maruti* and 43,621 shares from *HSM* amounting to 20,20,000 shares in total. Thereafter, he had sold 20,16,499 shares to *Maruti*.
- (iii) A typical circular trade would appear like $A \rightarrow B \rightarrow C \rightarrow D \rightarrow A$. This implies, A sells 500 shares to B. B sells 500 shares to C. C sells 500 shares to D and D sells 500 shares to A. The pattern of circular trading shows that all the parties involved in the circle should transact in same number of shares, at the same time and the same price. Also all these conditions should be simultaneously present to prove the circular pattern. In the present case, the parties allegedly involved were *Maruti*, *Ms. Anita Dalal*, *Kundan* and *Mr. Sudhir Jain*. Here, *Maruti* sold 16,69,799 shares to *Anita Dalal*. Thereafter, she sold 24,89,450 shares to *Kundan*. Then, *Kundan* sold 12,94,495 shares to *Mr. Sudhir Jain*, and finally *Mr. Sudhir Jain* sold 20,16,499 shares to *Maruti*. In each step of the transaction there was not a single match in the number of shares. Even if time is considered, it shows that *Anita Dalal* bought the shares from *Maruti* on August 12, 2008 and then sold the shares to *Kundan* on August 21, 2008. *Kundan* sold the shares to *Mr. Sudhir Jain* on August 26, 2008 while *Mr. Sudhir Jain* had sold the shares to *Maruti* on September 11, 2008. This depicts that every transactions took place on different dates which show the trends of a normal trade. Thus both the factors i.e. time and number are not applicable in the present case which itself nullifies the allegation of circular trading.
- (iv) He also requested to take into account, that till date since the time of the passing of the *ex parte* order, he has already suffered a ban of 30 months and had suffered both financially and socially.

(i) In the scrip of '*SPSL*'

I. Beejay

- (i) It had bought 9,25,093 shares (2.62% of BSE volume during the investigation period) and sold 7,16,093 shares (2.02% of BSE volume during the investigation period). It had bought 1,31,000 shares and sold 1,87,331 shares on NSE during the investigation period. Out of the investigation period spanning over 152 days, its trades were for just 14 days. Its trades were delivery based in the ordinary course, in the anonymous order matching system of the exchange. Further, there was difference in price in most of the trades and there was substantial difference in quantity in all but 3 trades. There was

substantial time difference ranging from 01 second to 6 minutes and 46 seconds. Therefore, these trades cannot be alleged to be synchronized.

(ii) It has been alleged that its trades on October 24, 2007, October 29, 2007, October 30, 2007, November 06, 2007, November 12, 2007, November 14, 2007 and November 23, 2007 were reversal trades. It had bought 3,90,917 shares from *Maruti* on different dates and sold 2,23,226 shares to *Maruti* on different dates. In the instant case reversal of trades cannot be established as there is a vast difference between the quantity which it allegedly bought from *Maruti* and quantity it allegedly sold to *Maruti*.

(iii) It also requested to take into account, that till date since the time of the passing of the *ex parte* order, it has already suffered a ban of 30 months and had suffered both financially and socially.

7. I have carefully considered the SCN, reply by the noticees and the submissions made during the hearing and all the material available on record.
8. I note from the SCN that *Mr. Sudhir Jain, Ms. Rashmi Jain, Beejay* and *Flex* are related to each other and they are also related to other '*connected clients*' namely Ms. Samta Jain, Ms. Surabhi Jain, Eversight Tradecomm Pvt. Ltd. ('Eversight') and Stupendors Traders P. Ltd. ('Stupendors'). The following facts support their connection amongst themselves:-
 - (a) *Mr. Sudhir Jain* and *Ms. Rashmi Jain* are husband and wife and they are the directors of *Beejay* and *Flex*.
 - (b) Ms. Samta Jain and Ms. Surabhi Jain are sister and niece of *Mr. Sudhir Jain*, respectively.
 - (c) Mr. Adish Jain and Mr. Peeyush Jain are directors of Eversight and relatives of *Mr. Sudhir Jain*.
 - (d) Mr. Vicky Kothari director of Stupendors is brother-in-law of *Mr. Sudhir Jain*.
 - (e) Venture Business Advisors Pvt. Ltd. ('Venture'), a promoter of *Temptation* is a shareholder of Stupendors.
9. Having found the connection amongst various entities as above, I proceed to examine the trades of the noticees in the scrips of '*Temptation*', '*Confidence*', '*Cals*' and '*SPSL*' during relevant investigation period in the following paragraphs.
10. The issues for consideration are whether the trades of the noticees described in the SCN were circular, synchronized and reversed and whether they led to creation of artificial volumes in the respective scrips and price manipulation in the scrip of '*Temptation*' as

alleged in the SCN. 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. In the SCN, it is alleged that during the period August 01, 2007 and October 17, 2007 *Beejay* bought 2,87,698 shares of '*Temptation*' (i.e. 14.35% of the market volume) and *Mr. Sudhir Jain* bought 1,11,992 shares of '*Temptation*' (i.e. 5.59% of the market volume). It is observed that *Beejay*, *Mr. Sudhir Jain* and *Ms. Samta Jain* bought shares in 40 trading days and their buy trades contributed more than 75% to the total market volume on 20 trading days. For instance, on October 8, 2007 *Mr. Sudhir Jain* bought 9,100 shares which was 100% of the market volume on that day.
12. I note that *Beejay* bought 15,18,480 shares and sold 11,39,786 shares of '*Temptation*' during the investigation period. The major counterparty clients for buy trades of *Beejay* were *Mr. Sudhir Jain* (1,62,288 shares), *Flex* (77,877 shares), *Eversight* (73,469 shares), *Ms. Surabhi Jain* (50,700 shares), *Ms. Samta Jain* (26,000 shares), *Chandra* (16,112 shares), *HSM* (11,275 shares) and *Beejay* itself (7,973 shares). Further, the major counterparty clients for sell trades of *Beejay* were *Peanance Commercial Private Ltd. ('Peanance')* (98,745 shares), *Ms. Samta Jain* (15,000 shares), *Flex* (11,348 shares), *Acme* (9,742 shares) and *Mr. Sudhir Jain* (3,438 shares). I note that as *Beejay* had repeatedly done trading with these connected clients, it cannot be believed to be mere coincidence.
13. I further note that in the SCN it is alleged that *Beejay* had indulged in the following synchronized transactions in the scrip of '*Temptation*':-

Table-I 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
27-Mar-08	4	164.50	10:27:36	10:27:35	25000	164.50	Beejay	Sharekha	Sharekha	Sudhir Jain	25000	10:27:33	25000	164.50	0:00:02	0	0.00
27-Mar-08	5	164.50	10:28:48	10:28:47	34792	164.50	Beejay	Sharekha	Sharekha	Sudhir Jain	34792	10:28:47	34792	164.50	0:00:00	0	0.00
11-Jul-08	108	300.00	15:19:20	15:19:15	15000	300.00	Samta Jain	Microsec	Religare	Beejay	15000	15:19:18	15000	300.00	0:00:03	0	0.00
14-Jul-08	89	297.00	15:14:26	15:14:22	7000	297.00	Beejay	Indiabulls	Religare	Eversight	7000	15:14:25	7000	297.00	0:00:03	0	0.00

4-Nov-08	61	240.00	14:13:46	14:13:45	10000	240.00	Beejay	Sharekhar	Sharekha	Sudhir Jain	10000	14:13:44	10000	240.00	0:00:01	0	0.00
4-Nov-08	62	240.00	14:14:57	14:14:56	9486	240.00	Beejay	Sharekhar	Sharekha	Sudhir Jain	9486	14:14:56	9486	240.00	0:00:00	0	0.00
27-Jan-09	26	121.50	13:21:45	13:21:44	10000	121.50	Acme	CJ Dalal	Globe Cap.	Beejay	9742	13:21:38	10000	121.50	0:00:06	0	0.00
16-Feb-09	78	85.75	11:30:11	11:30:10	25000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	24960	11:30:08	25000	85.75	0:00:02	0	0.00
16-Feb-09	80	85.75	11:30:43	11:30:42	20000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	19960	11:30:41	20000	85.75	0:00:01	0	0.00
16-Feb-09	83	85.75	11:31:14	11:31:11	5000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	4910	11:31:13	5000	85.75	0:00:02	0	0.00

14. From the above table, it is observed that *Beejay* entered into synchronized trades mostly with *Mr. Sudhir Jain* in terms of price, quantity and time wherein the difference in time between the buy and sell orders was almost negligible, thereby creating artificial volumes in the scrip of '*Temptation*'.

15. I also note that *Mr. Sudhir Jain* bought 12,72,000 shares and sold 14,63,764 shares of '*Temptation*' during the investigation period. The major counter party clients for his buy trades were *Chandra* (45,178 shares), *Flex* (41,693 shares), *Maruti* (31,291 shares), *Peanance* (21,480 shares), *Ms. Samta Jain* (16,000 shares), *Alosha* (14,000 shares) and *Rakhi Trading Private Ltd. ('Rakhi')* (9,614 shares). Further, the major counterparty clients for his sell trades were *Eversight* (1,89,598 shares), *Beejay* (1,62,288 shares), *Flex* (79,000 shares), *Maruti* (23,856 shares), *Acme* (13,051 shares), *Alosha* (23,830 shares) and *Chandra* (4,900 shares). I note that as *Mr. Sudhir Jain* had repeatedly done trading with these "*connected clients*", it cannot be believed to be mere coincidence.

16. I further note that in the SCN it is alleged that *Mr. Sudhir Jain* had indulged in the following synchronized transactions in the scrip of '*Temptation*':-

Table-II 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	Trade Qty	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
3-Mar-08	13	170.00	10:19:46	10:19:45	2500	170	Sudhir Jain	Religare	Indiabulls	Peanance	2500	10:19:31	2500	170	0:00:14	0	0.00
3-Mar-08	15	170.00	10:20:19	10:20:00	2500	170	Sudhir Jain	Religare	Indiabulls	Peanance	2000	10:20:18	2500	170	0:00:18	0	0.00

3-Mar-08	16	170.00	10:20:30	10:20:00	2500	170	Sudhir Jain	Religare	Indiabulls	Peanance	500	10:20:29	2500	170	0:00:29	0	0.00
27-Mar-08	4	164.50	10:27:36	10:27:35	25000	164.5	Beejay	Sharekhar	Sharekhar	Sudhir Jain	25000	10:27:33	25000	164.5	0:00:02	0	0.00
27-Mar-08	5	164.50	10:28:48	10:28:47	34792	164.5	Beejay	Sharekhar	Sharekhar	Sudhir Jain	34792	10:28:47	34792	164.5	0:00:00	0	0.00
19-Jun-08	29	344.50	15:10:15	15:10:14	10000	344.5	Eversight	Microsec	B Lodha	Sudhir Jain	9191	15:10:07	10000	344.5	0:00:07	0	0.00
8-Jul-08	29	307.00	15:19:37	15:19:36	3000	307	Alosha	Sharekhar	B Lodha	Sudhir Jain	2830	15:18:58	3000	307	0:00:38	0	0.00
11-Jul-08	40	304.00	12:10:08	12:10:07	50000	304	Eversight	Microsec	B Lodha	Sudhir Jain	50000	12:10:06	50000	304	0:00:01	0	0.00
29-Jul-08	40	299.00	13:53:16	13:53:06	15000	299	Sudhir Jain	Sharekhar	Microsec	Samta Jain	15000	13:53:15	15000	299	0:00:09	0	0.00
4-Nov-08	61	240.00	14:13:46	14:13:45	10000	240	Beejay	Sharekhar	Sharekhar	Sudhir Jain	10000	14:13:44	10000	240	0:00:01	0	0.00
4-Nov-08	62	240.00	14:14:57	14:14:56	9486	240	Beejay	Sharekhar	Sharekhar	Sudhir Jain	9486	14:14:56	9486	240	0:00:00	0	0.00
18-Dec-08	68	160.00	12:00:55	12:00:54	7000	160	Flex	Nirmal	B Lodha	Sudhir Jain	6200	12:00:24	7000	160	0:00:30	0	0.00
19-Dec-08	17	148.00	15:19:16	15:19:14	36000	148	Sudhir Jain	B Lodha	Kotak	Flex	36000	15:19:15	36000	148	0:00:01	0	0.00
22-Dec-08	11	150.00	14:56:13	14:56:11	5000	150	Flex	Kotak	B Lodha	Sudhir Jain	4995	14:56:12	5000	150	0:00:01	0	0.00
7-Jan-09	10	138.50	15:28:00	15:27:59	4000	138.5	Flex	Kotak	B Lodha	Sudhir Jain	3870	15:27:58	4000	138.5	0:00:01	0	0.00
19-Jan-09	60	121.00	15:20:40	15:20:39	15000	121	Sudhir Jain	B Lodha	CJ Dalal	Maruti	14984	15:20:25	15000	121	0:00:14	0	0.00
29-Jan-09	10	115.00	15:15:18	15:14:55	300	115	Sudhir Jain	B Lodha	CJ Dalal	Jay	200	15:15:17	300	115	0:00:22	0	0.00
11-Feb-09	16	106.00	14:59:44	14:59:43	5000	106	Chandra	CJ Dalal	B Lodha	Sudhir Jain	4900	14:59:33	5000	106	0:00:10	0	0.00
12-Feb-09	72	93.50	12:17:49	12:17:48	4500	93.5	Flex	Kotak	B Lodha	Sudhir Jain	4500	12:17:47	4500	93.5	0:00:01	0	0.00
16-Feb-09	78	85.75	11:30:11	11:30:10	25000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	24960	11:30:08	25000	85.75	0:00:02	0	0.00
16-Feb-09	80	85.75	11:30:43	11:30:42	20000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	19960	11:30:41	20000	85.75	0:00:01	0	0.00
16-Feb-09	83	85.75	11:31:14	11:31:11	5000	85.75	Beejay	Unicon	B Lodha	Sudhir Jain	4910	11:31:13	5000	85.75	0:00:02	0	0.00
3-Mar-08	13	170.00	10:19:46	10:19:45	2500	170	Sudhir Jain	Religare	Indiabulls	Peanance	2500	10:19:31	2500	170	0:00:14	0	0.00

17. From the above table, it is observed that *Mr. Sudhir Jain* entered into synchronized trades with *Beejay*, *Flex* and other "*connected clients*" in terms of price, quantity and time wherein the difference in time between the buy and sell orders was almost negligible, thereby creating artificial volumes in the scrip of '*Temptation*'.
18. I note that *Flex* bought 5,13,379 shares and sold 3,60,967 shares of '*Temptation*' during the investigation period. The major counterparty clients for buy trades of *Flex* were *Mr. Sudhir Jain* (79,000 shares), *Maruti* (30,000 shares), *Beejay* (11,348 shares) and *Jay Investrade P. Ltd. (Jay)* (10,598 shares) (i.e. 25% of the total buy trades). The major counterparty clients for sell trades of *Flex* were *Beejay* (77,877 shares), *Mr. Sudhir Jain* (41,693 shares), *Acme* (12,000 shares), *Venture* (9,676 shares) and *Maruti* (9,634 shares) (i.e. 40% of the total sell trades). I note that as *Flex* had repeatedly done trading with these connected clients, it cannot be believed to be mere coincidence.
19. I further note that in the SCN it is alleged that *Flex* had indulged in the following synchronized transactions in the scrip of '*Temptation*' wherein the counter party clients were *Beejay* and *Mr. Sudhir Jain* :-

Table-III 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 Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
18-Dec-08	68	160.00	12:00:55	12:00:54	7000	160.00	Flex	Nirmal Bang	B Lodha	Sudhir	6200	12:00:24	7000	160.00	0:00:30	0	0.00
19-Dec-08	175	148.00	15:19:16	15:19:14	36000	148.00	Sudhir	B Lodha	Kotak Sec.	Flex	36000	15:19:15	36000	148.00	0:00:01	0	0.00
22-Dec-08	116	150.00	14:56:13	14:56:11	5000	150.00	Flex	Kotak Sec.	B Lodha	Sudhir	4995	14:56:12	5000	150.00	0:00:01	0	0.00
7-Jan-09	107	138.50	15:28:00	15:27:59	4000	138.50	Flex	Kotak Sec.	B Lodha	Sudhir	3870	15:27:58	4000	138.50	0:00:01	0	0.00
12-Feb-09	72	93.50	12:17:49	12:17:48	4500	93.50	Flex	Kotak Sec.	B Lodha	Sudhir	4500	12:17:47	4500	93.50	0:00:01	0	0.00

20. From the above table, it is observed that *Flex* entered into synchronized trades in term of price, quantity and time wherein the difference in time between buy and sell orders was negligible, thereby creating artificial volumes in the scrip of '*Temptation*'.
21. *Flex* has submitted that just because *Mr. Sudhir Jain* is it's director does not lead to the inference that it is connected to him or any company wherein he is a director. I do not

agree with the contention of *Flex* as the connection amongst the noticees has been established. Further, *Ms. Rashmi Jain* is wife of *Mr. Sudhir Jain* and they were the only directors of *Flex*.

In the scrip of 'Confidence'

22. I note that *Beejay* bought 16,19,540 shares and sold 13,00,000 shares of '*Confidence*' on 6 trading days. In the SCN, it is alleged that *Beejay* had indulged in the following synchronized trades thereby creating artificial volumes in the scrip of '*Confidence*':-

Table-IV 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 Quantity	CP Order Time	CP Order Qty	CP Order Rate	Time Diff	Qty Diff	Rate Diff
1-Sep-08	110	11.05	13:28:22	13:28:22	500000	11.05	Stupendor	Microse	B Lodha	Beejay	499700	13:28:16	500000	11.05	00:00:06	0	0.00
1-Sep-08	111	11.05	13:28:34	13:28:22	500000	11.05	Stupendor	Microse	B Lodha	Beejay	300	13:28:34	500000	11.05	00:00:12	0	0.00
1-Sep-08	112	11.05	13:28:37	13:28:37	500000	11.05	Stupendor	Microse	B Lodha	Beejay	499700	13:28:34	500000	11.05	00:00:03	0	0.00

23. From the above table, I note that *Beejay* placed a sell order of 5,00,000 shares of '*Confidence*' at 13:28:16 hrs on September 1, 2008 and *Stupendors* placed a buy order of 5,00,000 shares of '*Confidence*' at 13:28:22 hrs. Thus, trade for 4,99,700 shares got executed between them and matched in a time difference of 00:00:06 seconds. Further, immediately after this trade got executed on September 01, 2008, another sell order of 5,00,000 shares of '*Confidence*' was placed by *Beejay* at 13:28:34 hrs on the same day and *Stupendors* placed a buy order of 5,00,000 shares of '*Confidence*' at 13:28:37 hrs. Thus, trade for 4,99,700 shares again got executed between them and matched in a time difference of 00:00:03 seconds. I note that the above two orders could not have been placed by them back to back in a span of less than 30 seconds without prior meeting of minds. *Beejay* again entered into synchronized trade on the same day. I, therefore, find that *Beejay* entered into synchronized trades in terms of price, quantity and time wherein the difference in time between the buy and sell orders was almost negligible, thereby creating artificial volumes in the scrip of '*Confidence*'.

24. I also note that the total market volume September 1, 2008 was 11,70,474 shares. Thus, by way of such synchronized trades *Beejay* has contributed 85.43% to the daily volume in the scrip of '*Confidence*' on that day.

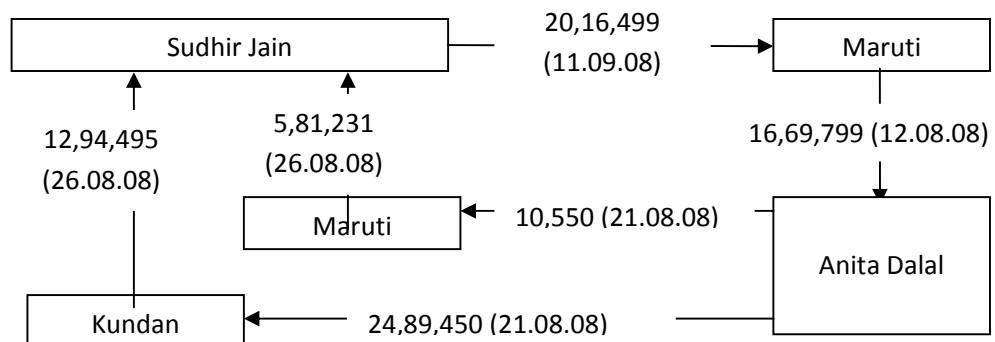
In the scrip of 'Cals'

25. I find that in the scrip of '*Cals*', Ms. *Anita Dalal*, *Maruti*, *Kundan* and Mr. *Sudhir Jain* had traded in this scrip as described as under:-

Table-V Market Transactions:

Trade Date	Buy Client Name	Buy Member Name	Sell Member Name	Sell Client Name	Quantity
12-Aug-08	Anita Dalal	IL&FS	CJ Dalal	Maruti	1669799
21-Aug-08	Kundan	CJ Dalal	IL&FS	Anita Dalal	2489450
21-Aug-08	Maruti	CJ Dalal	IL&FS	Anita Dalal	10550
26-Aug-08	Sudhir Jain	B Lodha	Indiabulls	HSM	43621
26-Aug-08	Sudhir Jain	B Lodha	Krishvi	Kundan	1294495
26-Aug-08	Sudhir Jain	B Lodha	Krishvi	Maruti	581231
11-Sep-08	Maruti	CJ Dalal	B Lodha	Sudhir Jain	2016499

26. The above mentioned trades are pictorially presented as under:-



27. From the above table, a pattern of circular trading is evident in the trades amongst the above clients as follows A>B>C>D>A. I note that 16,69,799 shares sold by Maruti to Ms. Anita Dalal on August 12, 2008 has been transferred between Kundan and Mr. *Sudhir Jain* through circular transfer of shares and 20,16,499 shares were bought back by Maruti from Mr. *Sudhir Jain* on September 11, 2008.

28. I find that the '*connected clients*' adopted device to receive back 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. In my view, therefore, difference in quantity sold and purchased and *vice-versa* will not change the nature and intention of these trades which are circular in nature. I also note that the total market volume on August 26, 2008 and September 11, 2008 was 35,44,835 shares and 34,90,740 shares, respectively and thus these trades contributed 55% to the total market volume on those trading days.

In the scrip of 'SPSL'

29. In the scrip of 'SPSL', I note that *Beejay* bought 9,25,093 shares and sold 7,16,093 shares on 14 trading days. In the SCN, it is alleged that *Beejay* had entered into reversed trades with *Maruti* and thereby created artificial volumes in the scrip of 'SPSL'. These trades are summarized as under:-

Table-VI Details of 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	146808
29-Oct-07	Maruti	CJ Dalal	Globe Cap.	Beejay	89727
30-Oct-07	Maruti	CJ Dalal	Globe Cap.	Beejay	78204
6-Nov-07	Beejay	Globe Cap.	CJ Dalal	Maruti	137102
12-Nov-07	Maruti	CJ Dalal	Globe Cap.	Beejay	55295

30. From the above table, I note that on October 24, 2007 *Beejay* bought 1,46,808 shares from *Maruti* and on October 29 & 30, 2007 sold 89,727 shares and 78,204 shares, respectively to *Maruti*. Thus, I find that *Beejay* had executed reversal of trades with *Maruti* and by these trades they have created artificial volume in the scrip of 'SPSL'. *Beejay* has denied that the aforesaid transactions were by way of reversal of trades. It also submitted that it had bought 3,90,917 shares from *Maruti* on different dates and sold 2,23,226 shares to *Maruti* on different dates. 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.

31. 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.”*

32. 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 *Beejay*, *Mr. Sudhir Jain* and *Flex* in the aforesaid scrips, I note that these entities by trading amongst themselves and other "connected clients" through synchronized/circular/reversal trades have created artificial volumes in the said scrips. I am of the opinion that the above trades of the noticees 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 synchronized, circular 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....."

33. 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."

34. 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 those 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.
35. 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 said 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.
36. I note that in the SCN it has also been alleged that *Beejay* and *Mr. Sudhir Jain* had manipulated the price of the scrip of '*Temptation*'. They 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 February 25, 2010 in the matter of *Vikas Ganeshmal Bengani Vs. SEBI* :-

“Merely because an investor placed orders in the scrip at a price higher than LTP does not by itself lead to the conclusion that he was manipulating the scrip. May be the person was desperate to purchase the shares in order to meet his market obligations. Action of purchasing share at a price higher than LTP is only indicative of the desire of the purchaser to buy the shares for whatsoever reasons..”

37. I find from Annexure to the SCN that the total trades executed by *Beejay* and *Mr. Sudhir Jain* in the scrip of '*Temptation*' 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, during the period March 17, 2008 to June 17, 2008, I note that *Beejay* and *Mr. Sudhir Jain* had traded for 2,98,384 shares in 851 trades which were executed at LTP or at price lower than LTP as compared to 1,01,306 shares in 291 trades at price higher than LTP. From these facts, I find that *Beejay* and *Mr. Sudhir Jain* 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 allegation of manipulation of price in the scrip of '*Temptation*' under regulations 4(2) (b) and (e) of PFUTP, as observed above, there is no substantial evidence in the SCN to establish the alleged violation.
38. I, however, find that *Beejay*, *Flex* and *Mr. Sudhir Jain* have executed trades with a pre-determined game plan to match the trades which were not genuine transactions. These synchronized, circular and reversed trades carried out by *Beejay*, *Mr. Sudhir Jain* and *Flex* were undertaken for creation of artificial volumes in the scrips of '*Temptation*', '*Confidence*', '*Cals*' and '*SPSL*' to give false or misleading appearance of trading in these scrips without the intention of transfer of beneficial ownership. Further, *Mr. Sudhir Jain* and *Ms. Rashmi Jain* being common and only directors in *Beejay* and *Flex* 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.
39. In view of the above, I find that *Beejay*, *Flex*, *Mr. Sudhir Jain* and *Ms. Rashmi Jain* 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*', '*Confidence*', '*Cals*' and '*SPSL*' during the relevant investigation periods.
40. I also note that the *interim* order was passed by SEBI on June 04, 2009 which was later confirmed on January 19, 2010 vide which *Beejay* and *Mr. Sudhir Jain* have been restrained from accessing the securities market and prohibited from buying, selling or dealing in the securities market. Thus, *Beejay* and *Mr. Sudhir Jain* have already undergone the restraint for more than three years. Considering the facts and circumstances of the case, in my view, the period of restraint already undergone by *Beejay* and *Mr. Sudhir Jain* vide the said orders is sufficient for the violations committed by them. *Flex* and *Ms. Rashmi Jain* were not covered in the *interim* order dated June 04, 2009. Considering the facts and circumstances of the case and quantum of trading done by them, restraining *Flex* and *Ms. Rashmi Jain* each from buying, selling and dealing in securities and prohibiting them from accessing the securities market for a period of one year from the date of this order would be appropriate for the violations committed by them.
41. 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 for a period of one year from the date of this order :-

(i) Flex Trade P. Ltd. (PAN: AAACF6723A)

(ii) Ms. Rashmi Jain (PAN: ABBPL1283E)

(b) The directions passed by SEBI vide orders dated June 04, 2009 and January 19, 2010 against Beejay Investment & Financial Consultants P. Ltd. and Mr. Sudhir Jain shall be discontinued.

42. Show Cause Notice dated August 01, 2011 issued to the noticees are accordingly disposed of.

43. A copy of this order shall be served on all recognized stock exchanges and depositories to ensure that the direction given in para 41 above are complied with.

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

DATE :November 15th, 2012

PLACE: MUMBAI

**RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
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