

R MOHAN
GENERAL MANAGER
INVESTIGATION DEPARTMENT
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IES/IVD6/RM/AN/ /2004
August 25, 2004

1. Earnest Capfund

C/6, Om Shivam Apartment
Station Road
Bhayander (W)
Thane- 401101

2. Manish Radhanpura

301, Gauri Darshan
Behind Ice Factory
Opposite Burani Nagar
Phatak Road
Thane- Bhayandar (W) 401101.

3. Kavita Radhanpura

C/6, Om Shivam Apartment
Station Road
Bhayander (W)
Thane- 401101.

4. Monalisa Collections

C/6, Om Shivam Apartments
Station Road
Bhayandar (W)
Dist. Thane

5. Ujwal Investrade

2, Manibhai Apartment
Nr. N L High School
Bhandran Nagar
Malad (W)
Mumbai- 400064

Sub: Notice to show cause under section 11(4) read with 11 & 11B of SEBI Act, 1992 in the case of Hitech Jewellery Industries Limited.

Dear Sir,

Securities And Exchange Board Of India conducted investigations in the scrip of Hitech Jewellery Industries Limited for the period from January 01, 2001 to March 23, 2001. Findings of the investigation are enunciated below:

- 1) Investigations revealed that the major persons dealing in the scrip during the period under investigation were Manish C. Radhanpura, Kavita Radhanpura, Monalisa Collections, Earnest Cap fund and Ujwal Investrade Pvt. Ltd. and are related to each other and the captioned company as detailed below :

- i. Manish C. Radhanpura with Kavita M. Radhanpura, Monalisa Collection and Earnest Cap Fund Pvt. Ltd.

As per the Memorandum and Articles of Association of Earnest Cap fund Pvt. Ltd. Kavita M. Radhanpura is the wife of Manish C. Radhanpura and both Manish C. Radhanpura and Kavita M. Radhanpura are Directors of Earnest Cap Fund Pvt. Ltd. and having the same residential address. Monalisa Collections is a proprietary concern of Kavita Radhanpura.

- ii. Kavita M Radhanpura with The Company

The former address of Kavita M. Radhanpura mentioned in the Leave & License Agreement (submitted to member Kantilal Chaganlal Se. Pvt. Ltd.) is Rai Village, Hitech Building. and Company's Factory address is also in Rai Village, Bhayander (West), Distt. Thane.

- iii. Ujwal Investrade Pvt. Ltd. with The Company

Ujwal Investmart Pvt. Ltd has given the Fax No. 2003764 in the client agreement form to member Satco Securities & Financial Services Ltd. (Clg. No.664) but the address to this number mentioned in the MTNL software is the company address i.e. Hitech Jewellery Industries Ltd., V kanji, S Ghandhi Marg – 2. Suketu Patadia, one of the director of Ujwal Investrade Pvt. Ltd., has given the telephone number 8071732 in the client registration form to Investmart India Limited (Clg.

No. 125) and the address of the said telephone number in the MTNL software is Hitech Sales Corporation, Manibhai Apt., Vivekanand Rd.-64, Malad. Hitech Sales Corporation is a Proprietary concern of the chairman of Hitech Jewellery Industries Ltd, Mr. Narendra Chunilal Soni.

- 2) During the course of Investigation, it was observed that Manish Radhanpura, Kavita Radhanpura, Ujwal Investrade, Monalisa collections and Earnest Capfund have indulged in the circular trades and fictitious transaction and created an artificial market.
- 3) Investigation revealed that during settlement no. 41 to 49, Clients - Ujwal Investment Pvt Ltd. and Earnest Capfund Pvt. Ltd. has sold 11,04,615 shares through members ULJK Securities Pvt. Ltd. (Clg. No. 675) and 3,55,500 shares through V. K. Patel Private Ltd. (Clg. No. 678). It was further revealed that these trades were done for clients under the Sell N Cash scheme of SCHIL.
- 4) It was revealed that in order to ensure execution of these sale orders, the client himself was present as the counter client (as buyer). At other times he presented a different client to match the buy orders but the shares were transferred to his depository account. Such trades are detailed in annexure 1 and is explained as under :
 - ✍ Settlement No. 41 - Shows the fictitious transactions/matched transactions done by Monalisa Collections, Earnest Capital Fund, Kavita Radhanpura and Manish Radhanpura through the brokers Sharedeal Financial Consultants, Anand Rathi, Mitra Equities Pvt. Ltd., V K Patel, Kantilal Chaganlal, Prakash K Shah Shares & Securities Pvt. Ltd., SPS Shares, ULJK Sec. Ltd. and Satco Securities.
 1. Buying broker- Sharedeal Financial Consultants (No. 794) and selling broker –Anand Rathi (No. 30). The buying as well as selling client is the same- Monalisa Collections for a total of 5000 shares of Hitech on 2/1/2001 at Rs. 37.25.
 2. Buying broker- Mitra Equities P Ltd. (No. 107) and selling broker – V K Patel (No. 678). The buying as well as selling client is the same- Earnest Capital Fund for a total of 14000 shares of Hitech on 1/1/2001 at Rs. 36.
 3. Buying broker- Sharedeal Financial Consultants (No. 794) and selling Kantilal Chaganlal (No. 391). The buying client is Monalisa Collection and selling client is Kavita Radhanpura, for a total of 3600 shares of Hitech on 2/1/2001 at Rs. 37.25, and for a total of 4000 shares on 3/1/2001 at Rs. 38.
 4. Buying broker- Sharedeal Financial Consultants (No. 794) and selling broker - Prakash K. Shah Shares & Securities Pvt. Ltd (No. 549). The buying client is Monalisa Collection and selling client is Manish Radhanpura, for a total of 5000 shares on 4/1/2001 at Rs. 38.
 5. Buying broker- Sharedeal Financial Consultants (No. 794) and selling broker – ULJK Sec. Ltd (No. 675). The buying client is Monalisa Collection

and selling client is Earnest Capital fund, for a total of 10000 shares on 1/1/2001 at Rs. 36.

6. Buying broker- Sharedeal Financial Consultants (No. 794) and selling broker – V K Patel Ltd (No. 698). The buying client is Monalisa Collection and selling client is Earnest Capital fund, for a total of 3000 shares on 1/1/2001 at Rs. 36.
7. Buying broker- SPS Shares (No. 557) and selling broker – ULJK Sec Ltd (No. 675). The buying client is Earnest Capital Fund and selling client is Manish Radhanpura, for a total of 10000 shares on 1/1/2001 at Rs. 36.
8. Buying broker- SPS Shares (No. 557) and selling broker – Kantilal Chaganlal (No. 391). The buying client is Earnest Capital Fund and selling client is Kavita Radhanpura, for a total of 1400 shares on 2/1/2001 at Rs. 37.1 and for a total of 1000 shares on 4/1/01 at Rs. 37.3.
9. Buying broker- Mitra Equities (No. 107) and selling broker – Kantilal Chaganlal (No. 391). The buying client is Earnest CapFund and selling client is Kavita Radhanpura, for a total of 5000 shares on 2/1/2001 at Rs. 37.25, and for a total of 1000 shares on 3/1/01 at Rs. 38 and for a total of 900 shares on 4/1/01 at Rs. 37.4.
10. Buying broker- Anand Rathi (No. 30) and selling broker – V K Patel (No. 678). The buying client is Monalisa Collections and selling client is Earnest Capital Fund, for a total of 5000 shares on 2/1/2001 at Rs. 37.25, and for a total of 3000 shares on 1/1/01 at Rs. 36.
11. Buying broker- Satco Sec (No. 664) and selling broker – Kantilal Chaganlal (No. 391). The buying client and selling client is same i.e. Kavita Radhanpura for a total of 5000 shares on 2/1/2001 at Rs. 37.3 and for a total of 100 shares on 4/1/01 at Rs. 37.4 and 3000 shares at Rs. 37.5.

✍ Settlement No. 42 - Shows the fictitious transactions/matched transactions done by Monalisa Collections, Earnest Capital Fund and Kavita Radhanpura through the brokers Sharedeal Financial Consultants, V K Patel, Kantilal Chaganlal, Prakash K Shah Shares & Securities Pvt. Ltd., SPS Shares, ULJK Sec. Ltd. and Satco Securities.

1. Buying broker- Satco Sec. (No. 664) and selling broker – ULJK Sec. (No. 675) & V K Patel (No. 678). The buying client is Hasmukh and Monalisa and selling client is Earnest Capital Fund for 3500 shares at 37.2 on 08/01/01, 5290 shares at 37.1 on 08/01/01, 7060 shares at 37 on 08/01/01, 3000 shares at 37.2 on 09/01/01, 2000 shares at 37.1 on 09/01/01 and 3500 shares at 37.3 on 10/01/01, 10000 shares at 37.1 on 10/01/01.
2. Buying broker- SPS Shares (No. 557) and selling broker – ULJK Sec (No. 675) . The buying clients as well as selling client is Earnest Cap. Fund for 200 shares at 37 on 08/01, 9000 shares at 37.25 on 10/01, 5000 shares at 37 on 10/01.
3. Buying broker- SPS Shares (No. 557) and selling broker –V K Patel (No. 678). The buying clients as well as selling client is Earnest Cap Fund for 10000 shares at 37 on 08/01 and 5000 shares @ 37.05 on 09/01.

4. Buying broker- SPS Shares (No. 557)) and selling broker – Kantilal Chaganlal (No. 391). The buying clients are Earnest Capital Fund and selling client is Kavita Radhanpura for 700 shares at @37.05 on 09/01.
 5. Buying broker- Shareddeal Financial Consultants (No. 794) and selling broker – Kantilal Chaganlal (No. 391). The buying clients is Monalisa and selling client is Kavita Radhanpura for 4300 shares at @37 on 09/01, 3750 shares at @ 37.05 on 10/01, 5000 shares at @ 37.25 on 12/01.
 6. Buying broker- Shareddeal Financial Consultants (No. 794) and selling broker SPS Shares (No. 557). The buying clients is Monalisa and selling client is Earnest Capital Fund for 11500 shares @37.25 on 11/1, 500 shares @38.05 on 11/1.
 7. Buying broker- Shareddeal Financial Consultants (No. 794) and selling broker ULJK Sec (No. 675). The buying clients is Monalisa and selling client is Earnest Cap Fund for 9000 shares @37.15 on 8/1, 5000 shares @37.25 on 9/1.
 8. Buying broker- Shareddeal Financial Consultants (No. 794) and selling broker V K Patel (No. 678). The buying clients is Monalisa and selling client is Earnest Capital Fund for 50 shares @ 37 , 50 shares @36 and 50 shares @ 35 on 8/1 and 10000 shares @ 37.2 on 10/1.
- ✍ Settlement No. 43 - Shows the fictitious transactions/matched transactions done by Monalisa, Earnest Capital Fund and Kavita Radhanpura through brokers Satco Securities, ULJK Securities, V K Patel Securities, Shareddeal Financial Consultants and Kantilal Chagganlal Securities.
1. Buying broker- Satco Securities and selling broker is ULJK Securities The buying clients is Hasmukh/Monalisa and selling client is Earnest Capital Fund. On 15/1 for 6000 shares @ 37.6 and 9000 shares @ 37.5, on 17/01 9000 shares @ 39.2 and 1000 shares @ 39.1.
 2. Buying broker- Satco Securities and selling broker is V K Patel Securities The buying clients is Hasmukh/Monalisa and selling client is Earnest Capital Fund. On 15/1 13400 shares @37.5, on 16/1 2500 shares @38.2 and 100 shares@ 38.1.
 3. Buying broker- Shareddeal Financial Consultants and selling broker is Kantilal Chagganlal Securities. The buying clients is Monalisa and selling client is Kavita Radhanpura. On 15/1 3500 shares at 38.5, on 17/1 10000 shares at 39.5 and 19/1 5000 shares at 39.
 4. Buying broker- Shareddeal Financial Consultants and selling broker is V K Patel Securities. The buying clients is Monalisa and selling client is Cydel Securities. On 16/1 7000 shares at 39, 5400 shares at 38.8 and 5000 shares at 38.5.
 5. Buying broker- Shareddeal Financial Consultants and selling broker is ULJK Securities. The buying clients is Monalisa and selling client is Earnest Capital Fund. On 17/1 10000 shares at 39.2
 6. Buying broker- Satco Securities and selling broker is Kantilal Chagganlal Securities. The buying clients is Hasmukh/Monalisa and selling client is Kavita Radhanpura. On 18/1 6000 shares at 39.8.

✍ Settlement No. 44 - Shows the fictitious transactions/matched transactions done by Monalisa, Kavita Radhanpura and Earnest Capital Fund through brokers Sharedeal Financial Consultants, Kantilal Chagganlal Securities, ULJK Securities, V K Patel Securities and Angel Securities.

1. Buying broker- Sharedeal Financial Consultants and selling broker is Kantilal Chagganlal Securities The buying clients is Monalisa and selling client is Kavita Radhanpura. On 22/02 1000 shares at 41 and 100 shares at 41.75, 24/01 4000 shares at 41 , 25/1 3000 shares at 40.9.
2. Buying broker- Sharedeal Financial Consultants and selling broker is ULJK Securities The buying clients is Monalisa and selling client is Earnest Capital Fund on 22/01 3000 shares at 40.4, on 23/01 19500 shares at 40.
3. Buying broker- Sharedeal Financial Consultants and selling broker is V K Patel Securities. The buying clients is Monalisa and selling client is Earnest Capital Fund on 22/1 8000 shares at 40.2, 3500 shares at 40, 23/1 3000 shares at 40.
4. Buying broker- Angel Securities and selling broker is Kantilal Chagganlal Securities. The buying clients is Hasmukh and selling client is Kavita Radhanpura. On 25/1 500 at 41.
5. Buying broker- Angel Securities and selling broker is V. K. Patel Securities The buying clients is Hasmukh and selling client is Earnest Capital Fund. On 24/1 5000 shares at 41.7.

✍ Settlement No. 45 - Shows the fictitious transactions/matched transactions done by Monalisa, Kavita Radhanpura, Earnest Capital Fund and Ujwal Investrade through the brokers Sharedeal Financial Consultants, Kantilal Chagganlal Securities, ULJK Securities, V. K. Patel Securities, Orient Shares and Stock Broking, Joindre Capital Securities and Angel Securities.

1. Buying broker- Sharedeal Financial Consultants and selling broker is Kantilal Chagganlal Securities. The buying clients is Monalisa and selling client is Kavita Radhanpura. On 2/2 2000 shares at 41.5.
2. Buying broker- Sharedeal Financial Consultants and selling broker is ULJK Securities The buying clients is Monalisa and selling client is Earnest Capital Fund on 29/1 5000 shares at 40.9, 30/1 7000 shares 40.4, 30/1 5000 shares 40.2, 30/1 10000 shares at 40. on 31/1 3000 shares 41.
3. Buying broker- Sharedeal Financial Consultants and selling broker is V. K. Patel Securities The buying clients is Monalisa and selling client is Earnest Capital Fund. On 29/1 5000 shares 40.6, 31/1 2000 shares at 41.4 and 5000 shares at 41.2.
4. Buying broker- Orient Shares and Stock Broking and selling broker is Joindre Capital Securities The buying clients is Ujwal Investrade and selling client is Ujwal Investrade. On 30/1 5000 shares at 43, 100 shares at 40.5.
5. Buying broker- Angel Securities and selling broker is Kantilal Chagganlal Securities The buying clients is Hasmukh and selling client is Kavita Radhanpura . on 29/1 1000 shares at 41.2.
6. Buying broker- Angel Securities and selling broker is ULJK Securities The buying clients is Hasmukh and selling client is Earnest Capital Fund. On

29/1 4000 shares at 41.2 and 30/1 2000 shares at 41.1 and 31/1 5000 shares at 41.

✍ Settlement No. 46 - Shows the fictitious transactions/matched transactions done by Earnest Capital Fund, Ujwal Investrade, Kavita Radhanpura, Manish Radhanpura and Monalisa through the brokers Anand Rathi, V. K. Patel Securities, Angel Securities, ULJK Securities, Satco Securities, Orient Shares and Stock Broking, Joindre Securities, Sharedeal Financial Consultants and Kantilal Chagganlal Securities.

1. Buying broker- Angel Securities and selling broker is ULJK Securities. The buying clients is Hasmukh and selling client is Earnest Capital Fund. On 5/2 3000 shares at 41.6.
2. Buying broker- Satco Securities and selling broker is ULJK Securities The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 5/2 5000 shares at 42.25, 5000 shares at 42.2, 5000 shares at 42.15, 5000 shares at 42.05, 100 shares at 41.5, 10000 shares at 41.75, 5000 shares at 41.45, 5000 shares at 41.35, 5000 shares at 41.25, 100 shares at 41, 3000 shares at 41.1., 7/2 200 shares at 41.7, 200 shares at 41.6, and 200 shares at 41.5, 11200 shares at 41.
3. Buying broker- Orient Shares and Stock Broking and selling broker is Joindre Securities. The buying clients is Ujwal Investrade and selling client is Aries Enterprises on 5/2 5000 shares at 42.
4. Buying broker- Orient Shares and Stock Broking and selling broker is ULJK Securities The buying clients is Ujwal Investrade and selling client is Ujwal Investrade 5/2 5000 shares at 42, 10800 shares at 41, 17000 shares at 41.5. on 6/2 5000 shares at 41.25, 7000 shares at 41.9. 7/2 700 shares at 41.75, 600 shares at 41.6, 400 shares at 41.4, 300 shares at 41.1, 200 shares at 41.
5. Buying broker- Orient Shares and Stock Broking and selling broker is V. K. Patel Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 7/2 22000 shares at 42.
6. Buying broker- Sharedeal Financial Consultants and selling broker is Kantilal Chagganlal Securities The buying clients is Earnest Capital Fund and selling client is Kavita Radhanpura on 8/2 2100 shares at 42.5.
7. Buying broker- Sharedeal Financial Consultants and member ULJK Securities for client Earnest Capital Fund and Manish Radhanpura on 5/2 8000 shares at 41.75, 3000 shares at 41.5.
8. Buying broker- Sharedeal Financial Consultants and selling broker is V. K. Patel Securities. The buying clients is Earnest Capital Fund and selling client is Earnest Capital Fund on 6/2 2000 shares at 41.8, on 5/2 10000 shares at 41.45 and on 7/2 4000 shares at 42.
9. Buying broker- Anand Rathi and selling broker is Kantilal Chagganlal Securities. The buying clients is Monalisa and selling client is Kavita Radhanpura on 5/2, 10000 shares @ 41.45 and 7/2, 4000 shares at 42.
10. Buying broker- Anand Rathi and selling broker is V. K. Patel Securities The buying clients is Monalisa and selling client is Earnest Capital Fund. On 6/2, for 3000 shares at 42.

✍ Settlement No. 47 - Shows the fictitious transactions/matched transactions done by Earnest Capital Fund, Kavita Radhanpura, Manish Radhanpura, Ujwal Investrade through the brokers Sharedeal Financial Consultants, Kantilal Chagganlal Securities, ULJK Securities, Orient Shares and Stock Broking, Joindre Capital.

1. Buying broker- Sharedeal Financial Consultants and selling broker is Kantilal Chagganlal Securities The buying clients is Earnest Capital Fund and selling client is Kavita Radhanpura on 15/2 for 8400 shares at 42.5.
2. Buying broker- Sharedeal Financial Consultants and selling broker is ULJK Securities. The buying clients is Earnest Capital Fund and selling client is Manish Radhanpura on 12/2 5000 shares at 41.75, 5000 shares at 41.6, 4600 shares at 41.5, 13/2 20000 shares at 42, 14/2 4500 shares at 42.6, 5000 shares at 42.55, 25000 shares at 42.
3. Buying broker- Orient Shares and Stock Broking and selling broker is Joindre Capital. The buying clients is Ujwal Investrade and selling client is Aries Enterprises on 14/2 10000 shares at 42.5.
4. Buying broker- Orient Shares and Stock Broking and selling broker is ULJK Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade 12/2 10000 shares at 42.95, 10000 shares at 41.9, 5000 shares at 41.5.

✍ Settlement No. 48 - Shows the fictitious transactions/matched transactions done by Kavita Radhanpura, Monalisa, Ujwal Investrade and Earnest Capital Fund through the brokers Angel Securities, Kantilal Chagganlal Securities, Anand Rathi, Orient Shares and Stock Broking, ULJK Securities, Satco Securities and Sharedeal Financial Consultants.

1. Buying broker- Angel Securities and selling broker is Kantilal Chagganlal Securities. The buying clients is Hasmukh and selling client is Kavita Radhanpura on 19/2 2000 shares at Rs. 42.3.
2. Buying broker- Anand Rathi and selling broker is Kantilal Chagganlal Securities. The buying clients is Monalisa and selling client is Kavita Radhanpura on 19/2 6000 shares at Rs. 42.25.
3. Buying broker- Orient Shares and Stock Broking and selling broker is ULJK Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 19/2 15000 shares at 42.5, and 10000 shares at 42.3. on 20/2 14000 shares at 43.5, 6000 shares at 43.5, 12000 shares at 41.5.
4. Buying broker- Satco Securities and selling broker is ULJK Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 19/2 24800 shares at 42.75. 20/2 3000 shares at 42.9, 5000 shares at 42.7, 5000 shares at 42.5, 5000 shares at 42.25, 5000 shares at 42.1 and 20500 shares at 42. on 22/2 2000 shares at 95, 2000 shares at 42.9, 3000 shares at 42.85, 2000 shares at 42.8, 3000 shares at 42.7, 3000 shares at 43.65, 3000 shares at 42.60, 3000 shares at 42.55, 5000 shares at 42.5, 2000 shares at 42.35, 3000 shares at 42.3, 5000 shares at 42.3, 100 shares at 42.1, 100 shares at 42.5 and 1300 shares at 42.

5. Buying broker- Sharedeal Financial Consultants and selling broker is Kantilal Chagganlal Securities. The buying clients is Earnest Capital Fund and selling client is Kavita Radhanpura on 19/2 2000 shares at 42.1.

✍ Settlement No. 49 - Shows the fictitious transactions/matched transactions done by Ujwal Investrade, Earnest Capital Fund and Kavita Radhanpura through the brokers Joindre Capital, Satco Securities, Orient Shares and Stock Broking, ULJK Securities, Sharedeal Financial Consultants, Khambatta Securities and Kantilal Chagganlal Securities.

1. Buying broker- Orient Shares and Stock Broking and selling broker is ULJK Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 26/2 15500 shares at 42.85, 27/2 40000 shares at 43.

2. Buying broker- and selling broker is ULJK Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 26/2 5000 shares at 42.8, 100 shares at 42.75, 5000 shares at 42.65, 100 shares at 42.6, 5000 shares at 42.55, 100 shares at 42.5, 100 shares at 42.4, 100 shares at 42.25, 11625 shares at 42. on 27/2 100 shares at 43.1, 13900 shares at 43.

3. Buying broker- Sharedeal Financial Consultants and selling broker is ULJK Securities. The buying clients is Earnest Capital Fund and selling client is Earnest CapFund on 26/2 30000 shares at 43. 28/2 10000 shares at 45.5 and 15000 shares at 45.25.

4. Buying broker- Khambatta Securities and selling broker is Kantilal Chagganlal Securities. The buying clients is Kavita Radhanpura and selling client is also Kavita Radhanpura on 27/2 2000 shares at 43.2.

5. Buying broker- Joindre Capital and selling broker is Satco Securities. The buying clients is Aries and selling client is Ujwal Investrade on 1/3, 21500 at 45.55.

✍ Settlement No. 50 - Shows the fictitious transactions/matched transactions done by Ujwal Investrade through the brokers Orient Shares and Stock Broking, Investsmart Securities and Satco Securities.

1. Buying broker- Orient Shares and Stock Broking and selling broker is Investsmart Securities. The buying clients is Ujwal Investrade and selling client is Ujwal Investrade on 8/3 22500 shares at 42.75 , 25000 shares at 42.5.

2. Buying broker- Satco Securities and selling broker is Investsmart Securities The buying clients is Ujwal Investrade and selling client is Ujwal Investrade 8/3 25000 shares at 43.

5) It is observed that orders are matched for rate and quantity. Both buy as well as sell orders are for same rate and quantity. In many instances, orders are put in time proximity to each other to ensure buyer gets desired sellers and vice versa. Thus, there is synchronisation in order entry to ensure matching. Further, this is also facilitated since shares of the company are in Z group, illiquidity in trading and lack of outside /general market interest. A summarised statement for these clients, broker-wise is given in Annexure 2.

- 6) It is further seen from the above that in many cases, the buying client as well as the selling client are the same entities. This further shows that transactions were fictitious in nature and there is effectively no change in beneficial ownership. This is further borne out by the fact that in many cases, shares are flowing in and out of common demat accounts. In effect, one demat account is used by more than one entity. This shows that these entities have been used to give an appearance of several different entities. It is also noticed that on the one hand, these entities are buying shares through one broker while on the other hand, they are selling through another broker. There is thus creation of artificial volumes.
- 7) Investigation brought out that when the company entities were selling shares through one set of brokers, they were also buying shares of the company on the other side. Illustrations are given as under
- i. In settlement 49, on 27th Feb. 2001, member ULJK Sec. Pvt. Ltd. had sold 36,000 shares under SHCIL's 'Sell N Cash' scheme for Ujwal Investrade Pvt. Ltd. Ujwal Investrade has taken the payment for its sold shares, in 24 hours of the execution of trade from SHCIL. These transactions were matched with buying member Khambatta Securities Ltd. for ultimate client Harsha Ashish Gor. But the payments for these purchases were made through cheques signed by Kavita Radhanpura on behalf of Kavita Radhanpura's Proprietary concern 'Monalisa Collections'. Thus both the buying and selling client were belonging to same group and effectively there was no change in beneficial interest of the shares.
 - ii. Again, on 27th Feb. 2001, Kavita Radhanpura has sold 2000 shares through member Kantilal Chaganlal Sec. Pvt. Ltd. and had matched its transactions with buying members Khambatta Securities Ltd. Member Khambatta Securities Ltd. had bought these shares on behalf of ultimate client Harsha Ashish Gor, but the payments for these purchases were made through cheques signed by Kavita Radhanpura on behalf of Kavita Radhanpura's Proprietary concern 'Monalisa Collections'. And the cheques were bounced and have not paid till date and were the subject matter of arbitration as explained in item 1 above. These trades are fictitious in nature and have created volumes in the scrip.
 - iii. In settlement 50, on 3rd Mar. 2001, member Investsmart India Ltd. had sold 89,000 shares under SHCIL's 'Sell N Cash' scheme for ultimate client Ujwal Investrade Pvt. Ltd. Whereby the ultimate client has taken the payment for its sold shares, in 24 hours of the execution of trade from SHCIL. These transactions were matched with buying member Khambatta Securities Ltd. for ultimate client Harsha Ashish Gor. But the payments for these purchases were made through cheques signed by Kavita Radhanpura on behalf of Kavita Radhanpura's Proprietary concern 'Monalisa Collections' and those cheques were bounced and has not paid till date and were the subject matter of arbitration as explained in item 1 above. These trades are fictitious in nature and have created volumes in the scrip.

- 8) The findings of the investigation as detailed in the previous sections primarily bring out that entities connected with the company – Hitech Jewellery Industries Ltd. have created artificial volume in the trading of the shares of the company on the BSE. These entities are Manish Radhanpura, Kavita Radhanpura, Monalisa Collections, Earnest Cap Fund and Ujwal Investrade. They have indulged in circular transaction by buying and selling shares of the company among themselves and creating a misleading appearance of trading. In some cases, these entities have also created front/dummy entities and traded through them. These entities have used the Sell N Cash facility provided by SCHIL to avail of instant cash for sale transaction. Structured transactions have been put by them. They have sold shares on one hand through a set of brokers and obtaining instant sale consideration through SCHIL while they have simultaneously bought shares through another set of brokers.
- 9) The entities have sold the shares through members U.L.J.K. Sec. Pvt. Ltd., Investsmart India Ltd, V.K. Patel Sec. Pvt. Ltd. and Satco Sec. & Fin. Ser. Ltd. and on the other side to match these transactions, the client himself or clients connected to him had placed the buy orders through members Sharedeal Fin. Cons. Pvt. Ltd, Orient share & Stock Broking, Khambatta Securities Ltd. Anand Rathi & Co, SPS Share Broker Pvt. Ltd, Angel Sec. Ltd, Inventure Growth & Sec., J.G. shah Fin. Con. Pvt. Ltd. and Mitra Equities Pvt. Ltd. The above transactions created artificial volumes and funding transaction were given the colour of purchase and sale.

The findings of the investigation as detailed above suggest the prima facie violation by you of the provisions of Regulation 4(b) and 4(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995. Which read as follows :

Regulation 4: No person shall –

- (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market.
- (d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities.

In view of the above, you are, hereby, called upon to show cause as to why the suitable directions including direction of restraining all of you from accessing the securities market and prohibiting you from buying, selling or dealing in securities for a suitable period should not be passed u/s 11(4) read with section 11 and 11B of SEBI Act, 1992.

Your reply along with the documentary evidence, if any, should reach us within 21 days of the date of receipt of this notice. While replying you may also indicate whether you desire to be personally heard in this case so as to give you an

opportunity of personal hearing. In case no reply is received from you, within the above specified period, it shall be presumed that you have no further explanations/submissions to offer in this regard and the matter shall be dealt with as per law.

Yours sincerely

R MOHAN