



**भारतीय प्रतिभूति
और विनियम बोर्ड**
**Securities and Exchange
Board of India**

VIJAYANT KUMAR VERMA
GENERAL MANAGER
Email: vijayantkv@sebi.gov.in

EAD-9/ADJ/VKV/HKS/5690 / 7/2020
February 12, 2020
Through Speed Post AD

Noticee No.	Name of Noticee	PAN/CIN/DIN of Noticee
Noticee No. 1	Sterling International Enterprises Ltd.	L72300MH2003 PLC142575
Noticee No. 2	Nitin Jayantilal Sandesara (Director of Sterling International Enterprises Ltd.)	00255496
Noticee No. 3	Chetan Jayantilal Sandesara (Director of Sterling International Enterprises Ltd.)	00255671
Noticee No. 4	Rajbhushan Omprakash Dixit (Director of Sterling International Enterprises Ltd.)	00025484
Noticee No. 5	Hiteshkumar Narendrabhai Patel (Director of Sterling International Enterprises Ltd.)	00542794
Noticee No. 6	Ramani Subramanian Iyer (Director of Sterling International Enterprises Ltd.)	00024783
Noticee No. 7	Ronald Peter Dsouza (Director of Sterling International Enterprises Ltd.)	02097343
Noticee No. 8	Faith Finstock Pvt. Ltd.	AAACF7046E
Noticee No. 9	Pankaj Kanaiyalal Parikh (Director of Faith Finstock Pvt. Ltd.)	01261332
Noticee No. 10	Mayuri Kalpesh Pandya (Director of Faith Finstock Pvt. Ltd.)	02094692
Noticee No. 11	Kalpesh R Pandya (Director of Faith Finstock Pvt. Ltd.)	02094750
Noticee No. 12	Prolific Mercantile Company Pvt. Ltd.	AADCP8003G
Noticee No. 13	Prakash Shamrao Dalvi (Director of Prolific Mercantile Company Pvt. Ltd.)	01374683
Noticee No. 14	Rajendra Mahadev Kelakr (Director of Prolific Mercantile Company Pvt. Ltd.)	01413957
Noticee No. 15	Kingfisher Trading Company Pvt. Ltd.	AACCK3056H
Noticee No. 16	Dollex Capital & Finance Pvt. Ltd.	AABCD4543R
Noticee No. 17	Dinesh Jivrajbhai Vajar (Director of Kingfisher Trading Company Pvt. Ltd. & Dollex Capital & Finance Pvt. Ltd.)	00149241
Noticee No. 18	Sangeeta Dinesh Vajar (Director of Kingfisher Trading Company Pvt. Ltd. & Dollex Capital & Finance Pvt. Ltd.)	00166667
Noticee No. 19	Ayush Rameshwar Gaur (Director of Dollex Capital & Finance Pvt. Ltd.)	00082145
Noticee No. 20	Adore Merchantile Company Pvt. Ltd.	AAFCA5699H
Noticee No. 21	Yogendra Janardhan Bangera (Director of Adore Merchantile Company Pvt. Ltd.)	00459818
Noticee No. 22	Ashok Sakharan Pilke (Director of Adore Merchantile Company Pvt. Ltd.)	00017894
Noticee No. 23	Akhila Mercantile Pvt. Ltd.	AAGCA6077J
Noticee No. 24	Meghana Mercantile Pvt. Ltd.	AAFCM2750F
Noticee No. 25	Robosoft Trading Co. Pvt. Ltd.	AACCR9863K
✓ Noticee No. 26	Dayanand Chandapa Holkar (Director of Akhila Mercantile Pvt. Ltd., Meghana Mercantile Pvt. Ltd. & Robosoft Trading Co. Pvt. Ltd.)	00361544
Noticee No. 27	Prabhakar Dattaram Kudaskar (Director of Akhila Mercantile Pvt. Ltd., Meghana Mercantile Pvt. Ltd. & Robosoft Trading Co. Pvt. Ltd.)	00303892
Noticee No. 28	Rita Deepak Negandhi	AETPN2046J
Noticee No. 29	Manjula M Doshi	AMZPD7424L
Noticee No. 30	Vitesh B Shah	AQFPS0836F
Noticee No. 31	Dinesh V Makwana	ANOPM9543M
Noticee No. 32	Rama N Raval	AKBPR8550R
Noticee No. 33	Parag B Mehta	ANCPM8699L

SCN in the matter of Sterling International Enterprises Limited

Page 1 of 23

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.बी.आर. एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel : 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Noticee No.	Name of Noticee	PAN/CIN/DIN of Noticee
Noticee No. 34	Rahul H Jain	AIOPJ9425A
Noticee No. 35	Sonal H Desai	ABQPD8951N
Noticee No. 36	Fotosoft Multimedia Pvt. Ltd.	AAACF1497M
Noticee No. 37	Balkrishna Amritlal Oza (Director of Fotosoft Multimedia Pvt. Ltd.)	01730273
Noticee No. 38	Sudha Balkrishna Oza (Director of Fotosoft Multimedia Pvt. Ltd.)	01751528
Noticee No. 39	Dinesh Rathod HUF	AAFHD1015F
Noticee No. 40	Waterbase Mercantile Company Pvt. Ltd.	AAACW5073A
Noticee No. 41	Satyendrakumar Ramshankar Pandey (Director of Waterbase Mercantile Company Pvt. Ltd.)	00118134
Noticee No. 42	Niranjani Satyendrakumar Pandey (Director of Waterbase Mercantile Company Pvt. Ltd.)	00667321
Noticee No. 43	Anushi A Shah	CBAPS5104G
Noticee No. 44	Sterjet Trading Company Pvt. Ltd.	AAJCS5512K
Noticee No. 45	Janibabu Ahmadkhan Chauhan (Director of Sterjet Trading Company Pvt. Ltd.)	02099637
Noticee No. 46	Kamlesh Premraj Borse (Director of Sterjet Trading Company Pvt. Ltd.)	02100292
Noticee No. 47	Manish Buta HUF	AQFFS0836F
Noticee No. 48	Ankit B Mehta	ALCPM8512E
Noticee No. 49	Madhukar Navinchandra Vora	AAAPV5284B
Noticee No. 50	Yatin Pandya HUF	AAAHY6896C
Noticee No. 51	Charu Multitrade Pvt. Ltd.	AADCC1953C
Noticee No. 52	Sandip Gunaji Jadhav (Director of Charu Multitrade Pvt. Ltd.)	01937137
Noticee No. 53	Ankit Bhupendra Mehta (Director of Charu Multitrade Pvt. Ltd.)	02297716
Noticee No. 54	Francisca Investment Pvt. Ltd.	AAACF5670Q
Noticee No. 55	Vasantbhai Nathabhai Patel (Director of Francisca Investment Pvt. Ltd.)	00557930
Noticee No. 56	Prem Shivbaran Vishwakarma (Director of Francisca Investment Pvt. Ltd.)	00528583
Noticee No. 57	Prakash Devaka Kalke (Director of Francisca Investment Pvt. Ltd.)	02525343
Noticee No. 58	HKG Capital Services Pvt. Ltd.	AAACH5568D
Noticee No. 59	Vishal Premnarayan Gupta (Director of HKG Capital Services Pvt. Ltd.)	00130811
Noticee No. 60	Karuna Nandkishore Gupta (Director of HKG Capital Services Pvt. Ltd.)	00367206
Noticee No. 61	Ashok H Shah HUF	AACHA7911C

Notice under Rule 4 of SEBI (Procedure for holding inquiry and imposing penalties) Rules, 1995 read with Section 15-I of the Securities and Exchange Board of India Act, 1992 in the matter of Sterling International Enterprises Limited.

1. The Securities and Exchange Board of India (hereinafter, referred to as "SEBI") carried out Investigation in respect of irregular trading activities of certain entities in the scrip of Sterling International Enterprises Limited ("SIEL/Scrip") during the period from May 01, 2008 to September 30, 2009 (hereinafter referred to as "Investigation Period"). Pursuant to the Investigation, SEBI initiated adjudication proceedings under Section 15HA of the Securities and Exchange Board of India Act, 1992 against 61 entities, as named above (hereinafter referred



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

individually by their "Name or Notice No." and collectively referred to as "Notices"), for the alleged violation of the provisions of SEBI Act and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") by the Notices as detailed under.

- i) The alleged violation of the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations, by Sterling International Enterprises Limited and its 6 directors (Notice Nos. 1 to 7) for being part of scheme wherein the entities connected to SIEL created misleading appearance of trading in the scrip through circular trades, synchronized trades and trading among themselves.
- ii) The alleged violation of the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations by Notice Nos. 8 to 15, 17 to 23 and 26 to 47 for indulging in circular trades thereby creating misleading appearance of trading in the scrip of SIEL.
- iii) The alleged violation of the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations by the Notice Nos. 8 to 61 for creating misleading appearance of trading in the scrip of SIEL by trading amongst themselves.
- iv) The alleged violation of the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations by the Notice Nos. 8 to 15, 17, 18, 20 to 23, 26 and 27 for indulging in synchronized trades thereby creating misleading appearance of trading in the scrip of SIEL.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

2. In this regard, initially, Shri Sahil Malik was appointed as the Adjudicating Officer (AO) by SEBI, under Section 19 of the SEBI Act read with Section 15-I (1) of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter, referred to as "SEBI Adjudication Rules") to conduct adjudication proceedings *inter-alia* in respect of the Noticees, in the manner specified under Rule 4 of the SEBI Adjudication Rules read with Section 15-I (1) and (2) of the SEBI Act, and if satisfied that penalty is liable, to impose such penalty deemed fit in terms of Rule 5 of the SEBI Adjudication Rules and Section 15HA of the SEBI Act. Subsequently, in place of Shri Sahil Malik the undersigned has been appointed as AO by SEBI, on August 13, 2019, to enquire into and adjudge the violations alleged to have been committed by the Noticees.

Background of SIEL (Source: Capitaline Database)

3. Sterling International Enterprises Limited was incorporated in the year 1984 with the name Bidasar Leasing and Finance Ltd. Subsequently, name of the company changed to Sterling International Enterprises Ltd. with effect from January 17, 2008.
4. The investigation observed that the scrip of SIEL is listed at BSE only. The last traded price of the scrip was Rs.0.42 on November 12, 2018 and presently trading of its shares are suspended due to penal reasons.
5. The board of directors of SIEL during investigation period are as under (source: SIEL Annual Report 2009-10 and MCA website):

Table 1: Details of Board of Directors

Name	Designation
Nitin J Sandesara	Promoter/Non Executive Director
Chetan J Sandesara	Promoter/Non Executive Director
R.B. Dixit	Independent/Non Executive Director
Ramni Iyer	Independent/Non Executive Director
Hitesh Patel	Independent/Non Executive Director
Ronald D' Souza	Independent/Non Executive Director



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

Shareholding Pattern (source: BSE website)

6. SIEL's shareholding pattern during investigation period was as under:

Table 2: Shareholding Pattern

Particular	Quarter ended Mar 2008			Quarter ended Jun 2008			Quarter ended Sep 2008			Quarter ended Dec 2008		
	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%
Promoter Holding	18	109407340	58.58%	18	109407340	58.58%	18	109407340	58.58%	18	109407340	58.58%
Non Promoter Holding	757	77342660	41.42%	767	77342660	41.42%	770	77342660	41.42%	754	77342660	41.42%
Total share capital	775	186750000	100%	785	186750000	100%	788	186750000	100%	772	186750000	100%
Particular	Quarter ended Mar 2009			Quarter ended Jun 2009			Quarter ended Sep 2009			Quarter ended Dec 2009		
	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%	No. Of Shareholders	No. Of shares	%
Promoter Holding	18	109407340	58.58%	18	109407340	58.58%	18	109407340	58.58%	18	109407340	58.58%
Non Promoter Holding	763	77342660	41.42%	937	77342660	41.42%	955	77342660	41.42%	947	77342660	41.42%
Total share capital	781	186750000	100%	955	186750000	100%	973	186750000	100%	965	186750000	100%

7. It is observed that the promoter shareholding remained the same throughout the quarters ended March 2008 to December 2009.

Financial Results

8. SIEL's financial results during investigation period are as under (source: BSE website):

Table 3: Financial Results

Amount (Rs. In crore)

Description	Year Ended	Year Ended	Year Ended	Quarter Ended							
	Jun 2008	Jun 2009	Jun 2010	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009	Jun 2009	Sep 2009	Dec 2009
Net sales	201.37	279.05	219.81	54.88	131.19	100.11	68.43	53.39	57.10	57.63	54.99
Other Income	0.05	0	0	0.01	0	0	0	0	0	0	0



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Description	Year Ended	Year Ended	Year Ended	Quarter Ended							
	Jun 2008	Jun 2009	Jun 2010	Mar 2008	Jun 2008	Sep 2008	Dec 2008	Mar 2009	Jun 2009	Sep 2009	Dec 2009
Total income	201.42	279.05	219.81	54.89	131.19	100.11	68.43	53.39	57.10	57.63	54.99
Expenditure	145.19	219.69	167.06	49.30	85.44	82.21	45.21	42.81	49.45	47.41	39.46
Profit after tax	52.48	51.10	52.49	5.48	42.76	15.31	17.66	10.56	7.56	10.16	15.49

Price-volume movement (source: BSE website)

9. Price volume movement in the scrip of SIEL was as under:

Chart 1: Price Volume Chart

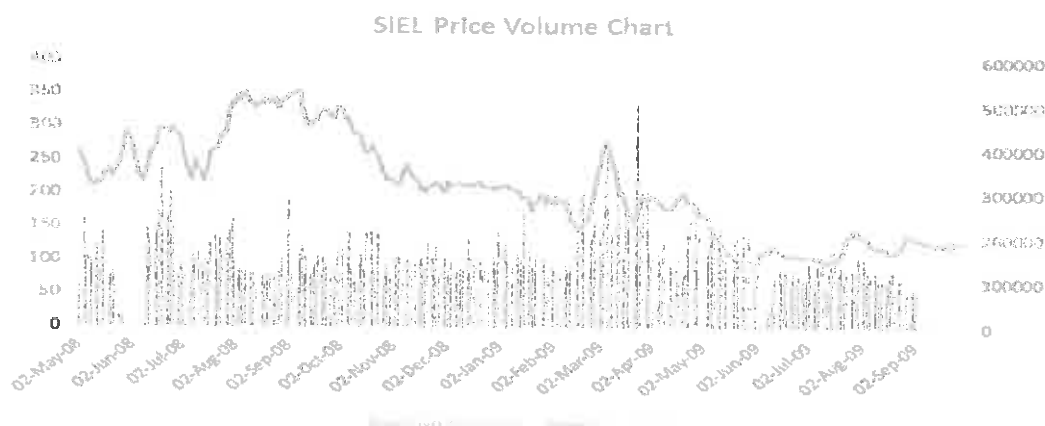


Table 4: Price Volume Data

Patches	Period		Open	High	Low	Close	Vol. (Avg.)
Pre IP Phase	01/02/2008 to 30/04/2008	Price	118.05 (01/02/2008)	279.8 (30/04/2008)	115 (01/02/2008)	275.15 (30/04/2008)	8831741 (149691)
		Volume	20326 (01/02/2008)	474145 (26/03/2008)	6675 (13/02/2008)	122686 (30/04/2008)	
During IP	01/05/2008 to 30/09/2009	Price	268 (02/05/2008)	366.3 (08/08/2008)	89 (01/06/2009)	127.95 (30/09/2009)	50127839 (145296)
		Volume	92204 (02/05/2008)	563291 (27/03/2009)	18 (22/08/2009)	368 (30/09/2009)	
Post IP Phase	01/10/2009 to 31/12/2009	Price	132.75 (01/10/2009)	169 (21/12/2009)	96 (04/11/2009)	148.4 (31/12/2009)	253694 (4228)
		Volume	1713 (01/10/2009)	47164 (18/12/2009)	10 (12/10/2009)	5320 (31/12/2009)	

(Signature)



अनुवर्तनी :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Connection:

10. The Investigation, on analysis of Trading pattern, UCC details, KYC, Off-market transactions, MCA website and bank statement, observed following 29 entities (All are Noticees herein) are connected to each other as detailed hereunder:-

Table 5: Details of Connection of 29 entities

Sr. No.	Entity Name	PAN	Basis of Connection
1	Sterjet Trading Company Pvt Ltd	AAJCS5512K	Entities at sr. no. 1 & 2 have common address - APJ MARKET ROOM NO305 DR C H S LANE DHOB TALAV MUMBAI (Arihant Capital Markets Ltd. & Brics Securities Ltd.)
2	Adore Merchantile Company Pvt Ltd	AAFC5699H	
3	Waterbase Mercantile Company Private Limited	AAACW5073A	Entities at sr. no. 5 & 6 have common address - B6 RISHIKESH CO OP HSG SOCIETY LTD EVERSHINE NAGAR MALAD WEST MUMBAI (IIFL Securities Ltd. & HSBC Invest Direct Securities (India) Ltd.)
4	Faith Finstock Private Limited	AAACF7048E	
5	Fotosoft Multimedia Pvt. Ltd.	AAACF1497M	
6	Prolific Mercantile Company Pvt Ltd	AADCP8003G	Entities at sr. no. 3, 5, 7 & 8 have transferred funds to entity at sr. no. 4 (Axis Bank)
7	Francisca Investment Pvt Ltd	AAACF5670Q	
8	Kingfisher Trading Company Private Limited	AACCK3056H	Entities at sr. no. 1, 2 & 6 have common mobile no. - 9821012921 (Arihant Capital Markets Ltd. & IFCI Financial Services Ltd.)
9	Dollex Capital & Finance Pvt. Ltd.	AABCD4543R	
10	Robosoft Trading Co. Pvt. Ltd.	AACCR9863K	Entities at sr. no. 8 & 9 have common address -1-16, LALITA BHAVAN, 7-A, JAWAHAR NAGAR, GOREGAON (WEST), MUMBAI - 400062 (MCA website)
11	Akhila Mercantile Pvt. Ltd.	AAGCA8077J	
12	Meghana Mercantile Pvt. Ltd.	AAFCM2750F	
13	Dinesh V Makwana	ANOPM8543M	Entities at sr. no. 10 & 11 have common address - ROOM NO.322 LANE NO.21 BHARAT NAGAR BANDRA EAST MUMBAI, MAHARASHTRA 400051 (MCA website)
14	Rahul H Jain	AIOPJ9425A	
15	Charu Multitrade Pvt. Ltd.	AADCC1953C	Entities at sr. no. 10 & 12 were having common director - Dayanand Chandapa Holkar (MCA website)
16	HKG Capital Services Pvt. Ltd.	AAACH5568D	
17	Yatin Pandya HUF	AAAHY6896C	Entities at sr. no. 8, 13 to 17 have a common introducer in AoF - Nikhil Udani (ANS Pvt. Ltd.)
18	Ankit B Mehta	ALCPM8512E	
19	Parag B Mehta	ANCPM8699L	Entity at sr. no. 18 was director of entity at sr. no. 15 (MCA website)
20	Rama N Raval	AKBPR8550R	Entities at sr. no. 18 & 19 have common address - 5/A-405, 4TH FLOOR, ESSBEE APARTMENT, SAIBABA NAGAR, BORIVALI (W), MUMBAI - 400092 (Mehta Equities Ltd.)
21	Ashok H Shah HUF	AACHA7911C	
22	Madhukar N Vora	AAAPV5284B	Entity at sr. no. 20 has transferred funds to entity at sr. no. 19 (Axis Bank)
			Entities at sr. no. 18 & 21 were introduced by Chirag B. Mehta, who is having common address with entities at sr. no.18 & 19 (Indiabulls Securities Ltd.)
			Entities at sr. no. 21 & 22 were introduced by Anupam Gupta (Multiplex Capital Ltd.)
23	Dinesh Rathod HUF	AAFHD1015F	Entities have executed circular trades with the above connected entities
24	Manish Buta HUF	AAFHM4558L	
25	Sonal H Desai	ABQPD8951N	
26	Rita Deepak Negandhi	AETPN2046J	
27	Manjula M Doshi	AMZPD7424L	
28	Vitesh B Shah	AQFPS0836F	
29	Anushi A Shah	CBAPS5104G	



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

11. The documents supporting for the above connections are placed as "Annexure 1".

Allegation against the Noticee Nos. 8 to 15, 17 to 23 and 26 to 47 for indulging in Circular Trades:

Patch I - Circular trading Analysis (May 15, 2008 to June 02, 2008)

12. Details of the connected entities along with the circular volume are as follows:

Table 6: Details of Client along with Circular Volume during Patch I

Patch - I Date	15/05/2008- 02/06/2008 Client Name	PAN No	Client's Circular volumes		Client's Traded volumes		% of Client's Circular volume in terms of day's trading Vol.		Market Volumes	% of Client's Circular volume in terms of day's market Vol.	
			Buy	Sell	Buy	Sell	Buy	Sell		Buy	Sell
16/05/2008	Faith Finstock Pvt. Ltd.	AAACF7046E	18100	17900	18106	17906	99.97%	99.97%	213814	8.47%	8.38%
	Prolific Mercantile Co. Pvt. Ltd.	AADCP8003G	17900	18100	18000	19100	99.44%	94.78%		8.38%	8.47%
	Kingfisher Trading Co. Pvt. Ltd.	AACCK3056H	18100	18100	18377	18100	98.49%	100.00%		8.47%	8.47%
20/05/2008	Faith Finstock Pvt. Ltd.	AAACF7046E	28201	28981	31032	28383	94.10%	99.99%	122415	23.85%	23.67%
	Prolific Mercantile Co. Pvt. Ltd.	AADCP8003G	28981	28574	29545	28545	98.08%	96.71%		23.67%	23.34%
	Adore Mercantile Co. Pvt. Ltd.	AAFGA5899H	28574	28201	30384	30000	84.01%	97.34%		23.34%	23.85%
26/05/2008	Faith Finstock Pvt. Ltd.	AAACF7046E	15000	14970	15403	14760	97.39%	101.22%	54553	27.50%	27.44%
	Adore Mercantile Co. Pvt. Ltd.	AAFGA5899H	14970	14987	15114	15002	99.05%	99.90%		27.44%	27.47%
	Prolific Mercantile Co. Pvt. Ltd.	AADCP8003G	14987	15000	15000	15000	99.91%	100.00%		27.47%	27.50%

13. On the basis of Trade log, UCC details, KYC, Off-market transactions and bank statement, the Investigations have made following observations:

1. May 16, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed amongst all 3 entities, Faith Finstock Pvt. Ltd., Prolific Mercantile Co. Pvt. Ltd. and Kingfisher Trading Co. Pvt. Ltd. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, these trades were circular in nature.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

2. May 20, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed amongst all 3 entities, Faith Finstock Pvt. Ltd., Prolific Mercantile Co. Pvt. Ltd. and Adore Mercantile Co. Pvt. Ltd. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, these trades were circular in nature.

3. May 26, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed amongst all 3 entities, Faith Finstock Pvt. Ltd., Prolific Mercantile Co. Pvt. Ltd. and Adore Mercantile Co. Pvt. Ltd. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, these trades were circular in nature.

14. Pictorial representation of the above trades is given at "Annexure 2".

Patch II - Circular Trading Analysis (July 16, 2008 to August 05, 2008)

15. Details of the connected entities along with the circular volume are as follows:

Table 7: Details of Client along with Circular Volume during Patch II

Patch - II Date	16/07/2008- 05/08/2008 Client Name	PAN No	Client's Circular volume		Client's Traded volume		% of Client's Circular volume in terms of day's trading Vol.		Market Volume	% of Client's Circular volume in terms of day's market Vol.	
			Buy	Sell	Buy	Sell	Buy	Sell		Buy	Sell
18/07/208	Faith Finstock Pvt. Ltd.	AAACF7048E	24993	24997	25797	24997	99.88%	100.00%	196604	12.71%	12.71%
	Prolific Mercantile Co. Pvt. Ltd.	AADCP8003G	24997	24989	25001	25001	99.98%	99.95%		12.71%	12.71%
	Kingfisher Trading Co. Pvt. Ltd.	AACCK3056H	24989	24993	24993	24993	99.98%	100.00%		12.71%	12.71%
18/07/208	Rita Deepak Negandhi	AETPN2046J	30108	30100	30108	30108	100.00%	99.97%		15.31%	15.31%
	Manjula M Doshi	AMZPD7424L	30100	30100	30100	30100	100.00%	100.00%		15.31%	15.31%
	Vitesh B Shah	AQFPS0836F	30100	30100	30100	30100	100.00%	100.00%		15.31%	15.31%
	Dinesh V Makawana	ANOPM9543M	30100	30108	30108	30108	99.97%	100.00%		15.31%	15.31%
24/07/2008	Rama N Raval	AKBPR8550R	39510	39510	39510	39510	100.00%	100.00%	239447	16.50%	16.50%
	Parag B Mehta	ANCPM8699L	39510	39512	39512	39512	99.99%	100.00%		16.50%	16.50%
	Rahul H Jain	AICPJ9425A	39512	39510	39512	39512	100.00%	99.99%		16.50%	16.50%



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

25/07/2008	Akhila Mercantile Pvt. Ltd.	AAGCA6077J	30010	30000	30010	30010	100.00%	99.97%	168911	17.77%	17.76%
	Parag B Mehta	ANCPM6699L	30000	30000	30000	30000	100.00%	100.00%		17.78%	17.76%
	Rama N Raval	AKBPR8550R	30000	30000	30000	30000	100.00%	100.00%		17.76%	17.76%
	Sonal H Desai	ABQPD8951N	30000	30010	30010	30010	99.97%	100.00%		17.76%	17.77%
30/07/2008	Sonal H Desai	ABQPD8951N	36980	31990	36980	36980	100.00%	88.51%	213818	17.30%	14.96%
	Rita Deepak Negandhi	AETPN2046J	31990	31987	31990	31990	100.00%	99.99%		14.96%	14.96%
	Dinesh V Makwana	ANOPM9543M	31987	31987	31987	31987	100.00%	100.00%		14.96%	14.96%
	Fotosoft Multimedia Pvt. Ltd.	AAACF1497M	31987	36980	31988	41883	100.00%	88.08%		14.96%	17.30%
05/08/2008	Dinesh Rathod HUF	AAFHD1015F	35000	34950	35000	35000	100.00%	99.86%	152601	22.91%	22.87%
	Rama N Raval	AKBPR8550R	34950	34950	34950	34950	100.00%	100.00%		22.87%	22.87%
	Dinesh V Makwana	ANOPM9543M	34950	34990	34990	34990	99.89%	100.00%		22.87%	22.90%
	Sonal H Desai	ABQPD8951N	34990	35000	35085	35085	99.73%	99.76%		22.90%	22.91%

16. On the basis of Trade log, UCC details, KYC, Off-market transactions and bank statement, the Investigation have made the following observations:

1. July 18, 2008

- On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed between Faith Finstock Pvt. Ltd., Prolific Mercantile Co. Pvt. Ltd. and Kingfisher Trading Co. Pvt. Ltd. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, these trades were circular in nature.
- On analysis of UCC details, KYC, Off-market transactions and bank statement, no connection was observed amongst all these 4 entities, Rita Deepak Negandhi, Manjula M Doshi, Vitesh B Shah and Dinesh V Makwana. Sonal H Desai and Rita Deepak Negandhi aided and abetted other connected entities in execution of circular trade on 30/07/2008. Further, as per UCC data, Manjula M Doshi and Sonal H Desai are connected entities. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, it can be inferred that Rita



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
*Securities and Exchange
Board of India*

Deepak Negandhi, Manjula M Doshi and Vitesh B Shah aided and abetted connected entity Dinesh V Makwana in execution of circular trades.

2. July 24, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed between Rama N Raval, Parag B Mehta and Rahul H Jain. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, these trades were circular in nature.

3. July 25, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed between Akhila Mercantile Pvt. Ltd., Parag B Mehta and Rama N Raval. However, no connection was observed between these 3 entities and Sonal H Desai. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Further, Sonal H Desai has executed two trades with two connected entities. Thus, it can be inferred that Sonal H Desai was part of circular trades and aided and abetted Akhila Mercantile Pvt. Ltd., Parag B Mehta and Rama N Raval in execution of circular trades.

4. July 30, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed only between Dinesh V Makwana and Fotosoft Multimedia Pvt. Ltd. Sonal H Desai along with other connected entities executed circular trade on 25/07/2008. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, it can be inferred that Sonal H Desai and Rita Deepak Negandhi aided



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

and abetted Dinesh V Makwana and Fotosoft Multimedia Pvt. Ltd. in execution of circular trades.

5. August 05, 2008

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed only between Rama N Raval and Dinesh V Makwana. Further, Sonal H Desai along with other connected entities executed circular trades on 25/07/2008 and 30/07/2008. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Thus, it can be inferred that Dinesh Rathod HUF and Sonal H Desai were also part of these connected entities and aided and abetted in execution of circular trades.

17. Pictorial representation of the above trades is given at "Annexure 3".

Patch III - Circular Trade Analysis (February 17, 2009 to March 05, 2009)

18. Details of the clients along with the circular volume are as follows:

Table 8: Details of Client along with Circular Volume during Patch III

Patch - III	17/02/2009-05/03/2009	PAN No	Client's Circular volume		Client's Traded volume		% of Client's Circular volume in terms of day's trading Vol.		Market Volume	% of Client's Circular volume in terms of day's market Vol.	
			Buy	Sell	Buy	Sell	Buy	Sell		Buy	Sell
19/02/2009	Waterbase Mercantile Co. Pvt. Ltd.	AAACW5073A	29250	28250	29250	29250	100.00%	96.58%	301045	9.72%	9.38%
	Anushi A Shah	CBAPS5104G	28250	29040	29040	29040	97.28%	100.00%		9.38%	9.65%
	Sterjet Trading Co. Pvt. Ltd.	AAJCS5512K	29040	28250	28285	28270	99.16%	99.93%		9.65%	9.72%
20/02/2009	Rahul H Jain	AIOPJ9426A	32015	31970	32015	32015	100.00%	99.86%	325133	9.85%	9.83%
	Vitesh B Shah	AQFPS0836F	31970	32000	32000	32000	99.91%	100.00%		9.83%	9.84%
	Manish Buta HUF	AAFHM4558L	32000	32015	32015	32015	99.95%	100.00%		9.84%	9.85%

19. On the basis of Trade log, UCC details, KYC, Off-market transactions and bank statement, the Investigations have made following observations:



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

1. February 19, 2009

On analysis of UCC details, KYC, Off-market transactions and bank statement, connection was observed between Waterbase Mercantile Co. Pvt. Ltd. and Sterjet Trading Co. Pvt. Ltd. However, no connection was observed between these 2 entities and Anushi A Shah. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Further, Anushi A Shah has executed two trades with two connected entities. Thus, it can be inferred that Anushi A Shah aided and abetted Waterbase Mercantile Co. Pvt. Ltd. and Sterjet Trading Co. Pvt. Ltd. in execution of circular trades.

2. February 20, 2009

On analysis of UCC details, KYC, Off-market transactions and bank statement, no connection was observed amongst all these 3 entities, Rahul H Jain, Vitesh B Shah and Manish Buta HUF. On analysis of trading pattern, it was observed that the trades were executed in a circular motion. Further, Vitesh B Shah has executed circular trade on 18/07/2008. Thus, it can be inferred that Manish Buta HUF and Vitesh B Shah aided and abetted Rahul H Jain in execution of circular trades.

20. Pictorial representation of the above trades is given at "Annexure 4".

21. From the above analysis of circular trades it is alleged that circular trades were observed on 11 instances during Patch I, II and III of the investigation period. Out of total 29 connected entities, there were 19 entities who had executed circular trades on 10 trading days (May 16, 20 and 26, 2008 during Patch I, July 18, 24, 25, 30 and August 05, 2008 during Patch II and February 19 and 20 2009 during Patch III amongst 19 connected entities) during the different patches of the investigation period. It is therefore alleged that these 19 connected entities (who



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

are Noticees herein) have contributed in the range of 25.33%-82.41% of the day's market volume through circular trades on these respective 10 trading days, which is substantial compared to the day's total market volume. Thus, it is alleged that these 19 connected entities and Directors of connected entities (in case of corporate entity) namely Faith Finstock Pvt. Ltd. (Noticee No. 8) and its Directors Pankaj Kanaiyalal Parikh (Noticee No. 9), Mayuri Kalpesh Pandya (Noticee No. 10) & Kalpesh R Pandya (Noticee No. 11), Prolific Mercantile Co. Pvt. Ltd. (Noticee No. 12) and its Directors Prakash Shamrao Dalvi (Noticee No. 13) & Rajendra Mahadev Kelakar (Noticee No. 14), Kingfisher Trading Co. Pvt. Ltd. (Noticee No. 15) and its Directors Dinesh Jivrajbhai Vajar (Noticee No. 17), Sangeeta Dinesh Vajar (Noticee No. 18) & Ayush Rameshwar Gaur (Noticee No. 19), Adore Mercantile Co. Pvt. Ltd. (Noticee No. 20) and its Directors Yogendra Janardhan Bangera (Noticee No. 21) & Ashok Sakharam Pilke (Noticee No. 22), Akhila Mercantile Pvt. Ltd. (Noticee No. 23) and its Directors Dayanand Chandapa Holkar (Noticee No. 26) & Prabhakar Datlaram Kudaskar (Noticee No. 27), Rita Deepak Negandhi (Noticee No. 28), Manjula M Doshi (Noticee No. 29), Vitesh B Shah (Noticee No. 30), Dinesh V Makwana (Noticee No. 31), Rama N Raval (Noticee No. 32), Parag B Mehta (Noticee No. 33), Rahul H Jain (Noticee No. 34), Sonal H Desai (Noticee No. 35), Fotosoft Multimedia Pvt. Ltd. (Noticee No. 36) and its Directors Balkrishna Amritlal Oza (Noticee No. 37) & Sudha Balkrishna Oza (Noticee No. 38), Dinesh Rathod HUF (Noticee No. 39), Waterbase Mercantile Co. Pvt. Ltd. (Noticee No. 40) and its Directors Satyendrakumar Ramshankar Pandey (Noticee No. 41) & Niranjani Satyendrakumar Pandey (Noticee No. 42), Anushi A Shah (Noticee No. 43), Sterjet Trading Co. Pvt. Ltd. (Noticee No. 44) and its Directors Janibabu Ahmadkhan Chauhan (Noticee No. 45) & Kamlesh Premraj Borse (Noticee No. 46) and Manish Buta HUF (Noticee No. 47) have created misleading appearance of trading by creating artificial volume through circular trades, thereby violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

Allegation against the Noticee Nos. 8 to 61 for trading amongst themselves in groups and created misleading appearance of trading:

22. Further, the Investigation has observed that the said 29-connected entities have traded among themselves repeatedly on a daily basis during the investigation period. These connected entities were trading amongst themselves in a group of 3 to 6 entities similar to circular trades. The trading details of the said 29-connected entities are as follows:

Table 9: Trading Details of Connected Entities

Sr. No.	PAN	Entity Name	Buy Qty	Sell Qty	Buy Qty as % of Mkt Vol.	Sell Qty as % of Mkt Vol.
1	AQFPS0836F	Vitesh B Shah	2388889	2795807	4.77%	5.58%
2	ANOPM9543M	Dinesh V Makwana	2351033	2427645	4.69%	4.84%
3	AAACF1497M	Fotosoft Multimedia Pvt. Ltd.	2213107	1900559	4.41%	3.79%
4	AAGCA8077J	Akhila Mercantile Pvt. Ltd.	1999326	1602462	3.99%	3.20%
5	AAJCS5512K	Sterjet Trading Co. Pvt Ltd	1956864	1654794	3.90%	3.30%
6	AIOPJ9425A	Rahul H Jain	1731223	1712353	3.45%	3.42%
7	ABQPD8951N	Sonal H Desai	1240983	1183344	2.48%	2.36%
8	AETPN2046J	Rita Deepak Negandhi	967728	892337	1.93%	1.78%
9	ALCPM8512E	Ankit B Mehta	964366	966856	1.92%	1.93%
10	AAAPV5284B	Madhukar N Vora	811435	758817	1.62%	1.51%
11	AAAHY6896C	Yatin Pandya HUF	719626	665615	1.44%	1.31%
12	AADCC1953C	Charu Multitrade Pvt. Ltd.	714537	918350	1.43%	1.83%
13	AAFCM2750F	Meghana Mercantile Pvt. Ltd.	652342	630643	1.30%	1.26%
14	AAACH5568D	HKG Capital Services Pvt. Ltd.	629058	681947	1.25%	1.36%
15	AAACF5670Q	Francisca Investment Pvt Ltd	598340	775978	1.19%	1.55%
16	AMZPD7424L	Manjula M Doshi	563788	649760	1.12%	1.30%
17	AACCK3056H	Kingfisher Trading Co. Pvt. Ltd.	523539	600025	1.04%	1.20%
18	AKBPR8550R	Rama N Raval	503156	502769	1.00%	1.00%
19	AAACF7046E	Faith Finstock Pvt. Ltd.	457203	549813	0.91%	1.10%
20	ANCPM8699L	Parag B Mehta	438101	438821	0.87%	0.88%
21	AAFCA5699H	Adore Merchantile Co. Pvt Ltd	345220	272616	0.69%	0.54%
22	AAACW5073A	Waterbase Mercantile Co. Pvt. Ltd.	276177	241208	0.55%	0.48%
23	AACCR9863K	Robosoft Trading Co. Pvt. Ltd.	203391	311723	0.41%	0.62%
24	AADCP8003G	Prolific Mercantile Co. Pvt Ltd	177280	145915	0.35%	0.29%
25	AAFHD1015F	Dinesh Rathod HUF	105000	104950	0.21%	0.21%
26	AABCD4543R	Dollex Capital & Finance Pvt. Ltd.	92513	248266	0.18%	0.50%
27	AACHA7911C	Ashok H Shah HUF	86050	86102	0.17%	0.17%
28	CBAPS5104G	Anushi A Shah	49118	49903	0.10%	0.10%
29	AAFHM4558L	Manish Buta HUF	32000	32015	0.06%	0.06%
Group Total			23791393	23791393	47.46%	47.46%
Market Volume			50127939	50127939	100.00%	100.00%



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

23. The extracts of trade log in respect of the above trades of aforesaid 29-connected entities in the scrip of SIEL is placed at "Annexure 5" and complete trade log during the investigation period in the scrip of SIEL is placed at "Annexure 6".
24. The Investigation has carried out trading analysis of the aforesaid 29-connected entities and observed that out of 345 trading days during the investigation period, the connected entities have traded among themselves on 295 trading days and contributed to market volume 2,37,91,393 shares i.e., 47.46% of the total market volume during the Investigation Period. Vitesh B Shah was the top entity amongst the 29 connected entities who had bought maximum number of shares from the other connected entities. For instance, on August 28, 2008, Vitesh B Shah sold 29,907 shares to Fotosoft Multimedia Pvt. Ltd., which accounted for 24.95% of the total market volume on that day. On May 12, 2008, Fotosoft Multimedia Pvt. Ltd. bought 29,900 and 26,900 shares (total 56800 shares) from Rahul H Jain and Akhila Mercantile Pvt. Ltd. respectively, which accounted for 30.02% of the total market volume on that day. Similarly, other connected entities have also traded continuously amongst themselves throughout the investigation period and cumulatively contributed 2,37,91,393 shares to total market volume i.e. 47.46% of the market volume during the investigation period.
25. Further, it was observed that on 121 trading days, these connected entities have traded amongst themselves and contributed in the range of 50.30%-99.96% to the total market volume on respective trading days (on an average 81.01% of day's total market volume on these 121 trading days). It was also observed that on 58 trading days, these connected entities have traded amongst themselves and contributed in the range of 90.30%-99.96% to the total market volume on respective trading days.
26. As brought out in the preceding para-21, 19-connected entities were indulging in circular trading during Patch I, II and III of the investigation period and have



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

created misleading appearance of trading by creating artificial volume through circular trades. These 19-entities are part of 29-connected entities who have traded amongst themselves and contributed substantial to the total market volume. These 29-connected entities have traded amongst themselves with the intent to create false and misleading appearance of trading in the scrip of SIEL.

27. Thus, it is alleged that this group of 29-connected entities created false and misleading appearance of trading in the scrip of SIEL by trading amongst themselves and have therefore violated the provisions of Section 12A(a), (b), (c) of SEBI Act read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations.

Allegation against the Noticee Nos. 8 to 15, 17, 18, 20 to 23, 26 and 27 for indulging in Synchronized Trades:

28. During investigation period, synchronized trades analysis were carried out with exact match of price, quantity and time (of less than 60 seconds) of the order placed by the buy and sell clients.
29. During Patch-1 of Investigation Period it was observed from the analysis that 5-connected entities executed circular trades on 5 trading days for 52,774 shares of SIEL which was 9.31% of the five day's market volume. The details of synchronized trades done by the aforesaid 5-connected entities in the scrip of SIEL is placed at "Annexure 7". Summary of the same the same are as follows:

Table 10: Synchronized Trading Details of 5-Connected Entities

Date	Buyer	Seller	No. of Trades	Sync Qty
16.05.2008	Faith Finstock Pvt Ltd	Kingfisher Trading Co. Pvt Ltd	2	5000
16.05.2008	Kingfisher Trading Co. Pvt Ltd	Prolific Mercantile Co. (P) Ltd.	4	9900
16.05.2008	Prolific Mercantile Co. (P) Ltd.	Faith Finstock Pvt Ltd	4	7200
20.05.2008	Adore Mercantile Co. Pvt Ltd.	Prolific Mercantile Co. (P) Ltd.	1	4174
20.05.2008	Faith Finstock Pvt Ltd	Akhila Mercantile Pvt. Ltd.	1	500
20.05.2008	Prolific Mercantile Co. (P) Ltd.	Faith Finstock Pvt. Ltd.	1	2500
21.05.2008	Kingfisher Trading Co. Pvt Ltd	Faith Finstock Pvt Ltd	5	14990
22.05.2008	Adore Mercantile Co. Pvt Ltd.	Faith Finstock Pvt Ltd	1	3514
26.05.2008	Prolific Mercantile Co. (P) Ltd.	Adore Mercantile Co. Pvt Ltd.	1	4996
Total			20	52774



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

30. Thus, it is alleged that these five connected entities and their Directors namely Faith Finstock Pvt. Ltd. (Noticee No. 8) and its Directors Pankaj Kanaiyalal Parikh (Noticee No. 9), Mayuri Kalpesh Pandya (Noticee No. 10) & Kalpesh R Pandya (Noticee No. 11), Prolific Mercantile Co. Pvt. Ltd. (Noticee No. 12) and its Directors Prakash Shamrao Dalvi (Noticee No. 13) & Rajendra Mahadev Kelkar (Noticee No. 14), Kingfisher Trading Co. Pvt. Ltd. (Noticee No. 15) and its Directors Dinesh Jivrajbhai Vajar (Noticee No. 17) & Sangeeta Dinesh Vajar (Noticee No. 18), Adore Mercantile Co. Pvt. Ltd. (Noticee No. 20) and its Directors Yogendra Janardhan Bangera (Noticee No. 21) & Ashok Sakharam Pilke (Noticee No. 22), Akhila Mercantile Pvt. Ltd. (Noticee No. 23) and its Directors Dayanand Chandapa Holkar (Noticee No. 26) & Prabhakar Dattaram Kudaskar (Noticee No. 27), carried out synchronized trades which were manipulative in nature and thus violated the provisions of Section 12A(a), (b) and (c) of SEBI Act read with Regulations 3(a) (b) (c) (d), and Regulation 4(1), 4(2) (a) and (g) of PFUTP Regulations.
31. Most of the aforesaid Noticees that alleged to have been violated the provisions of SEBI Act and PFUTP Regulations are private limited companies. The functioning and responsibility of the private limited companies are on the directors of the company. Hence, it is alleged that the directors of the private limited companies are also alleged to have been violated the same provisions of the SEBI Act and PFUTP Regulations for the irregular trading activities of the private limited companies.

Allegation against SIEL and Its directors:

32. The Investigation has observed from shareholding pattern of SIEL that Yogendra Bangera was appearing in the Promoter and Promoter Group category of SIEL during the quarter ended December 2007 along with Nitin J Sandesara and Chetan J Sandesara. Yogendra Bangera is director of one of the suspected entity



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

Adore Mercantile Company Pvt. Ltd. which has traded in the scrip as a client. Thus, it has been alleged that the entity Adore Mercantile Company Pvt. Ltd. is connected with SIEL and its promoters and directors and Adore Mercantile Company Pvt. Ltd. is part of the connected entities which traded in the scrip.

33. It is alleged that SIEL (Noticee No.1) and its Directors viz. Nitin Jayantilal Sandesara (Noticee No.2), Chetan Jayantilal Sandesara (Noticee No.3), Rajbhushan Omprakash Dixit (Noticee No.4), Hiteshkumar Narendrabhai Patel (Noticee No.5), Ramani Subramanian Iyer (Noticee No.6) and Ronald Peter Dsouza (Noticee No.7) through the various connected entities created artificial volume in the scrip of SIEL by indulging in circular trades, synchronized trades and trading among themselves during the investigation period. In view of the above, it is alleged that SIEL and its aforementioned directors were part of the scheme to create artificial volume in the scrip. Hence, it is alleged that the SIEL and its six directors (Noticee Nos. 1 to 7) have violated provisions of Section 12A(a), (b), (c) of SEBI Act, 1992 read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) & (g) of PFUTP Regulations.
34. In view of the forgoing it is alleged as under:
- It is alleged that on the basis of Shareholding Pattern, UCC details, KYC, Off-market transactions, MCA website and bank statement, a group of 29 entities are found to be connected and also found to be connected with SIEL and its promoters/directors.
 - It is alleged that out of the said 29-connected entities, 19 entities were indulging in circular trades and created misleading appearance of trading in the scrip of SIEL.
 - It is alleged that all the said 29-connected entities were trading amongst themselves and contributed to 47.46% of the market volume during the



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

investigation period. Thus, these 29-connected entities created misleading appearance of trading in the scrip of SIEL by trading amongst themselves.

- iv. It is alleged that 5-connected entities were indulged in synchronized trades and created misleading appearance of trading in the scrip of SIEL.

35. Therefore, it is alleged that;

- i) The Noticee Nos. 1 to 7 have allegedly violated the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations, for being part of scheme wherein the entities connected to SIEL created misleading appearance of trading in the scrip through circular trades, synchronized trades and trading among themselves.
- ii) The Noticee Nos. 8 to 15, 17 to 23 and 26 to 47 have allegedly violated the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations for indulging in circular trades thereby creating misleading appearance of trading in the scrip of SIEL.
- iii) The Noticee Nos. 8 to 61 have allegedly violated the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations for creating misleading appearance of trading in the scrip of SIEL by trading amongst themselves.
- iv) The Noticee Nos. 8 to 15, 17, 18, 20 to 23, 26 and 27 have allegedly violated the provisions of Section 12A(a), (b), (c) of SEBI Act, read with Regulations 3(a),(b),(c),(d) and Regulations 4(1), 4(2) (a) and (g) of PFUTP Regulations for indulging into synchronized trades thereby creating artificial volume in the scrip of SIEL.



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

36. Provisions of the aforesaid alleged violations committed by the Noticees are *inter-alia* read as under:-

SEBI Act, 1992

Prohibition of manipulative and deceptive devices, Insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

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

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

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations, 2003

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 there under;

(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;



अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनियम बोर्ड
Securities and Exchange
Board of India

(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;

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

37. The aforesaid alleged contravention of the provisions of Section 12A (a), (b), (c) and Regulation 3 (a), (b), (c), (d), and Regulation 4(1), 4(2) (a) and (g) of the PFUTP Regulations, if established make the Noticees liable for monetary penalty under Section 15HA of SEBI Act, 1992. Provisions of Section 15HA of SEBI Act, 1992 *inter-alia* read as under:

88[Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty 89[which shall not be less than five lakh rupees but which may extend to twenty - five crore rupees or three times the amount of profits made out of such practices, whichever is higher].

88 Inserted by the SEBI (Amendment) Act, 2002, w.e.f.29-10-2002.

89 Substituted for the words —twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher // by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014



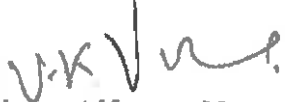
अनुवर्ती :
Continuation :

भारतीय प्रतिभूति
और विनिमय बोर्ड
*Securities and Exchange
Board of India*

38. With respect to above alleged violations, Noticees, is therefore, called upon to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the SEBI Adjudication Rules read with section 15-I of the SEBI Act, and penalty should not be imposed in terms of Rule 5 of the said Rules and the provisions of Section 15HA of SEBI Act.
39. Noticees's reply, if any, should reach the undersigned, at the address given below as well as through email at "vijayantkv@sebi.gov.in", within 14 - days from the date of the receipt of this Notice, failing which it shall be presumed that Noticees have no reply to submit and the matter would be further proceeded with on the basis of the materials available on record in terms of Rule 4 (7) of SEBI Adjudication Rules.

Securities and Exchange Board of India
SEBI Bhavan, C4-A, 'G' Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051

40. The Noticees are advised to provide copy of their PAN and email-id and also to keep the undersigned informed about the change in their correspondence address, if any, till the proceedings are complete.


Vijayant Kumar Verma
Adjudicating Officer

Enclosures: One CD containing Annexures 1 to 7 of the SCN

