

SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTIONS UNDER SECTION 11(4) AND 11B READ WITH REGULATION 11 OF SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO THE SECURITIES MARKET) REGULATIONS, 2003, AGAINST BIYANI SECURITIES PVT. LTD. AND SHRI HARISH BIYANI IN THE MATTER OF IRREGULAR TRANSACTIONS IN THE SCRIP OF DSQ INDUSTRIES LTD

1.0 BACKGROUND

- 1.1 Biyani Securities Pvt. Ltd. and Shri Harish Biyani are former members of Calcutta Stock Exchange ("CSE").
- 1.2 DSQ Industries Ltd. was formerly known as Lexus Exports Ltd. DSQ Industries now known as Jardine Overseas Ltd. is a group company of Shri Dinesh Dalmia- main promoter of DSQ Software. Its shares are listed on the Calcutta Stock Exchange. DSQ Industries has its registered office address at 11/1A, Chowringhee Terrace, Calcutta – 700 020 and corporate office address is at 407-408, G.R. Complex, Anna Salai Nandanam, Chennai – 600 035.
- 1.3 SEBI conducted investigation into the trading in the shares of DSQ Industries Ltd. and the following was observed:

The total paid-up share capital of DSQ Industries Ltd. was Rs. 20,04,29,160 consisting of 2,00,42,916 shares of Rs. 10/- each.

As per the distribution schedule furnished by the company to SEBI, its broad shareholding pattern as on 28/09/2001 was as under:

Particulars	No. of Shares	% of total no. of shares
Foreign Holdings - Non Resident Companies	6,68,516	3.33%
Govt / Govt Sponsored FI's - Mutual Funds	2,76,000	1.37%
Directors and Relatives	1,18,800	0.59%
Promoter Companies	2,22,300	1.11%
Other bodies corporate	1,06,36,700	53.07%
Others	8120600	40.51%
Total	2,00,42,916	100.00%

It was also observed that as per the previous distribution schedule dated 28/09/2000, its shareholding pattern was as under:

Particulars	No. of Shares	% of total no. of shares
Foreign Holdings - Non Resident Companies	95,96,216	47.878%
Govt / Govt Sponsored FI's - Nationalized Banks	53,09,300	26.490%
Directors and Relatives	1,18,800	0.593%
Promoter Companies	27,66,700	13.804%
Other bodies corporate	16,29,400	8.130%
General Public	6,22,500	3.105%
Total	2,00,42,916	100.00%

It was noticed that there were discrepancies in the distribution schedule filed by the company with the CSE and with SEBI. Examination of the distribution schedule dated 28/9/00 filed by the company with the CSE revealed the Non resident shareholding to be 92,63,916 shares (46.17%), Nationalized Banks shareholding to be 3939300 shares (19.65%), other

body corporates to be 62,47,000 shares (31.17%) and shareholding of promoter companies was not stated.

1.4 In this backdrop, transactions of Biyani Securities Pvt. Ltd. and Shri Harish Biyani were examined. It was observed that these entities transacted heavily in the scrip of DSQ Industries Ltd. From the details of trade log and order log of the exchange from November 1, 2000 till March 31, 2001, it was observed that shares were not frequently traded. There were no major volumes observed till December 2000 and from December 6 to December 18 and December 20 & 21, significant volumes were observed. Further, analysis of price movement revealed that the price of the shares increased sharply from levels of Rs. 350/- on January 1, 2001 to levels of Rs. 450/- on January 8, 2001. Significant trading was also observed on 4 days in the period i.e. January 1, 2, 4 and 8, 2001. Further, there was a spurt in the price in November 2000 also and the price started moving up from December 19, 2000 onwards. It was further observed that this price increase was on very low volumes of 100-500 shares. The trade analysis found are as under:

- a) During November 2000 Titan Stock Broking Limited, Shri Harish Biyani, Amritlal Gopalji Thacker, Niraj Balasaria artificially increased the price of DSQ Industries through their trades. Titan Stock Broking and Amritlal Thackerji stated that transactions were done for various DSQ Industries Ltd. Promoter group entities like Cooltex, Hulda etc.
- b) On December 20, 2000, the price of the scrip increased from Rs.298 to Rs.320 when Biyani Securities (P) Ltd traded in the scrip and in the next trade when SMIFS Securities traded, the price increased to Rs. 339 when a cross deal between Hulda Properties and SMIFS capital Markets was entered.

- 1.5 From the order log and trade log for the period 1/1/01 to 8/1/01, it was revealed that a large number of trades were carried on only between 2 brokers – namely Shri Harish Biyani and Amritlal Gopalji Thacker. Further, it was observed that Biyani Securities Pvt. Ltd. an associate of Shri Harish Biyani entered into cross deals also. On analysis, it was revealed that orders were placed at almost the same time by the buying and selling brokers. There was creation of artificial market and artificial volumes by synchronization of logging in of orders. Both the buying as well as selling orders were put by the buying and selling brokers for same quantity and for same price at the same time. The orders were also placed at prices higher than the last traded price. The price was thus artificially increased.

2.0 SHOW CAUSE NOTICE AND REPLY

- 2.1 In view of the above, a Show Cause Notice dated 19.02.04 was issued to Biyani Securities Pvt. Ltd. and Shri Harish Biyani asking them as to why directions under section 11 and 11B of the SEBI Act, 1992 read with regulation 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995 debarring them from dealing in securities for certain period or any other appropriate directions be not issued for the allegations stated therein.

- 2.2 Shri Harish Biyani replied to the said show cause vide his letter dated 26.02.04 as under:

1. That his Proprietary concern and Biyani Securities Pvt. Ltd., being a company within the meaning of Companies Act, 1956, are two different entities and therefore they cannot be branded as a 'group entity'.

2. That he was continuously sick.
3. That his office situated at 4, N.S. Road, Calcutta – 700001 was sealed by the police authorities since September, 2002.
4. That all the documents related to the trades of the period covered under the notice were either lying at the aforesaid office or were seized by Calcutta Police.
5. That none of the transactions as stated in the show cause notice was entered by his firm with the intent of any price manipulation, synchronised dealings, circular trading, matched dealing, structured trading, artificial market making/creating etc.
6. That his firm had not done any transaction with any of its client which was known to him as “DSQ Group entities”.
7. That his firm had not colluded with any promoters as alleged.
8. That all the transactions were done within the rules and regulations.
9. That his firm consistently has been complying with and co-operating with all the enquiries and investigations carried from time to time by SEBI or other agencies in sequel to the market debacle in the year 2001.
10. That there had never been any malafide intent in any of the deals made by his firm.

11. That the trades in question had been carried at the instance of respective clients and he had not been privy to any information regarding what transpired behind the scenes in the stated matter.

3.0 PERSONAL HEARING AND SUBMISSIONS

- 3.1 A personal hearing before the Chairman was granted to Biyani Securities Pvt. Ltd. and Shri Harish Biyani on 11.08.04 vide SEBI's letter dated 19.07.04. Shri Harish Biyani vide letter dated 06.08.04 expressed his inability to attend the personal hearing due to ill health.
- 3.2 One more opportunity of being heard was given on 24.09.04 vide letter dated 06.09.04. Shri Harish Biyani vide his letter dated 11.09.04 again expressed his inability to attend the personal hearing due to ill health. Although fair and reasonable opportunity was granted, the parties failed to avail the same and hence the matter is disposed off based on material on record.

4.0 CONSIDERATION OF ISSUES

- 4.1 I have carefully examined the charges and the reply thereto.
- 4.2 It is observed from the order log and trade log analysis of 01.01.01, 02.01.01, 04.01.01 and 08.01.01 that there was unusual movement in the prices and volumes traded in the scrip of DSQ Industries Ltd due to which the price had shot up from Rs. 342 to Rs. 451/- as can be seen from the following :

Log analysis of 1/1/01

Date	Time	trd id	order id	Rate	time	Diff (sec)	b/s	mem	Mem	qty	ord. rate (Rs.)
01-01-01	10:58:54	876	61013758	342	10:58:52	****	Sell	35	467	100	342
01-01-01	10:58:54	876	210590148	342	10:58:48	0:00:04	Buy	467	35	100	342
01-01-01	10:59:11	877	61013761	344.8	10:59:10	****	Buy	35	467	100	344.8
01-01-01	10:59:11	877	210590153	344.8	10:59:02	0:00:08	Sell	467	35	100	344.8
01-01-01	11:01:51	878	61013795	347	11:01:51	****	Sell	35	467	100	347
01-01-01	11:01:51	878	210590212	347	11:01:46	0:00:05	Buy	467	35	100	347
01-01-01	11:02:13	879	61013798	349.5	11:02:11	****	Buy	35	467	100	349.5
01-01-01	11:02:13	879	210590216	349.5	11:02:03	0:00:08	Sell	467	35	100	349.5
01-01-01	11:02:28	880	61013799	350.6	11:02:27	****	Sell	35	467	100	350.6
01-01-01	11:02:28	880	210590222	350.6	11:02:18	0:00:09	Buy	467	35	100	350.6
01-01-01	11:02:45	881	61013802	352.8	11:02:44	****	Buy	35	467	100	352.8
01-01-01	11:02:45	881	210590226	352.8	11:02:35	0:00:09	Sell	467	35	100	352.8
01-01-01	11:03:07	882	61013806	353.9	11:03:06	****	Sell	35	467	100	353.9
01-01-01	11:03:07	882	210590229	353.9	11:02:58	0:00:08	Buy	467	35	100	353.9
01-01-01	11:03:22	883	61013808	356	11:03:22	****	Buy	35	467	100	356
01-01-01	11:03:22	883	210590232	356	11:03:13	0:00:09	Sell	467	35	100	356
01-01-01	11:03:38	884	61013811	357	11:03:36	****	Buy	35	467	100	357
01-01-01	11:03:38	884	210590235	357	11:03:29	0:00:07	Sell	467	35	100	357
01-01-01	11:03:55	885	61013813	359.8	11:03:54	****	Sell	35	467	100	359.8
01-01-01	11:03:55	885	210590240	359.8	11:03:44	0:00:10	Buy	467	35	100	359.8
01-01-01	12:09:53	886	61014459	360	12:09:51	****	Sell	35	805	100	360
01-01-01	12:09:53	886	150958941	360	12:09:52	0:00:01	Buy	805	35	100	360
01-01-01	12:10:09	887	61014461	360.8	12:10:08	****	Buy	35	805	100	360.8
01-01-01	12:10:09	887	150958945	360.8	12:10:03	0:00:05	Sell	805	35	100	360.8
01-01-01	12:10:42	888	61014464	361.2	12:10:41	****	Buy	35	805	100	361.2
01-01-01	12:10:42	888	150958959	361.2	12:10:34	0:00:07	Sell	805	35	100	361.2
01-01-01	12:10:59	889	61014466	361.9	12:10:58	****	Sell	35	805	100	361.9
01-01-01	12:10:59	889	150958966	361.9	12:10:52	0:00:06	Buy	805	35	100	361.9
01-01-01	12:11:29	890	61014469	361.6	12:11:17	****	Sell	35	805	100	361.6
01-01-01	12:11:29	890	150958978	361.6	12:11:29	0:00:12	Buy	805	35	100	361.6
01-01-01	12:11:51	891	61014474	362.4	12:11:50	****	Buy	35	805	100	362.4
01-01-01	12:11:51	891	150958980	362.4	12:11:43	0:00:07	Sell	805	35	100	362.4
01-01-01	12:12:12	892	61014479	362.1	12:12:12	****	Sell	35	805	100	362.1
01-01-01	12:12:12	892	150958987	362.1	12:12:10	0:00:02	Buy	805	35	100	362.1
01-01-01	12:12:30	893	61014483	363.3	12:12:29	****	Buy	35	805	100	363.3
01-01-01	12:12:30	893	150958990	363.3	12:12:25	0:00:04	Sell	805	35	100	363.3
01-01-01	12:32:11	894	61014587	363.1	12:32:10	****	Sell	35	467	100	363.1
01-01-01	12:32:11	894	210591294	363.1	12:32:04	0:00:06	Buy	467	35	100	363.1
01-01-01	12:32:29	895	61014588	363.8	12:32:28	****	Buy	35	467	100	363.8
01-01-01	12:32:29	895	210591295	363.8	12:32:21	0:00:07	Sell	467	35	100	363.8

35 : HARISH CHANDRA BIYANI
467 : NIRAJ KUMAR BALASARIA
805 : AMRATLAL GOPALJI THACKER

Log analysis of 2/1/01

Date	time	trd id	order id	rate	time	diff	b/s	mem	Mem	qty	ord. rate
02-01-01	14:52:28	896	210595213	366	14:52:26	****	sell	35	805	100	366
02-01-01	14:52:28	896	180721378	366	14:52:17	0:00:09	buy	805	35	100	366
02-01-01	14:52:49	897	210595221	368.7	14:52:48	****	buy	35	805	100	368.7
02-01-01	14:52:49	897	90957919	368.7	14:52:39	0:00:09	sell	805	35	100	368.7
02-01-01	14:53:17	898	210595226	370.8	14:53:15	****	buy	35	805	100	370.8
02-01-01	14:53:17	898	180721395	370.8	14:53:06	0:00:09	sell	805	35	100	370.8
02-01-01	14:53:39	899	210595231	373	14:53:38	****	buy	35	805	100	373
02-01-01	14:53:39	899	180721404	373	14:53:30	0:00:08	sell	805	35	100	373
02-01-01	14:54:08	900	210595234	375.6	14:54:07	****	sell	35	805	100	375.6
02-01-01	14:54:08	900	180721412	375.6	14:54:00	0:00:07	buy	805	35	100	375.6
02-01-01	14:54:35	901	210595243	377.8	14:54:34	****	sell	35	805	100	377.8
02-01-01	14:54:35	901	180721418	377.8	14:54:16	0:00:18	buy	805	35	100	377.8
02-01-01	14:55:02	902	210595253	379.6	14:55:02	****	sell	35	805	100	379.6
02-01-01	14:55:02	902	180721426	379.6	14:54:51	0:00:11	buy	805	35	100	379.6
02-01-01	14:55:36	903	210595258	381.1	14:55:33	****	sell	35	805	100	381.1
02-01-01	14:55:36	903	180721434	381.1	14:55:24	0:00:09	buy	805	35	100	381.1
02-01-01	14:55:54	904	210595262	382.9	14:55:53	****	buy	35	805	100	382.9
02-01-01	14:55:54	904	180721438	382.9	14:55:43	0:00:10	sell	805	35	100	382.9
02-01-01	14:56:07	905	210595265	384.6	14:56:06	****	buy	35	805	100	384.6
02-01-01	14:56:07	905	180721440	384.6	14:55:57	0:00:09	sell	805	35	100	384.6
02-01-01	14:56:20	906	210595267	386.7	14:56:18	****	buy	35	805	100	386.7
02-01-01	14:56:20	906	180721445	386.7	14:56:11	0:00:07	sell	805	35	100	386.7
02-01-01	14:56:29	907	210595271	388.5	14:56:28	****	buy	35	805	100	388.5
02-01-01	14:56:29	907	180721449	388.5	14:56:22	0:00:06	sell	805	35	100	388.5
02-01-01	14:56:44	908	210595275	389.8	14:56:42	****	buy	35	805	100	389.8
02-01-01	14:56:44	908	180721453	389.8	14:56:33	0:00:09	sell	805	35	100	389.8
02-01-01	14:57:27	909	210595289	387	14:57:26	****	sell	35	805	200	387
02-01-01	14:57:27	909	180721464	387	14:57:19	0:00:07	buy	805	35	200	387
02-01-01	14:57:50	910	210595295	390.2	14:57:50	****	sell	35	805	100	390.2
02-01-01	14:57:50	910	90957990	390.2	14:57:42	0:00:08	buy	805	35	100	390.2
02-01-01	14:58:20	911	210595304	389.1	14:58:18	****	sell	35	805	100	389.1
02-01-01	14:58:20	911	180721480	389.1	14:58:07	0:00:11	buy	805	35	100	389.1
02-01-01	14:58:34	912	210595309	390.1	14:58:32	****	sell	35	805	100	390.1
02-01-01	14:58:34	912	180721486	390.1	14:58:25	0:00:07	buy	805	35	100	390.1
02-01-01	14:58:51	913	210595315	390.8	14:58:49	****	buy	35	805	100	390.8
02-01-01	14:58:51	913	180721490	390.8	14:58:40	0:00:09	sell	805	35	100	390.8
02-01-01	14:59:18	914	31147583	390.6	14:59:17	****	buy	35	805	100	390.6
02-01-01	14:59:18	914	90958020	390.6	14:59:09	0:00:08	sell	805	35	100	390.6

Date	Trade time	Order no	Rate	Order time	B/s	Sell Mem	Buy mem	Client	Qty	Order rate
02-01-01	14:52:28	210595213	366	14:52:26	Sell	Harish Chandra Biyani	Amritlal Gopalji Thacker	Self	100	366.00
02-01-01	14:52:28	180721378	366	14:52:17	Buy	Amritlal Gopalji Thacker	Harish Chandra Biyani	Self	100	366.00

From the above, it is observed that on 2/1/01, A G Thacker placed a buy order no. 180721378 at 14.52.17 hrs for 100 shares @ Rs. 366 when the last traded price was Rs. 363.8. Thereafter, within a span of 9 seconds i.e. at 14.52.26 hrs, Shri Harish Biyani placed a sell order no. 210595213 for 100 shares at the same price i.e. Rs. 366. These orders were matched at 14.52.28 hrs for 100 shares

Log analysis of 4/1/01

Date	Time	trd id	order id	rate	time	diff	b/s	mem	Mem	qty	ord. rate
04-01-01	13:10:23	915	61026497	392.5	13:10:22	****	sell	35	805	100	395
04-01-01	13:10:23	915	180728792	395	13:10:20	0:00:02	buy	805	35	100	395
04-01-01	13:10:31	916	61026500	392.5	13:10:30	****	sell	35	805	100	392.5
04-01-01	13:10:31	916	180728790	392.5	13:10:12	0:00:18	buy	805	35	100	392.5
04-01-01	13:10:45	917	61026501	397.6	13:10:44	****	sell	35	805	100	397.6
04-01-01	13:10:45	917	180728795	397.6	13:10:35	0:00:09	buy	805	35	100	397.6
04-01-01	13:10:57	918	61026503	399.9	13:10:56	****	sell	35	805	100	399.9
04-01-01	13:10:57	918	180728796	399.9	13:10:49	0:00:07	buy	805	35	100	399.9
04-01-01	13:11:18	919	61026505	402.4	13:11:17	****	buy	35	805	100	402.4
04-01-01	13:11:18	919	180728798	402.4	13:11:08	0:00:09	sell	805	35	100	402.4
04-01-01	13:11:38	920	61026510	405.3	13:11:36	****	buy	35	805	200	405.3
04-01-01	13:11:38	920	180728802	405.3	13:11:23	0:00:13	sell	805	35	200	405.3
04-01-01	13:15:49	921	61026540	406.4	13:15:47	****	buy	35	805	100	406.4
04-01-01	13:15:49	921	180728835	406.4	13:15:30	0:00:17	sell	805	35	100	406.4
04-01-01	13:16:09	922	61026543	407.5	13:16:08	****	buy	35	805	100	407.5
04-01-01	13:16:09	922	180728839	407.5	13:15:59	0:00:09	sell	805	35	100	407.5
04-01-01	13:16:21	923	61026544	408.5	13:16:20	****	buy	35	805	100	408.5
04-01-01	13:16:21	923	180728840	408.5	13:16:11	0:00:09	sell	805	35	100	408.5
04-01-01	13:16:33	924	61026545	409.9	13:16:32	****	buy	35	805	100	409.9
04-01-01	13:16:33	924	180728841	409.9	13:16:23	0:00:09	sell	805	35	100	409.9
04-01-01	13:16:43	925	61026547	410.8	13:16:42	****	buy	35	805	100	410.8
04-01-01	13:16:43	925	180728843	410.8	13:16:35	0:00:07	sell	805	35	100	410.8
04-01-01	13:17:00	926	61026549	411.5	13:16:59	****	sell	35	805	100	411.5

04-01-01	13:17:00	926	180728845	411.5	13:16:51	0:00:08	buy	805	35	100	411.5
04-01-01	13:17:13	927	61026551	412.4	13:17:12	****	sell	35	805	100	412.4
04-01-01	13:17:13	927	180728848	412.4	13:17:02	0:00:10	buy	805	35	100	412.4
04-01-01	13:17:38	928	61026556	413.8	13:17:37	****	sell	35	805	100	413.8
04-01-01	13:17:38	928	180728854	413.8	13:17:27	0:00:10	buy	805	35	100	413.8
04-01-01	13:18:03	929	61026558	416.1	13:18:01	****	sell	35	805	100	416.1
04-01-01	13:18:03	929	180728857	416.1	13:17:51	0:00:10	buy	805	35	100	416.1
04-01-01	13:18:33	930	61026563	416.4	13:18:32	****	buy	35	805	500	416.4
04-01-01	13:18:33	930	180728866	416.4	13:18:22	0:00:10	sell	805	35	500	416.4
04-01-01	13:18:53	931	61026572	417.5	13:18:52	****	sell	35	805	300	417.5
04-01-01	13:18:53	931	180728870	417.5	13:18:43	0:00:09	buy	805	35	300	417.5
04-01-01	13:19:08	932	61026574	418.5	13:19:06	****	sell	35	805	100	418.5
04-01-01	13:19:08	932	180728874	418.5	13:18:56	0:00:10	buy	805	35	100	418.5
04-01-01	13:19:29	933	61026580	419.6	13:19:28	****	sell	35	805	100	419.6
04-01-01	13:19:29	933	180728880	419.6	13:19:20	0:00:08	buy	805	35	100	419.6
04-01-01	13:20:01	934	61026583	417.5	13:19:59	****	buy	35	805	200	417.5
04-01-01	13:20:01	934	180728885	417.5	13:19:53	0:00:06	sell	805	35	200	417.5
04-01-01	13:20:21	935	61026587	419.5	13:20:20	****	sell	35	805	100	419.5
04-01-01	13:20:21	935	180728892	419.5	13:20:11	0:00:09	buy	805	35	100	419.5
04-01-01	13:20:32	936	61026588	419.8	13:20:31	****	sell	35	805	100	419.8
04-01-01	13:20:32	936	180728900	419.8	13:20:23	0:00:08	buy	805	35	100	419.8

Log analysis of 8/1/01

Date	Time	trd id	order id	rate	time	Diff	b/s	mem	Mem	qty	Ord. rate
08-01-01	12:43:48	937	61030594	424.4	12:43:47	****	sell	35	805	100	424.4
08-01-01	12:43:48	937	180732375	424.4	12:43:37	0:00:10	buy	805	35	100	424.4
08-01-01	12:44:03	938	61030596	427.8	12:44:02	****	buy	35	805	100	427.8
08-01-01	12:44:03	938	180732379	427.8	12:43:54	0:00:08	sell	805	35	100	427.8
08-01-01	12:44:25	939	61030598	430.4	12:44:24	****	sell	35	805	100	430.4
08-01-01	12:44:25	939	180732380	430.4	12:44:12	0:00:12	buy	805	35	100	430.4
08-01-01	12:44:43	940	61030599	432.8	12:44:42	****	buy	35	805	100	432.8
08-01-01	12:44:43	940	180732383	432.8	12:44:33	0:00:09	sell	805	35	100	432.8
08-01-01	12:44:59	941	61030601	435.6	12:44:58	****	sell	35	805	100	435.6
08-01-01	12:44:59	941	180732384	435.6	12:44:49	0:00:09	buy	805	35	100	435.6
08-01-01	12:45:12	942	61030602	438.2	12:45:11	****	buy	35	805	100	438.2
08-01-01	12:45:12	942	180732386	438.2	12:45:00	0:00:11	sell	805	35	100	438.2
08-01-01	12:45:24	943	61030603	439.9	12:45:22	****	buy	35	805	100	439.9
08-01-01	12:45:24	943	180732387	439.9	12:45:14	0:00:08	sell	805	35	100	439.9
08-01-01	12:45:45	944	61030608	443.5	12:45:44	****	buy	35	805	100	443.5
08-01-01	12:45:45	944	180732390	443.5	12:45:37	0:00:07	sell	805	35	100	443.5
08-01-01	12:46:04	945	31158351	445.4	12:46:02	****	sell	35	805	100	445.4
08-01-01	12:46:04	945	180732393	445.4	12:45:54	0:00:08	buy	805	35	100	445.4
08-01-01	12:46:15	946	61030614	447.7	12:46:15	****	sell	35	805	100	447.7
08-01-01	12:46:15	946	180732394	447.7	12:46:06	0:00:09	buy	805	35	100	447.7

08-01-01	12:46:43	947	61030620	448.2	12:46:41	****	sell	35	805	100	448.2
08-01-01	12:46:43	947	180732397	448.2	12:46:29	0:00:12	buy	805	35	100	448.2
08-01-01	12:47:05	948	61030627	449.5	12:47:04	****	buy	35	805	200	449.5
08-01-01	12:47:05	948	180732402	449.5	12:46:51	0:00:13	sell	805	35	200	449.5
08-01-01	12:47:37	949	61030634	450.2	12:47:37	****	buy	35	805	100	450.2
08-01-01	12:47:37	949	180732407	450.2	12:47:30	0:00:07	sell	805	35	100	450.2
08-01-01	12:48:19	950	61030638	446.7	12:48:17	****	buy	35	805	100	446.7
08-01-01	12:48:19	950	180732408	446.7	12:48:17	0:00:00	sell	805	35	100	446.7
08-01-01	12:48:36	951	61030643	447.6	12:48:35	****	buy	35	805	100	447.6
08-01-01	12:48:36	951	180732411	447.6	12:48:29	0:00:06	sell	805	35	100	447.6
08-01-01	12:48:54	952	61030646	450.6	12:48:53	****	sell	35	805	100	450.6
08-01-01	12:48:54	952	180732412	450.6	12:48:44	0:00:09	buy	805	35	100	450.6
08-01-01	12:49:14	953	61030649	450.9	12:49:12	****	sell	35	805	100	450.9
08-01-01	12:49:14	953	180732415	450.9	12:49:05	0:00:07	buy	805	35	100	450.9
08-01-01	12:53:45	954	61030688	450	12:53:23	****	buy	35	35	10000	450
08-01-01	12:53:45	954	61030691	450	12:53:44	0:00:21	sell	35	35	10000	450
08-01-01	12:53:55	955	61030690	450	12:53:43	****	buy	35	35	10000	450
08-01-01	12:53:55	955	61030695	450	12:53:54	0:00:11	sell	35	35	10000	450
08-01-01	12:54:02	956	61030692	450	12:53:50	****	buy	35	35	10000	450
08-01-01	12:54:02	956	61030699	450	12:54:02	0:00:12	sell	35	35	10000	450
08-01-01	12:54:13	957	61030697	450	12:53:56	****	buy	35	35	10000	450
08-01-01	12:54:13	957	61030703	450	12:54:12	0:00:16	sell	35	35	10000	450
08-01-01	12:54:22	958	61030701	450	12:54:02	****	buy	35	35	10000	450
08-01-01	12:54:22	958	61030706	450	12:54:20	0:00:18	sell	35	35	10000	450
08-01-01	12:54:29	959	61030702	450	12:54:09	****	buy	35	35	10000	450
08-01-01	12:54:29	959	61030708	450	12:54:28	0:00:19	sell	35	35	10000	450
08-01-01	12:54:36	960	61030704	450	12:54:16	****	buy	35	35	10000	450
08-01-01	12:54:36	960	61030710	450	12:54:35	0:00:19	sell	35	35	10000	450
08-01-01	12:54:42	961	31158397	450	12:54:21	****	buy	35	35	10000	450
08-01-01	12:54:42	961	61030713	450	12:54:41	0:00:20	sell	35	35	10000	450
08-01-01	12:54:49	962	61030707	450	12:54:27	****	buy	35	35	10000	450
08-01-01	12:54:49	962	61030716	450	12:54:48	0:00:21	sell	35	35	10000	450
08-01-01	12:55:00	963	61030709	450	12:54:34	****	buy	35	35	10000	450
08-01-01	12:55:00	963	61030718	450	12:54:59	0:00:25	sell	35	35	10000	450
08-01-01	12:55:06	964	61030712	450	12:54:39	****	buy	35	35	10000	450
08-01-01	12:55:06	964	61030720	450	12:55:06	0:00:27	sell	35	35	10000	450
08-01-01	12:55:13	965	61030715	450	12:54:45	****	buy	35	35	10000	450
08-01-01	12:55:13	965	61030722	450	12:55:12	0:00:27	sell	35	35	10000	450
08-01-01	12:55:19	966	61030717	450	12:54:54	****	buy	35	35	10000	450
08-01-01	12:55:19	966	61030725	450	12:55:18	0:00:24	sell	35	35	10000	450
08-01-01	12:55:24	967	61030719	450	12:55:05	****	buy	35	35	10000	450
08-01-01	12:55:24	967	61030727	450	12:55:23	0:00:18	sell	35	35	10000	450
08-01-01	12:55:32	968	61030721	450	12:55:11	****	buy	35	35	10000	450
08-01-01	12:55:32	968	61030728	450	12:55:31	0:00:20	sell	35	35	10000	450
08-01-01	12:55:38	969	61030724	450	12:55:16	****	buy	35	35	10000	450
08-01-01	12:55:38	969	61030730	450	12:55:37	0:00:21	sell	35	35	10000	450
08-01-01	12:55:46	970	61030726	450	12:55:21	****	buy	35	35	10000	450
08-01-01	12:55:46	970	61030733	450	12:55:44	0:00:23	sell	35	35	10000	450
08-01-01	12:55:52	971	61030729	450	12:55:35	****	buy	35	35	10000	450

08-01-01	12:55:52	971	61030735	450	12:55:51	0:00:16	sell	35	35	10000	450
08-01-01	12:55:58	972	61030732	450	12:55:43	****	buy	35	35	10000	450
08-01-01	12:55:58	972	61030736	450	12:55:58	0:00:15	sell	35	35	10000	450
08-01-01	12:56:04	973	61030734	450	12:55:49	****	buy	35	35	10000	450
08-01-01	12:56:04	973	61030737	450	12:56:03	0:00:14	sell	35	35	10000	450
08-01-01	12:56:46	974	61030742	450	12:56:38	****	buy	35	35	10000	450
08-01-01	12:56:46	974	61030744	450	12:56:45	0:00:07	sell	35	35	10000	450
08-01-01	12:56:50	975	61030743	450	12:56:44	****	buy	35	35	10000	450
08-01-01	12:56:50	975	61030747	450	12:56:50	0:00:06	sell	35	35	10000	450
08-01-01	13:09:47	976	31158550	450.9	13:09:46	****	sell	35	805	100	450.9
08-01-01	13:09:47	976	210606701	450.9	13:09:38	0:00:08	buy	805	35	100	450.9
08-01-01	13:10:14	977	61030888	451.2	13:10:14	****	sell	35	805	100	451.2
08-01-01	13:10:14	977	180732535	451	13:09:46	0:00:28	buy	805	35	100	451.2

From the above, it is observed that there was creation of artificial market and artificial volumes as a result of synchronization in logging in / matching of buy and sell orders amongst few brokers. Orders were purchased within a gap of few seconds by Shri Harish Biyani for the same quantity and same rate to ensure that buyers get the desired sellers and vice versa. Thus, there was circular trading also. There was price manipulation as the orders were placed at successively higher prices than the last traded prices.

- 4.3 It is noted that after the share prices rose dramatically from Rs.342 to Rs.450 against low volumes of trades as seen from the above trades, there were several cross deals by Shir Harish Biyani wherein both the buyer and seller were his clients for very large volumes to the tune of 10000 shares per transaction as shown under :

Date	Time	Ord id	Rate	Time	Time diff	b/s	mem	mem	Clt cod	qty	ord. rate
08-01-01	12:53:45	61030688	450	12:53:23	****	buy	35	35	nainabarbar	10000	450.00
08-01-01	12:53:45	61030691	450	12:53:44	0:00:21	sell	35	35	greenfield	10000	450.00
08-01-01	12:53:55	61030690	450	12:53:43	****	buy	35	35	nainabarbar	10000	450.00
08-01-01	12:53:55	61030695	450	12:53:54	0:00:11	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:02	61030692	450	12:53:50	****	buy	35	35	nainabarbar	10000	450.00
08-01-01	12:54:02	61030699	450	12:54:02	0:00:12	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:13	61030697	450	12:53:56	****	buy	35	35	nainabarbar	10000	450.00
08-01-01	12:54:13	61030703	450	12:54:12	0:00:16	sell	35	35	greenfield	10000	450.00

08-01-01	12:54:22	61030701	450	12:54:02	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:54:22	61030706	450	12:54:20	0:00:18	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:29	61030702	450	12:54:09	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:54:29	61030708	450	12:54:28	0:00:19	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:36	61030704	450	12:54:16	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:54:36	61030710	450	12:54:35	0:00:19	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:42	31158397	450	12:54:21	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:54:42	61030713	450	12:54:41	0:00:20	sell	35	35	greenfield	10000	450.00
08-01-01	12:54:49	61030707	450	12:54:27	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:54:49	61030716	450	12:54:48	0:00:21	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:00	61030709	450	12:54:34	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:00	61030718	450	12:54:59	0:00:25	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:06	61030712	450	12:54:39	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:06	61030720	450	12:55:06	0:00:27	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:13	61030715	450	12:54:45	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:13	61030722	450	12:55:12	0:00:27	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:19	61030717	450	12:54:54	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:19	61030725	450	12:55:18	0:00:24	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:24	61030719	450	12:55:05	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:24	61030727	450	12:55:23	0:00:18	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:32	61030721	450	12:55:11	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:32	61030728	450	12:55:31	0:00:20	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:38	61030724	450	12:55:16	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:38	61030730	450	12:55:37	0:00:21	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:46	61030726	450	12:55:21	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:46	61030733	450	12:55:44	0:00:23	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:52	61030729	450	12:55:35	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:52	61030735	450	12:55:51	0:00:16	sell	35	35	greenfield	10000	450.00
08-01-01	12:55:58	61030732	450	12:55:43	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:55:58	61030736	450	12:55:58	0:00:15	sell	35	35	greenfield	10000	450.00
08-01-01	12:56:04	61030734	450	12:55:49	****	buy	35	35	nainabarter	10000	450.00
08-01-01	12:56:04	61030737	450	12:56:03	0:00:14	sell	35	35	greenfield	10000	450.00
08-01-01	12:56:46	61030742	450	12:56:38	****	buy	35	35	Nainabarter	10000	450.00
08-01-01	12:56:46	61030744	450	12:56:45	0:00:07	sell	35	35	Greenfield	10000	450.00
08-01-01	12:56:50	61030743	450	12:56:44	****	buy	35	35	Nainabarter	10000	450.00
08-01-01	12:56:50	61030747	450	12:56:50	0:00:06	sell	35	35	Greenfield	10000	450.00
08-01-01	13:09:47	31158550	450.9	13:09:46	****	sell	35	805	SELF	100	450.90
08-01-01	13:09:47	210606701	450.9	13:09:38	0:00:08	buy	805	35	SELF	100	450.90
08-01-01	13:10:14	61030888	451.2	13:10:14	****	sell	35	805	SELF	100	451.20
08-01-01	13:10:14	180732535	451	13:09:46	0:00:28	buy	805	35	SELF	100	451.20

Further, there was synchronization of logging in of orders. These transactions were also in the nature of synchronization of trades / matched orders/ structured trading which ensured matching of orders of seller with a specific buyer. These orders were placed simultaneously or within close proximity of each other. From the client code entered by the broker, it

- appears that the clients are Greenfield and Naina Barter. These transactions were to the tune of 2,20,000 shares and comprised 99% of the traded volumes on that day.
- 4.4 Similar transactions of high volumes were also observed on other dates i.e. 13/11/00, 15/11/00, 6/12/00, 12/12/00, 13/12/00, 14/12/00, 18/12/00, 20/12/00 and 21/12/00. Investigation into the order log and trade log on these dates brought out that transactions on these dates were also cross deals of Shri Harish Biyani. These transactions were also in the nature of synchronization of logging in of buy and sell orders with buy and sell order were put within close proximity of each other.
- 4.5 Therefore, I find that the price was artificially pushed from Rs. 340 levels to Rs. 452 levels within 4 trading days i.e. an increase of 33% on low volumes. Trading was concentrated among 3 brokers namely Shri Harish Biyani, Niraj Kumar Balasaria and Amritlal Gopalji Thacker. There was creation of artificial market and artificial volumes as a result of synchronization of logging in / matching of buy and sell orders. Orders were put within a gap of very few seconds by Biyani Securities Pvt. Ltd. and Shri Harish Biyani for the same quantity and same rate to ensure that buyers get the desired sellers and vice versa.
- 4.6 The transactions done by Biyani Securities Pvt. Ltd. and Shri Harish Biyani, in the 'sell n cash' scheme of SHCIL on 27/2/01 and 1/3/01 and cash on payout scheme on 2/3/01 in the shares of DSQ Industries is strong pointer to the promoter broker nexus between DSQ Group & Biyani Securities Pvt. Ltd. and Shri Harish Biyani. Promoters colluded with Biyani Securities Pvt. Ltd. and Shri Harish Biyani in obtaining finance on account of Biyani Securities Pvt. Ltd. and Shri Harish Biyani facing payment crisis on the CSE. Funds to the tune of approximately Rs. 34 crore and Rs. 8 crore were availed on 27/2/01 and 1/3/01 in the 'sell n cash' scheme.

These funds were made available on the same date as the transaction date. Thereafter, funds to the extent of around Rs. 24 crore was availed for cash on payout transactions done on 2/3/01. This amount was made available on 5/3/01 by discounting a post dated cheque given by SHCIL.

- 4.7 As stated above, the Promoters colluded with Biyani Securities Pvt. Ltd. and Shri Harish Biyani. Promoter associated entities – Hulda, Square D Textiles) credited shares of DSQ Industries to the demat account of Biyani Securities Pvt. Ltd. and Shri Harish Biyani then used these shares in addition to other shares lying with Biyani Securities Pvt. Ltd. and Shri Harish Biyani to avail of the schemes of SHCIL to obtain immediate sale consideration in the ‘sell-n-cash’ scheme of SHCIL as discussed above. Biyani Securities Pvt. Ltd. and Shri Harish Biyani also discounted post dated cheques given to them by SHCIL under the ‘cash on payout’ scheme. Biyani Securities Pvt. Ltd. was empanelled broker for selling the shares. Biyani Securities Pvt. Ltd. availed finance for self as well as for Shri Harish Biyani for selling these shares in the schemes.
- 4.8 The buying broker was Shri Harish Biyani who was buying shares for DSQ group entities. Shares were brought in synchronised deals with buying and selling orders logged in at almost the same time for same rate and quantity with prior understanding to match sell orders with specific buy orders. Brokers indulged in creation of artificial market, creation of artificial volumes as a result of synchronization / prior intention to matching orders. There was creation of artificial market and artificial volumes as a result of synchronization in logging in / matching of buy and sell orders. Orders are put within a gap of very few seconds by Biyani Securities Pvt. Ltd. and Shri Harish Biyani for the same quantity and same rate with a prior intention to match the orders to ensure that buyers get the desired sellers and vice versa. Shares effectively did not change beneficial ownership by remaining within the DSQ group. Thus, there was circular trading also.

- 4.9 For the purpose of large transactions only the days when there was volume of 1,00,000 shares or more was chosen in the entire period of November 1,2000 till March 31,2000. The Price Volume data is as under:

Date	Volume	Opening price	High	Low	Close
06/12/2000	212500	275.00	275.00	275.00	275.00
12/12/2000	365000	274.00	274.00	274.00	274.00
13/12/2000	370000	275.00	275.00	275.00	275.00
14/12/2000	360000	280.00	280.00	280.00	280.00
18/12/2000	502500	275.00	280.00	275.00	280.00
20/12/2000	661600	310.00	320.30	296.00	320.10
21/12/2000	1088000	315.00	339.00	315.00	339.00
08/01/2001	222000	424.40	451.20	424.40	451.20
09/01/2001	262000	452.00	452.00	450.50	450.50
10/01/2001	235000	480.00	480.00	443.30	451.50
13/02/2001	325000	318.00	318.00	318.00	318.00

The trade log analysis shows that for all the trades done on December 6, 2000 the buying and selling broker was Shri Harish Biyani and the buying and selling clients were Hulda Properties and Trades Limited and Greenfield Investments respectively which were DSQ group associates. Other large trades between December 6,2000 and December 20,2000 were executed by Shri Harish Biyani as cross deals. The details are as under:

Date	Buying Broker	Selling Broker	Price	Quantity	Buying Client	Selling Client
12/12/00	HB	HB	274	365000	Arun Ploymer	Greenfield
13/12/00	HB	HB	275	370000	Cooltex Commodities	Greenfield
14/12/00	HB	HB	280	360000	Aspolite Barter	Greenfield

18/12/00	HB	HB	275	5002500	Aspolite Barter	Greenfield
20/12/00	HB	HB	310	616600	Cooltex Commodities	Greenfield

All these clients were introduced by Mr. Ashok Sharma, a director of Hulda Properties who used to place orders and later mentioned the names of the clients in whose name the contract notes are to be prepared.

4.10 Further there were huge transactions executed by Biyani Securities Pvt. Ltd. and Shri Harish Biyani on February 27, 2001. Biyani Securities Pvt. Ltd. sold a total of 10.4 lakh shares of DSQ Industries in the 'sell n cash' scheme of SHCIL @ Rs 335 per share in Rolling Settlement and the total transaction value was Rs 569.5 lacs. Examination revealed that when the selling broker was Biyani Securities Pvt. Ltd., the buying broker for the shares on the other side was Shri Harish Biyani. The order log and trade log revealed that there was synchronization of buying and selling orders by these brokers as under:

Date	Trade Time	Tr No	Order NO	Order time	Diff (sec)	B/S	Mem	Client Code	Qty	Price
27-02-01	12:16:13	1	61175322	12:16:13	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:16:13	1	31317843	12:15:37	0:00:36	sell	545	b110	10000	335.00
27-02-01	12:16:56	2	61175333	12:16:56	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:16:56	2	31317859	12:16:32	0:00:24	sell	545	b110	10000	335.00
27-02-01	12:17:18	3	61175338	12:17:18	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:17:18	3	31317864	12:17:07	0:00:11	sell	545	b110	10000	335.00
27-02-01	12:17:27	4	61175342	12:17:27	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:17:27	4	31317867	12:17:17	0:00:10	sell	545	b110	10000	335.00
27-02-01	12:17:33	5	61175347	12:17:33	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:17:33	5	31317870	12:17:26	0:00:07	sell	545	b110	10000	335.00
27-02-01	12:17:43	6	61175350	12:17:43	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:17:43	6	31317874	12:17:36	0:00:07	sell	545	b110	10000	335.00
27-02-01	12:18:03	7	61175356	12:18:02	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:18:03	7	31317880	12:17:55	0:00:07	sell	545	b110	10000	335.00
27-02-01	12:18:12	8	61175359	12:18:11	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:18:12	8	31317884	12:18:03	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:18:42	9	61175371	12:18:42	****	buy	35	rathyatrassa	10000	335.00
27-02-01	12:18:42	9	31317895	12:18:34	0:00:08	sell	545	b110	10000	335.00

27-02-01	12:18:55	10	61175383	12:18:55	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:18:55	10	31317902	12:18:47	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:19:05	11	61175389	12:19:05	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:19:05	11	31317909	12:19:00	0:00:05	sell	545	b110	10000	335.00
27-02-01	12:19:16	12	61175394	12:19:15	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:19:16	12	31317913	12:19:10	0:00:05	sell	545	b110	10000	335.00
27-02-01	12:19:29	13	61175402	12:19:28	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:19:29	13	31317920	12:19:22	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:19:45	14	61175411	12:19:45	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:19:45	14	31317927	12:19:38	0:00:07	sell	545	b110	10000	335.00
27-02-01	12:19:56	15	61175419	12:19:56	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:19:56	15	31317932	12:19:50	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:20:07	16	61175427	12:20:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:20:07	16	31317938	12:19:59	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:20:19	17	61175431	12:20:19	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:20:19	17	31317945	12:20:07	0:00:12	sell	545	b110	10000	335.00
27-02-01	12:20:28	18	61175437	12:20:28	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:20:28	18	31317949	12:20:17	0:00:11	sell	545	b110	10000	335.00
27-02-01	12:20:34	19	61175443	12:20:34	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:20:34	19	31317955	12:20:28	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:20:55	20	61175452	12:20:55	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:20:55	20	31317963	12:20:42	0:00:13	sell	545	b110	10000	335.00
27-02-01	12:21:07	21	61175459	12:21:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:21:07	21	31317972	12:21:02	0:00:05	sell	545	b110	10000	335.00
27-02-01	12:21:16	22	180900215	12:21:15	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:21:16	22	31317976	12:21:11	0:00:04	sell	545	b110	10000	335.00
27-02-01	12:22:17	23	61175482	12:22:17	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:22:17	23	31318004	12:22:09	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:22:25	24	61175484	12:22:24	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:22:25	24	31318011	12:22:18	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:22:41	25	61175488	12:22:40	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:22:41	25	31318018	12:22:34	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:22:59	26	61175493	12:22:58	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:22:59	26	151149345	12:22:52	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:23:13	27	61175500	12:23:13	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:23:13	27	31318028	12:23:05	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:23:23	28	61175502	12:23:23	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:23:23	28	31318033	12:23:17	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:23:36	29	61175507	12:23:36	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:23:36	29	31318037	12:23:28	0:00:08	sell	545	b110	10000	335.00
27-02-01	12:23:55	30	61175512	12:23:55	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:23:55	30	31318042	12:23:48	0:00:07	sell	545	b110	10000	335.00
27-02-01	12:24:07	31	61175517	12:24:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:24:07	31	31318048	12:24:01	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:24:20	32	61175522	12:24:20	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:24:20	32	31318052	12:24:14	0:00:06	sell	545	b110	10000	335.00
27-02-01	12:24:39	33	61175528	12:24:39	****	buy	35	rathyatrasa	5000	335.00
27-02-01	12:24:39	33	31318055	12:24:29	0:00:10	sell	545	b110	5000	335.00
27-02-01	12:27:34	34	61175580	12:27:34	****	buy	35	rathyatrasa	10000	335.00

27-02-01	12:27:34	34	31318110	12:27:23	0:00:11	sell	545	h001	10000	335.00
27-02-01	12:27:47	35	61175584	12:27:47	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:27:47	35	31318118	12:27:41	0:00:06	sell	545	h001	10000	335.00
27-02-01	12:27:58	36	61175590	12:27:58	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:27:58	36	31318121	12:27:52	0:00:06	sell	545	h001	10000	335.00
27-02-01	12:28:07	37	61175594	12:28:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:28:07	37	31318128	12:28:02	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:28:19	38	61175598	12:28:19	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:28:19	38	31318137	12:28:14	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:28:36	39	61175612	12:28:36	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:28:36	39	31318148	12:28:31	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:28:46	40	61175615	12:28:46	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:28:46	40	31318156	12:28:42	0:00:04	sell	545	h001	10000	335.00
27-02-01	12:28:59	41	61175621	12:28:59	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:28:59	41	31318163	12:28:54	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:29:13	42	61175629	12:29:13	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:29:13	42	31318168	12:29:06	0:00:07	sell	545	h001	10000	335.00
27-02-01	12:29:30	43	61175636	12:29:30	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:29:30	43	31318180	12:29:25	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:29:44	44	61175641	12:29:43	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:29:44	44	31318190	12:29:37	0:00:06	sell	545	h001	10000	335.00
27-02-01	12:30:17	45	61175650	12:30:16	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:30:17	45	31318203	12:30:11	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:30:26	46	61175653	12:30:26	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:30:26	46	31318207	12:30:21	0:00:05	sell	545	h001	10000	335.00
27-02-01	12:33:30	47	61175696	12:33:30	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:33:30	47	31318231	12:32:44	0:00:46	sell	545	h001	10000	335.00
27-02-01	12:33:36	48	61175698	12:33:35	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:33:36	48	31318234	12:33:06	0:00:29	sell	545	h001	10000	335.00
27-02-01	12:33:53	49	61175706	12:33:52	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:33:53	49	31318245	12:33:44	0:00:08	sell	545	h001	10000	335.00
27-02-01	12:34:10	50	61175710	12:34:10	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:34:10	50	31318249	12:33:59	0:00:11	sell	545	h001	10000	335.00
27-02-01	12:40:18	51	61175799	12:40:18	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:40:18	51	31318308	12:40:07	0:00:11	sell	545	h058	10000	335.00
27-02-01	12:40:28	52	61175804	12:40:28	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:40:28	52	31318312	12:40:18	0:00:10	sell	545	h058	10000	335.00
27-02-01	12:40:36	53	61175808	12:40:35	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:40:36	53	31318314	12:40:30	0:00:05	sell	545	h058	10000	335.00
27-02-01	12:40:43	54	61175811	12:40:43	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:40:43	54	31318316	12:40:38	0:00:05	sell	545	h058	10000	335.00
27-02-01	12:40:53	55	61175816	12:40:53	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:40:53	55	31318319	12:40:47	0:00:06	sell	545	h058	10000	335.00
27-02-01	12:41:01	56	61175819	12:41:00	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:01	56	31318320	12:40:55	0:00:05	sell	545	h058	10000	335.00
27-02-01	12:41:13	57	61175826	12:41:13	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:13	57	31318321	12:41:03	0:00:10	sell	545	h058	10000	335.00
27-02-01	12:41:21	58	180900526	12:41:20	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:21	58	31318324	12:41:13	0:00:07	sell	545	h058	10000	335.00

27-02-01	12:41:26	59	61175832	12:41:26	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:26	59	31318326	12:41:22	0:00:04	sell	545	h058	10000	335.00
27-02-01	12:41:37	60	61175839	12:41:37	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:37	60	31318328	12:41:30	0:00:07	sell	545	h058	10000	335.00
27-02-01	12:41:50	61	61175846	12:41:50	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:41:50	61	31318330	12:41:45	0:00:05	sell	545	h058	10000	335.00
27-02-01	12:42:02	62	61175849	12:42:02	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:42:02	62	31318332	12:41:57	0:00:05	sell	545	h058	10000	335.00
27-02-01	12:42:18	63	61175855	12:42:18	****	buy	35	rathyatrasa	10000	335.00
27-02-01	12:42:18	63	31318338	12:42:13	0:00:05	sell	545	h058	10000	335.00
27-02-01	15:19:58	64	61178133	15:18:51	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:19:58	64	31320443	15:19:58	0:01:07	sell	545	hulda	10000	335.00
27-02-01	15:20:28	65	61178141	15:19:10	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:20:28	65	31320451	15:20:28	0:01:18	sell	545	hulda	10000	335.00
27-02-01	15:21:18	66	61178145	15:19:21	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:21:18	66	31320471	15:21:17	0:01:56	sell	545	hulda	10000	335.00
27-02-01	15:21:31	67	61178148	15:19:26	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:21:31	67	31320474	15:21:30	0:02:04	sell	545	hulda	10000	335.00
27-02-01	15:21:43	68	61178151	15:19:37	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:21:43	68	31320479	15:21:43	0:02:06	sell	545	hulda	10000	335.00
27-02-01	15:21:52	69	61178157	15:19:42	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:21:52	69	31320483	15:21:52	0:02:10	sell	545	hulda	10000	335.00
27-02-01	15:22:01	70	61178161	15:19:50	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:01	70	31320484	15:22:00	0:02:10	sell	545	hulda	10000	335.00
27-02-01	15:22:08	71	61178164	15:19:55	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:08	71	31320486	15:22:08	0:02:13	sell	545	hulda	10000	335.00
27-02-01	15:22:16	72	180902547	15:20:05	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:16	72	31320488	15:22:15	0:02:10	sell	545	hulda	10000	335.00
27-02-01	15:22:24	73	61178170	15:20:13	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:24	73	31320494	15:22:23	0:02:10	sell	545	hulda	10000	335.00
27-02-01	15:22:34	74	61178197	15:21:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:34	74	31320498	15:22:33	0:01:26	sell	545	hulda	10000	335.00
27-02-01	15:22:41	75	61178198	15:21:12	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:41	75	31320501	15:22:41	0:01:29	sell	545	hulda	10000	335.00
27-02-01	15:22:49	76	61178204	15:21:17	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:49	76	31320503	15:22:49	0:01:32	sell	545	hulda	10000	335.00
27-02-01	15:22:56	77	61178207	15:21:24	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:22:56	77	31320509	15:22:56	0:01:32	sell	545	hulda	10000	335.00
27-02-01	15:23:04	78	61178209	15:21:28	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:04	78	31320514	15:23:03	0:01:35	sell	545	hulda	10000	335.00
27-02-01	15:23:11	79	61178214	15:21:40	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:11	79	31320515	15:23:11	0:01:31	sell	545	hulda	10000	335.00
27-02-01	15:23:18	80	61178216	15:21:46	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:18	80	31320517	15:23:17	0:01:31	sell	545	hulda	10000	335.00
27-02-01	15:23:25	81	61178219	15:21:51	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:25	81	31320524	15:23:24	0:01:33	sell	545	hulda	10000	335.00
27-02-01	15:23:35	82	61178222	15:21:55	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:35	82	31320526	15:23:35	0:01:40	sell	545	hulda	10000	335.00
27-02-01	15:23:43	83	61178225	15:22:01	****	buy	35	rathyatrasa	10000	335.00

27-02-01	15:23:43	83	31320532	15:23:43	0:01:42	sell	545	hulda	10000	335.00
27-02-01	15:23:52	84	61178231	15:22:08	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:23:52	84	31320534	15:23:52	0:01:44	sell	545	hulda	10000	335.00
27-02-01	15:24:00	85	61178233	15:22:15	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:00	85	31320535	15:23:59	0:01:44	sell	545	hulda	10000	335.00
27-02-01	15:24:07	86	61178234	15:22:27	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:07	86	31320537	15:24:06	0:01:39	sell	545	hulda	10000	335.00
27-02-01	15:24:14	87	61178240	15:22:32	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:14	87	31320540	15:24:13	0:01:41	sell	545	hulda	10000	335.00
27-02-01	15:24:20	88	61178242	15:22:36	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:20	88	31320543	15:24:20	0:01:44	sell	545	hulda	10000	335.00
27-02-01	15:24:33	89	61178243	15:22:41	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:33	89	31320547	15:24:32	0:01:51	sell	545	hulda	10000	335.00
27-02-01	15:24:39	90	61178245	15:22:49	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:39	90	31320549	15:24:39	0:01:50	sell	545	hulda	10000	335.00
27-02-01	15:24:46	91	61178249	15:22:57	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:46	91	31320551	15:24:46	0:01:49	sell	545	hulda	10000	335.00
27-02-01	15:24:53	92	61178272	15:23:53	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:24:53	92	31320554	15:24:52	0:00:59	sell	545	hulda	10000	335.00
27-02-01	15:25:01	93	61178276	15:24:01	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:01	93	31320558	15:25:01	0:01:00	sell	545	hulda	10000	335.00
27-02-01	15:25:08	94	61178282	15:24:09	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:08	94	31320562	15:25:08	0:00:59	sell	545	hulda	10000	335.00
27-02-01	15:25:17	95	61178284	15:24:15	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:17	95	31320566	15:25:17	0:01:02	sell	545	hulda	10000	335.00
27-02-01	15:25:25	96	61178310	15:25:25	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:25	96	31320569	15:25:24	0:00:01	sell	545	hulda	10000	335.00
27-02-01	15:25:35	97	61178316	15:25:33	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:35	97	31320576	15:25:34	0:00:01	sell	545	hulda	10000	335.00
27-02-01	15:25:47	98	61178324	15:25:37	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:47	98	31320585	15:25:47	0:00:10	sell	545	hulda	10000	335.00
27-02-01	15:25:55	99	61178326	15:25:42	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:25:55	99	31320588	15:25:55	0:00:13	sell	545	hulda	10000	335.00
27-02-01	15:26:05	100	61178328	15:25:54	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:26:05	100	31320591	15:26:05	0:00:11	sell	545	hulda	10000	335.00
27-02-01	15:26:14	101	61178330	15:25:59	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:26:14	101	31320595	15:26:14	0:00:15	sell	545	hulda	10000	335.00
27-02-01	15:26:26	102	61178340	15:26:22	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:26:26	102	31320600	15:26:26	0:00:04	sell	545	hulda	10000	335.00
27-02-01	15:27:02	103	61178362	15:27:01	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:27:02	103	31320603	15:26:38	0:00:23	sell	545	hulda	10000	335.00
27-02-01	15:27:07	104	61178367	15:27:07	****	buy	35	rathyatrasa	10000	335.00
27-02-01	15:27:07	104	31320611	15:26:58	0:00:09	sell	545	hulda	10000	335.00
27-02-01	15:27:31	105	61178378	15:27:31	****	buy	35	rathyatrasa	5000	335.00
27-02-01	15:27:31	105	31320620	15:27:15	0:00:16	sell	545	Hulda	5000	335.00
Total									2080000	

*Note : 545 – Biyani Securities Private Ltd
35 – Harish Biyani*

From the above, it is noted that the buy as well as the sell orders were placed in lots of 10,000 shares for the entire quantity (except for lot of 5000 shares on few occasions). It is noted that the buy and sell orders were placed in close proximity of time 5-15 seconds. In view of the fact that it was an ill-liquid segment and the buy and the sell orders were placed consecutively with a very short time difference which is often under few seconds, it can be said that these trades were synchronized by the brokers with prior understanding to match. There was creation of artificial market and artificial volumes as a result of synchronization in logging in / matching of buy and sell orders.

- 4.11 As observed earlier, Biyani Securities Pvt. Ltd. sold as empanelled broker a total of 10.4 lakh shares of DSQ . Of these, 8.7 lakh shares were sold for Self and 1.7 lakh for Shri Harish Biyani. In connection with the sale of 8.7 lakh shares, examination of the demat statement Biyani Securities Pvt. Ltd. brought out that Biyani Securities Pvt. Ltd. and Shri Harish Biyani got shares in their demat account in the following manner:

Date	Particulars	Qty
21/2/01	By CM Smifs, Physical / 2001146	155000
26/2/01	By Integrated / 10961302	300000
27/2/01	By CM Smifs, Physical / 2001146	325000
27/2/01	By CM Smifs, Rolling / 2001507	90000
Total		870000

From the above, it is observed that 3,00,000 shares were credited in off market transfer on 26/2/01 and the remaining were market purchases. Investigations brought out that the off market transfer of 3,00,000 shares was from the demat account of Square D Textiles – a DSQ group entity.

4.12 Statement on behalf of Biyani Securities Pvt. Ltd. admitted that Square D textiles was never its client and the shares were received from 'Hulda' who used to give specific instruction for subsequent sale of the shares. It does not explain why shares came into beneficiary account instead of the pool account. Regarding credits into its account from SMIFS, Biyani Securities (P) Ltd stated that it purchased 1,55,000 shares in sett no. 146 from market through SMIFS Securities. As regards credit on 27/2/01 of 415000 shares, Biyani Securities Pvt. Ltd. stated that it purchased 90,000 shares from the market and the balance 3,25,000 shares were transferred to it from 'Hulda'. These 8,70,000 shares were then credited to the account of SHCIL. This shows the nexus between Biyani Securities Pvt. Ltd. and Shri Harish Biyani and the promoters. To facilitate financing Biyani Securities Pvt. Ltd. and Shri Harish Biyani by the 'sell n cash' scheme, 3,00,000 shares were given to them by the promoter group entities Square D Textiles and 3,25,000 shares by 'Hulda'. Biyani Securities Pvt. Ltd. and Shri Harish Biyani also had 2,55,000 shares already available. As regards sale of these 8.7 lakh shares in the 'sell n cash' scheme, Biyani Securities Pvt. Ltd. and Shri Harish Biyani stated that they sold the entire lot of 8,70,000 shares on behalf of another DSQ group entity – 'Hulda'. If shares were sold on behalf of Hulda as claimed,, shares should come from the beneficiary account of Hulda and not from Biyani Securities Pvt. Ltd. and Shri Harish Biyani 's account.

4.13 As regards sale of 1.7 lakh shares by Shri Harish Biyani, it was found during the course of investigations that Biyani Securities Pvt. Ltd. and Shri Harish Biyani got shares in their demat account in the following manner:

Date	Particulars	Qty
21/2/01	By CM Smifs, Physical / 2001146	170000

Once again, it is seen that shares were credited as market purchases. Shri Harish Biyani stated that Biyani Securities Pvt. Ltd. and Shri Harish Biyani had purchased these shares from the market through SMIFS. The contentions by Biyani Securities Pvt. Ltd. and Shri Harish Biyani that they sold 1.7 lakh shares on behalf of DSQ group entity – Hulda is not tenable since if shares were to be sold on behalf of Hulda, shares would have been sold from the beneficiary account of Hulda and not from broker's account.

On the other side, as buying broker, Shri Harish Biyani stated that Biyani Securities Pvt. Ltd. and Shri Harish Biyani had purchased 1,70,000 shares as part of total 10,40,000 shares purchased by them for various clients as below:

Buying client	Qty (number of shares)
Ballona Dealcom	32500
Behala finance and Investment	21000
Century Lefin Ltd	1700
Kettlewell tracom P Ltd.	250000
Dynamic enterprises	29600
Ganesh Barter Ltd	26600
Rathyatra Sales	428600
Gitabali Tracom	250000
Total	10,40,000

- 4.14 It may be noted that many of the buying clients as above have same address as that of 'Hulda' and also Mr Bhalotia as common director in Hulda and the buying clients. Hulda as brought out earlier is promoter associated entity. Thus, for the entire transactions of 10,40,000 shares,

both the buying as well as the selling clients have linkages with each other and DSQ group.

These transactions were in the nature of synchronization with buying orders and selling orders matched for quantity and price. Orders were put within time gap of few seconds. Both buying and selling brokers were Biyani Securities Pvt. Ltd. and Shri Harish Biyani who indulged in creation of artificial market, creation of artificial volumes as a result of synchronization / prior intention to matching orders. In view of the fact that both brokers belong to Biyani group and the synchronization has happened over so many transactions, the stand taken by either broker is not tenable. Further, the transactions accounted for the entire trading volume i.e. 100% on that date.

- 4.15 On March 1, 2001, Shri Harish Biyani once again availed of the 'Sell and Cash' Scheme through Biyani Securities Pvt. Ltd. which sold 2,40,000 shares of DSQ Industries @ Rs 335 per share for Shri Harish Biyani. It is observed that when selling broker was Biyani Securities Pvt. Ltd., the buying broker for the shares on the other side was Shri Harish Biyani. The order log and trade log revealed that there was synchronization of buying and selling orders as under:

Date mm/dd/yy	Time	Broker Code	Buy/Sale	Quantity	Price
03-01-01	3:21:53 PM	D0035	B	10000	335.00
03-01-01	3:22:09 PM	D0545	S	10000	335.00
03-01-01	3:22:11 PM	D0035	B	10000	335.00
03-01-01	3:22:16 PM	D0035	B	10000	335.00
03-01-01	3:22:17 PM	D0545	S	10000	335.00
03-01-01	3:22:26 PM	D0035	B	10000	335.00
03-01-01	3:22:26 PM	D0545	S	10000	335.00
03-01-01	3:22:32 PM	D0035	B	10000	335.00
03-01-01	3:22:34 PM	D0545	S	10000	335.00
03-01-01	3:22:37 PM	D0035	B	10000	335.00
03-01-01	3:22:41 PM	D0545	S	10000	335.00

03-01-01	3:22:42 PM	D0035	B	10000	335.00
03-01-01	3:22:51 PM	D0035	B	10000	335.00
03-01-01	3:22:56 PM	D0545	S	10000	335.00
03-01-01	3:23:00 PM	D0035	B	10000	335.00
03-01-01	3:23:03 PM	D0545	S	10000	335.00
03-01-01	3:23:34 PM	D0545	S	10000	335.00
03-01-01	3:23:55 PM	D0545	S	10000	335.00
03-01-01	3:42:28 PM	D0035	B	10000	335.00
03-01-01	3:42:34 PM	D0035	B	10000	335.00
03-01-01	3:42:38 PM	D0035	B	10000	335.00
03-01-01	3:42:43 PM	D0035	B	10000	335.00
03-01-01	3:42:49 PM	D0035	B	10000	335.00
03-01-01	3:42:54 PM	D0035	B	10000	335.00
03-01-01	3:43:02 PM	D0035	B	10000	335.00
03-01-01	3:43:04 PM	D0545	S	10000	335.00
03-01-01	3:43:07 PM	D0035	B	10000	335.00
03-01-01	3:43:12 PM	D0035	B	10000	335.00
03-01-01	3:43:13 PM	D0545	S	10000	335.00
03-01-01	3:43:22 PM	D0035	B	10000	335.00
03-01-01	3:43:22 PM	D0545	S	10000	335.00
03-01-01	3:43:29 PM	D0545	S	10000	335.00
03-01-01	3:43:37 PM	D0545	S	10000	335.00
03-01-01	3:43:41 PM	D0035	B	10000	335.00
03-01-01	3:43:45 PM	D0545	S	10000	335.00
03-01-01	3:43:46 PM	D0035	B	10000	335.00
03-01-01	3:43:52 PM	D0545	S	10000	335.00
03-01-01	3:43:54 PM	D0035	B	10000	335.00
03-01-01	3:44:00 PM	D0545	S	10000	335.00
03-01-01	3:44:02 PM	D0035	B	10000	335.00
03-01-01	3:44:06 PM	D0035	B	10000	335.00
03-01-01	3:44:07 PM	D0545	S	10000	335.00
03-01-01	3:44:16 PM	D0545	S	10000	335.00
03-01-01	3:44:23 PM	D0545	S	10000	335.00
03-01-01	3:44:30 PM	D0545	S	10000	335.00
03-01-01	3:44:37 PM	D0545	S	10000	335.00
03-01-01	3:44:43 PM	D0545	S	10000	335.00
03-01-01	3:44:50 PM	D0545	S	10000	335.00

From the above, it can be seen that all orders both buy as well as sell were placed in multiples of 10,000 and apart from these orders there were no other buy as well as sale orders prevalent at that time and time lag between buy and sale order in most of the occasions was very less and it

can be concluded that these were synchronized transactions with prior understanding to match.

- 4.16 Examination of the demat statement of Shri Harish Biyani brought out that on 1/3/01, 2,40,000 shares were debited from beneficiary account of Shri Harish Biyani in favour of SHCIL for the sale of 2,40,000 shares. It is pertinent to note that Shri Harish Biyani got shares in its demat account in the following manner:

Date	Particulars	Qty
21/2/01	By Integrated / 10290048	350000

These shares were credited as off market purchases and were credited from the demat account of Hulda. Shri Harish Biyani stated that Biyani Securities Pvt. Ltd. and Shri Harish Biyani sold 2,40,000 shares on behalf of Hulda. If shares were to be sold on behalf of Hulda, shares would have been sold from the beneficiary account of Hulda and not from Biyani Securities Pvt. Ltd. and Shri Harish Biyani's account. In effect, Shri Harish Biyani used shares of DSQ Industries for availing finance in the 'sell and cash' scheme of SHCIL by selling shares as empanelled broker of SHCIL – i.e. Biyani Securities Pvt. Ltd.

- 4.17 Further, when Biyani Securities Pvt. Ltd. was selling shares, Shri Harish Biyani was the counter party broker. Shri Harish Biyani stated that Biyani Securities Pvt. Ltd. and Shri Harish Biyani had bought these 2,40,000 shares on behalf of client – Veersali Commodities Ltd. I further note that address of Veersali is same as that of Hulda and also one of the directors and contact person of this entity is Mr. Manoj Kumar Bhalotia who is also a director of M/s. Hulda Properties and Trades Limited – the seller. Therefore Veersali Commodities Limited also appears to be an entity of

DSQ group. These further points to nexus between promoters and Biyani Securities Pvt. Ltd. and Shri Harish Biyani when it is noticed that shares bought by broker for promoter associated entity – Veersali were sold on the other side for another promoter associated entities – Hulda. Thus, there was circular trading also as well as creation of artificial market. Biyani Securities Pvt. Ltd. and Shri Harish Biyani indulged in creation of artificial market, creation of artificial volumes as a result of synchronization of orders. CSE had subsequently expunged the transaction of 2,40,000 shares amounting to Rs. 8.04 crore on the grounds that the transactions were non genuine transactions. It is pertinent to note this deal of 2,40,000 shares comprised around 60% of the total traded volume on the said date.

4.18 On March 2, 2001, Shri Harish Biyani once again availed the Cash on Pay out scheme (COP) of SHCIL through Biyani Securities Pvt. Ltd. which sold 7,20,000 shares of DSQ Industries for Shri Harish Biyani. The important feature of this scheme are as under:

- a) As per the scheme an investor can sell his shares through one of the empanelled brokers of SHCIL and the payment is released to the investor on the next day of the pay out. For this purpose a post-dated cheque (dated to next day of pay out) is issued to the investor by SHCIL on the evening of trade day.*
- b) The features of this scheme are same as SAC and the only difference being that the payment is released one day after pay out. As per SCHIL, this was only a variant of the SAC scheme wherein a post dated payment cheque was issued instead of a current date cheque.*
- c) The objective of COP scheme was to help the small investors who are not entertained by the brokers to transact (sell their shares) in*

the capital market in the risk free environment. Under this scheme the payment is released one day after the pay out of the relevant stock exchange.

- 4.19 Shri Harish Biyani has a DP beneficiary account with SHCIL. On 1.3.2001, he requested SHCIL to sell 2.4 lakh shares of DSQ Industries Ltd under 'sell-n-cash' scheme. The shares were sold on the same day by SHCIL in rolling settlement No.2001518 of CSE through Biyani Securities Pvt. Ltd., an associate firm of Shri Harish Biyani on whose behalf the trade was executed. SHCIL made payment against this transaction to Shri Biyani on the same day after deducting brokerage and service charges from the sale proceeds of Rs.8.04 crore. SHCIL also executed another transaction for sale of 7.2 lakh shares of DSQ Industries under 'sell-n-cash' scheme on behalf of Shri Biyani through Biyani Securities Pvt Ltd in settlement no.2001159 for Rs.24.48 crore on 2.3.2001. Unlike the earlier transaction, SHCIL released the payment through a post dated cheque to Shri Biyani who discounted the cheque with Indus Ind Bank, Calcutta and received the sale proceeds.
- 4.20 In the transactions of sale of DSQ Industries shares dated 1.3.01 financed by SHCIL on behalf of its clients Shri Harish Biyani under 'sell-n-cash' scheme through Biyani Securities Pvt Ltd and CSE, the counter party broker was Shri Harish Biyani himself. In the transaction dated 2.3.2001, assured / facilitated by SHCIL for Shri Harish Biyani the counter party brokers were Shri Harish Biyani, Arihant Exim & Doe Jones, CSE, on scrutiny of pay-in/pay-out of settlement no.148 and the rolling settlements falling due during the same time, classified the trades financed / assured by SHCIL through Biyani Securities Pvt Ltd as trades in the nature of accommodation and expunged these trades.

4.21 Shri Harish Biyani stated that since he was in need of funds he sold DSQ shares to SHCIL and received a post dated cheque from them and got the cheque discounted. He further said that SHCIL in turn sold those shares in the market on the same day through Biyani Securities Pvt Ltd but CSE did not make payment since the deals were expunged.

4.22 As stated, earlier, on 2/3/01, Biyani Securities Pvt. Ltd. sold 7,20,000 shares in the 'cash on payout' scheme of SHCIL. The table showing the various trading parties for the transaction is as follows:

Sale Quantity	Selling Broker	Selling Client	Price	Amount (Rs.)	Buying Broker	Quantity
720000	BSPL	HB	340	244800000	HB	220000
					Doe Jones	250000
					Arihant Exim	250000
7,20,000				244800000		720000

It is observed that there was synchronization of buying and selling orders by matching of order quantity, times and price. The details are as under:

Date	Trade time	Trd No	Order no	Order time	Diff -sec	B/S	Code	Client	Qty	Rate
02-03-01	15:13:06	145	151168469	15:11:21	***	sell	545	self	10000	340.00
02-03-01	15:13:06	145	180916834	15:13:05	0:01:44	buy	978	self	10000	340.00
02-03-01	15:13:14	146	151168473	15:11:34	***	sell	545	self	10000	340.00
02-03-01	15:13:14	146	180916836	15:13:14	0:01:40	buy	978	self	10000	340.00
02-03-01	15:13:22	147	151168475	15:11:45	***	sell	545	self	10000	340.00
02-03-01	15:13:22	147	180916839	15:13:22	0:01:37	buy	978	self	10000	340.00
02-03-01	15:13:33	148	151168480	15:11:54	***	sell	545	self	10000	340.00
02-03-01	15:13:33	148	180916846	15:13:33	0:01:39	buy	978	self	10000	340.00
02-03-01	15:13:40	149	151168488	15:12:02	***	sell	545	self	10000	340.00
02-03-01	15:13:40	149	180916849	15:13:40	0:01:38	buy	978	self	10000	340.00
02-03-01	15:13:47	150	151168491	15:12:10	***	sell	545	self	10000	340.00
02-03-01	15:13:47	150	180916851	15:13:46	0:01:36	buy	978	self	10000	340.00
02-03-01	15:14:04	151	151168495	15:12:19	***	sell	545	self	10000	340.00
02-03-01	15:14:04	151	180916856	15:14:04	0:01:45	buy	978	self	10000	340.00

02-03-01	15:14:09	152	151168499	15:12:28	***	sell	545	self	10000	340.00
02-03-01	15:14:09	152	180916859	15:14:09	0:01:41	buy	978	self	10000	340.00
02-03-01	15:14:16	153	151168501	15:12:37	***	sell	545	self	10000	340.00
02-03-01	15:14:16	153	180916861	15:14:16	0:01:39	buy	978	self	10000	340.00
02-03-01	15:14:22	154	151168503	15:12:45	***	sell	545	self	10000	340.00
02-03-01	15:14:22	154	180916865	15:14:22	0:01:37	buy	978	self	10000	340.00
02-03-01	15:14:35	155	151168510	15:13:17	***	sell	545	self	10000	340.00
02-03-01	15:14:35	155	180916869	15:14:35	0:01:18	buy	978	self	10000	340.00
02-03-01	15:14:42	156	151168514	15:13:25	***	sell	545	self	10000	340.00
02-03-01	15:14:42	156	180916872	15:14:42	0:01:17	buy	978	self	10000	340.00
02-03-01	15:14:48	157	151168518	15:13:33	***	sell	545	self	10000	340.00
02-03-01	15:14:48	157	180916873	15:14:47	0:01:14	buy	978	self	10000	340.00
02-03-01	15:14:51	158	151168521	15:13:40	***	sell	545	self	10000	340.00
02-03-01	15:14:51	158	180916874	15:14:51	0:01:11	buy	987	self	10000	340.00
02-03-01	15:14:56	159	151168523	15:13:47	***	sell	545	self	10000	340.00
02-03-01	15:14:56	160	151168525	15:13:54	***	sell	545	self	10000	340.00
02-03-01	15:14:56	159	180916879	15:14:56	***	buy	978	self	10000	340.00
02-03-01	15:14:56	160	180916880	15:14:56	***	buy	987	self	10000	340.00
02-03-01	15:15:00	161	151168528	15:14:01	***	sell	545	self	10000	340.00
02-03-01	15:15:00	162	151168532	15:14:08	***	sell	545	self	10000	340.00
02-03-01	15:15:00	162	180916885	15:15:00	0:00:52	buy	978	self	10000	340.00
02-03-01	15:15:00	161	180916883	15:14:59	***	buy	987	self	10000	340.00
02-03-01	15:15:04	163	151168533	15:14:15	***	sell	545	self	10000	340.00
02-03-01	15:15:04	163	180916886	15:15:03	0:00:48	buy	987	self	10000	340.00
02-03-01	15:15:07	164	151168535	15:14:22	***	sell	545	self	10000	340.00
02-03-01	15:15:07	164	180916887	15:15:07	0:00:45	buy	987	self	10000	340.00
02-03-01	15:15:09	165	151168537	15:14:29	***	sell	545	self	10000	340.00
02-03-01	15:15:09	165	180916889	15:15:09	0:00:40	buy	978	self	10000	340.00
02-03-01	15:15:14	166	151168543	15:14:39	***	sell	545	self	10000	340.00
02-03-01	15:15:14	166	180916890	15:15:14	0:00:35	buy	978	self	10000	340.00
02-03-01	15:15:15	167	151168548	15:14:46	***	sell	545	self	10000	340.00
02-03-01	15:15:15	167	180916891	15:15:14	0:00:28	buy	987	self	10000	340.00
02-03-01	15:15:18	168	151168554	15:14:55	***	sell	545	self	10000	340.00
02-03-01	15:15:18	168	180916892	15:15:17	0:00:22	buy	987	self	10000	340.00
02-03-01	15:15:20	169	151168557	15:15:03	***	sell	545	self	10000	340.00
02-03-01	15:15:20	169	180916893	15:15:19	0:00:16	buy	978	self	10000	340.00
02-03-01	15:15:21	170	151168561	15:15:09	***	sell	545	self	10000	340.00
02-03-01	15:15:21	170	180916894	15:15:21	0:00:12	buy	987	self	10000	340.00
02-03-01	15:15:25	171	151168565	15:15:16	***	sell	545	self	10000	340.00
02-03-01	15:15:25	171	180916896	15:15:25	0:00:09	buy	978	self	10000	340.00
02-03-01	15:15:26	172	151168567	15:15:23	***	sell	545	self	10000	340.00
02-03-01	15:15:26	172	180916897	15:15:25	0:00:02	buy	987	self	10000	340.00
02-03-01	15:15:41	173	151168572	15:15:31	***	sell	545	self	10000	340.00
02-03-01	15:15:41	173	180916903	15:15:41	0:00:10	buy	987	self	10000	340.00
02-03-01	15:15:45	174	151168576	15:15:37	***	sell	545	self	10000	340.00

02-03-01	15:15:45	174	180916905	15:15:45	0:00:08	buy	978	self	10000	340.00
02-03-01	15:16:08	175	151168587	15:15:46	***	sell	545	self	10000	340.00
02-03-01	15:16:08	175	180916914	15:16:08	0:00:22	buy	978	self	10000	340.00
02-03-01	15:16:13	176	151168595	15:15:53	***	sell	545	self	10000	340.00
02-03-01	15:16:13	176	180916915	15:16:13	0:00:20	buy	978	self	10000	340.00
02-03-01	15:16:20	177	151168598	15:16:00	***	sell	545	self	10000	340.00
02-03-01	15:16:20	177	180916916	15:16:20	0:00:20	buy	987	self	10000	340.00
02-03-01	15:16:23	178	151168603	15:16:09	***	sell	545	self	10000	340.00
02-03-01	15:16:23	179	151168608	15:16:16	***	sell	545	self	10000	340.00
02-03-01	15:16:23	178	180916917	15:16:23	***	buy	978	self	10000	340.00
02-03-01	15:16:23	179	180916918	15:16:23	***	buy	987	self	10000	340.00
02-03-01	15:16:26	180	151168614	15:16:23	***	sell	545	self	10000	340.00
02-03-01	15:16:26	180	180916921	15:16:26	0:00:03	buy	987	self	10000	340.00
02-03-01	15:16:31	181	151168616	15:16:30	***	sell	545	self	10000	340.00
02-03-01	15:16:31	181	180916922	15:16:29	0:00:01	buy	978	self	10000	340.00
02-03-01	15:16:49	182	151168619	15:16:38	***	sell	545	self	10000	340.00
02-03-01	15:16:49	182	180916924	15:16:48	0:00:10	buy	987	self	10000	340.00
02-03-01	15:16:50	183	151168623	15:16:44	***	sell	545	self	10000	340.00
02-03-01	15:16:50	183	180916926	15:16:50	0:00:06	buy	978	self	10000	340.00
02-03-01	15:16:53	184	151168632	15:16:51	***	sell	545	self	10000	340.00
02-03-01	15:16:53	184	180916927	15:16:52	0:00:01	buy	987	self	10000	340.00
02-03-01	15:17:02	185	151168635	15:16:58	***	sell	545	self	10000	340.00
02-03-01	15:17:02	185	180916930	15:17:02	0:00:04	buy	987	self	10000	340.00
02-03-01	15:17:10	186	151168640	15:17:05	***	sell	545	self	10000	340.00
02-03-01	15:17:10	186	180916933	15:17:10	0:00:05	buy	987	self	10000	340.00
02-03-01	15:17:18	187	151168649	15:17:13	***	sell	545	self	10000	340.00
02-03-01	15:17:18	187	180916937	15:17:18	0:00:05	buy	987	self	10000	340.00
02-03-01	15:17:22	188	151168654	15:17:19	***	sell	545	self	10000	340.00
02-03-01	15:17:22	188	180916939	15:17:22	0:00:03	buy	987	self	10000	340.00
02-03-01	15:17:30	189	151168659	15:17:25	***	sell	545	self	10000	340.00
02-03-01	15:17:30	189	180916946	15:17:29	0:00:04	buy	987	self	10000	340.00
02-03-01	15:17:36	190	151168664	15:17:32	***	sell	545	self	10000	340.00
02-03-01	15:17:36	190	180916948	15:17:36	0:00:04	buy	987	self	10000	340.00
02-03-01	15:17:43	191	151168666	15:17:39	***	sell	545	self	10000	340.00
02-03-01	15:17:43	191	180916954	15:17:43	0:00:04	buy	987	self	10000	340.00
02-03-01	15:17:48	192	151168669	15:17:45	***	sell	545	self	10000	340.00
02-03-01	15:17:48	192	180916956	15:17:48	0:00:03	buy	987	self	10000	340.00
02-03-01	15:17:56	193	151168671	15:17:52	***	sell	545	self	10000	340.00
02-03-01	15:17:56	193	180916960	15:17:56	0:00:04	buy	987	self	10000	340.00
02-03-01	15:18:01	194	151168674	15:17:59	***	sell	545	self	10000	340.00
02-03-01	15:18:01	194	180916961	15:18:01	0:00:02	buy	987	self	10000	340.00
02-03-01	15:18:21	195	61197636	15:18:20	***	buy	35	self	10000	340.00
02-03-01	15:18:21	195	151168684	15:18:10	0:00:10	sell	545	self	10000	340.00
02-03-01	15:18:27	196	61197640	15:18:27	***	buy	35	self	10000	340.00
02-03-01	15:18:27	196	151168688	15:18:18	0:00:09	sell	545	self	10000	340.00

02-03-01	15:18:40	197	61197648	15:18:40	***	buy	35	self	10000	340.00
02-03-01	15:18:40	197	151168692	15:18:26	0:00:14	sell	545	self	10000	340.00
02-03-01	15:19:38	198	120952423	15:19:38	***	buy	35	self	10000	340.00
02-03-01	15:19:38	198	151168696	15:18:34	0:01:04	sell	545	self	10000	340.00
02-03-01	15:19:43	199	61197683	15:19:42	***	buy	35	self	10000	340.00
02-03-01	15:19:43	199	151168724	15:19:40	0:00:02	sell	545	self	10000	340.00
02-03-01	15:19:47	200	61197687	15:19:47	***	buy	35	self	10000	340.00
02-03-01	15:19:47	200	151168727	15:19:47	0:00:00	sell	545	self	10000	340.00
02-03-01	15:19:55	201	61197695	15:19:55	***	buy	35	self	10000	340.00
02-03-01	15:19:55	201	151168733	15:19:53	0:00:02	sell	545	self	10000	340.00
02-03-01	15:20:08	202	61197706	15:20:08	***	buy	35	self	10000	340.00
02-03-01	15:20:08	202	151168739	15:20:02	0:00:06	sell	545	self	10000	340.00
02-03-01	15:20:13	203	61197710	15:20:13	***	buy	35	self	10000	340.00
02-03-01	15:20:13	203	151168741	15:20:09	0:00:04	sell	545	self	10000	340.00
02-03-01	15:20:18	204	61197714	15:20:18	***	buy	35	self	10000	340.00
02-03-01	15:20:18	204	151168746	15:20:17	0:00:01	sell	545	self	10000	340.00
02-03-01	15:20:35	205	61197725	15:20:35	***	buy	35	self	10000	340.00
02-03-01	15:20:35	205	151168751	15:20:29	0:00:06	sell	545	self	10000	340.00
02-03-01	15:20:41	206	61197728	15:20:41	***	buy	35	self	10000	340.00
02-03-01	15:20:41	206	151168757	15:20:38	0:00:03	sell	545	self	10000	340.00
02-03-01	15:20:47	207	61197730	15:20:47	***	buy	35	self	10000	340.00
02-03-01	15:20:47	207	151168764	15:20:45	0:00:02	sell	545	self	10000	340.00
02-03-01	15:20:59	208	61197740	15:20:58	***	buy	35	self	10000	340.00
02-03-01	15:20:59	208	151168770	15:20:52	0:00:06	sell	545	self	10000	340.00
02-03-01	15:21:08	209	61197745	15:21:08	***	buy	35	self	10000	340.00
02-03-01	15:21:08	209	151168776	15:21:00	0:00:08	sell	545	self	10000	340.00
02-03-01	15:21:27	210	61197756	15:21:27	***	buy	35	self	10000	340.00
02-03-01	15:21:27	210	151168784	15:21:21	0:00:06	sell	545	self	10000	340.00
02-03-01	15:21:33	211	61197759	15:21:33	***	buy	35	self	10000	340.00
02-03-01	15:21:33	211	151168785	15:21:29	0:00:04	sell	545	self	10000	340.00
02-03-01	15:21:50	212	61197766	15:21:50	***	buy	35	self	10000	340.00
02-03-01	15:21:50	212	151168788	15:21:36	0:00:14	sell	545	self	10000	340.00
02-03-01	15:21:56	213	61197767	15:21:55	***	buy	35	self	10000	340.00
02-03-01	15:21:56	213	151168792	15:21:42	0:00:13	sell	545	self	10000	340.00
02-03-01	15:22:01	214	61197768	15:22:01	***	buy	35	self	10000	340.00
02-03-01	15:22:01	214	151168794	15:21:52	0:00:09	sell	545	self	10000	340.00
02-03-01	15:22:09	215	61197771	15:22:09	***	buy	35	self	10000	340.00
02-03-01	15:22:09	215	151168796	15:21:59	0:00:10	sell	545	self	10000	340.00
02-03-01	15:22:21	216	61197777	15:22:20	***	buy	35	self	10000	340.00
02-03-01	15:22:21	216	151168800	15:22:13	0:00:07	sell	545	self	10000	340.00

It was also seen that when Biyani Securities Pvt. Ltd. sold 7,20,000 shares, on the buying side, it was Shri Harish Biyani who purchased

2,20,000 shares. The balance 5,00,000 shares were purchased by 2 brokers belonging to the D K Singhania group. It was later brought out that the CSE had expunged the entire transactions of 7,20,000 shares on the ground that they were non genuine transactions.

4.23 Shri Harish Biyani stated that it bought these shares for client - Kettlewell Tracom. It is pertinent to note that address of Kettelwell is same as that of 'Hulda' and also one of the directors and contact person of this entity is Mr. Manoj Kumar Bhalotia who is also a director of M/s. Hulda Properties and Trades Limited. Therefore, Kettelwell Commodities Limited also is an entity of DSQ group. The transactions done by Biyani group of brokers in the 'sell n cash' scheme of SCHIL on 27/2/01 and 1/3/01 and 'cash on payout' scheme on 2/3/01 in the shares of DSQ Industries is strong pointer to the promoter broker nexus between DSQ Group and Biyani group of brokers. Promoters colluded with Biyani group in obtaining finance on account of Biyani brokers facing payment crises on the CSE. As discussed in detail later, funds to the tune of approximately Rs. 34 crore and Rs. 8 crore were availed on 27/2/01 and 1/3/01 in the 'sell n cash' scheme of SHCIL. Thus, funds were made available on the same date as the transaction date. Thereafter, funds to the extent of around Rs. 24 crore was availed for cash on payout transactions done on 2/3/01. This amount was made available on 5/3/01 by discounting a post dated cheque given by SHCIL.

4.24 In view of the foregoing, it can be concluded that Biyani Securities Pvt. Ltd. and Shri Harish Biyani had acted in concert with the promoters and its associate entities – Hulda, Square D Textiles which credited shares of DSQ Industries to the demat account of Biyani Securities Pvt. Ltd. and Shri Harish Biyani. Shares of promoter entities were also credited through SMIFS Securities Ltd. Biyani Securities Pvt. Ltd. and Shri Harish Biyani then used these shares in addition to other shares lying with it to avail of

the schemes of SHCIL to obtain immediate sale consideration in the sell n cash scheme of SHCIL as discussed above. Biyani Securities Pvt. Ltd. was empanelled broker of SHCIL for selling the shares in the said schemes. Biyani Securities Pvt. Ltd. availed finance for self as well as for Shri Harish Biyani for selling these shares in the schemes. The buying broker was Shri Harish Biyani who was buying shares for DSQ group entities. Shares were brought in synchronised deals with buying and selling orders logged in at almost the same time for same rate and quantity with prior understanding to match sell orders with specific buy orders. Biyani Securities Pvt. Ltd. and Shri Harish Biyani indulged in creation of artificial market, creation of artificial volumes as a result of synchronization / prior intention to matching orders. There was creation of artificial market and artificial volumes as a result of synchronization in logging in / matching of buy and sell orders. Orders are placed within a gap of few seconds by Biyani Securities Pvt. Ltd. and Shri Harish Biyani for the same quantity and same rate to ensure that buyers get the desired sellers and vice versa. Shares effectively did not change beneficial ownership by remaining within the DSQ group. Thus, there was circular trading also. The transactions also created artificial market.

4.25 I also note that when Biyani Securities Pvt. Ltd. sold 7,20,000 shares, on the buying side, Harish Biyani purchased 2,20,000 shares. The balance 5,00,000 shares were purchased by the Arihant Exim Scrip Pvt. Ltd. and Doe Jones Investments & Consultants Pvt. Ltd. who were brokers at the relevant time and belonged to the D K Singhania group (2,50,000 shares each).

4.26 *In appeal no 54 of 2002 – Nirmal Bang Securities Pvt. Ltd vs. SEBI, the Hon'ble Securities Appellate Tribunal has held as under with regard to synchronized deals*

“BEB has been charged for synchronized deals with First Global. I have examined the data provided by the parties on this issue. I find many transactions between BEB and FGSB. There are many instances of such transactions. I find the scrip, quantity and price for these orders had been synchronized by the counter party brokers. Such transactions undoubtedly create an artificial market to mislead the genuine investors. Synchronized trading is violative of all prudential and transparent norms of trading in securities. Synchronized trading on a large scale can create false volumes. The argument that the parties had no means of knowing whether any entity controlled by the client is simultaneously entering any contra order elsewhere for the reason that in the online trading system, confidentiality of counter parties is ensured, is untenable. It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously.”

Such transactions wherein the buy and sell orders were entered almost simultaneously and the time lag is just under few seconds as aforesaid and the transactions are matched in terms of order quantity, price and time are highly irregular and defeat the purpose of normal order matching system in the price discovery process in the exchanges and would also be in violation of Regulation of 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) 1995 which reads as under:-

Prohibition against market manipulation.

4 No persons shall

- (a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;
- (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities markets;
- (c) indulge in any act, which results in reflection of prices of securities based on transactions that are not genuine trade transactions;
- (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 fluctuation in the market price of securities;

4.27 As already noted above, when Biyani Securities Pvt. Ltd. sold 7.2 lac shares of DSQ Industries, Shri Harish Biyani purchased 2.2 lac shares and the rest were purchased by Arihant Exim Scrip Pvt. Ltd. and Doe Jones Investments & Consultants Pvt. Ltd. It is therefore, concluded that the brokers viz. Shri Harish Biyani and Biyani Securities Pvt Ltd acted in concert with the promoters of DSQ Group for creation of artificial market and rise in prices by entering into irregular transactions by way of synchronized trades and cross deals in which the order, quantity, time and prices are matched, financing of trades through the schemes of SHCIL, etc. as discussed above

Acting in concert is something about which actual evidence is normally difficult to come. The Supreme Court had dealt with the issue in the case of CIT vs. East Coast Commercial Co. Ltd. AIR (1967) SC 768 (Kedia Family case) in the context of Section 23A of the Indian Income Tax Act, 1922 wherein the question was whether Kedia family had acted in concert

to control the affairs of the concerned company. In the facts of that case, there was no evidence of any overt act showing that they were acting in concert and thereby constituted and acted as a block.

In para 14 of the judgement, the SC observed as follows:

“..... It is sufficient, if having regard to their relation, etc., their conduct and their common interest, that it may be inferred that they must be acting together, evidence of actual concerted acting is normally difficult to obtain, and is not insisted upon.” (p.772)

Hence, it is clear from the above that Biyani Securities Pvt. Ltd. and Shri Harish Biyani had together indulged in creation of artificial market, artificial price rise, giving misleading appearance of trades and hence have violated Regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 as aforesaid.

4.28 The method and manner of execution of these transactions whereby the order price, quantity and time are matched was highly irregular and against the normal price discovery mechanism in Stock Exchanges. It was contended that Biyani Securities Pvt Ltd and Harish Biyani are separate and distinct entities. While the former is a company registered under the Companies Act, 1956, the latter is an individual broking firm. As such, it was contended that both of them cannot be clubbed together for the aforesaid show cause notice for irregular transactions.

4.29 The JPC Report dated 19.12.2002 on stock market scam at para 6.21 observed that a number of large brokers have more than one card in CSE which are either in the name of their family members or companies where they are major shareholders. Shri Harish Biyani and Biyani Securities Pvt Ltd are amongst such brokers.

- 4.30 The net outstanding position of Shri Harish Biyani and Biyani Securities Pvt Ltd to the CSE where they were declared defaulters by the Exchange are as under :

(Rs. In crores)

Sr. No.	Name of the Defaulter	Net Outstanding			Total Net outstanding
		Settl No.148	Sett No.149	Settl. No.150	
1.	Shri Harish Biyani	20.08	2.49	3.14	25.71
2.	Biyani Securities Pvt Ltd	0.79	3.06	3.16	7.01

Both Shri Harish Biyani and Biyani Securities Pvt Ltd were declared defaulters on 26.3.2001 by the CSE. One of the reasons for the payment problem at CSE was building up of large outstanding positions by few brokers in few scrips mainly in HFCL and DSQ and volatility in the prices during the relevant period.

In this context, the Hon'ble Supreme Court decision in *Delhi Development Authority vs Skipper Construction Co. Pvt Ltd.* (1996) 4 Comp LJ 233 (SC) ... AIR 1996 SC 2005 that (para 27 at page 247 of COMP LJ) may be referred to.

“The concept of corporate entity was evolved to encourage and promote trade and commerce but not to commit illegalities or to defraud people. Where , therefore, the corporate character is employed for the purpose of committing illegality or defrauding others , the court would ignore the corporate character and will look at the reality behind the corporate veil so as to enable it to pass appropriate orders to do justice between the parties concerned. The fact that an individual and members of his family have created several corporate bodies would not prevent the court from treating

all of them as one entity belonging to and controlled by that individual and family. If it is found that these corporate bodies are merely cloaks behind which lurks the individual and /or members of his family and that the device of incorporation was really a ploy adopted for committing illegalities and /or to defraud people” (underlining supplied).

Acting in concert is something about which actual evidence is normally difficult to come. *The Hon’ble Supreme Court in the case of CIT vs East Coast Commercial Co.Ltd. AIR (1967) SC 768 (Kedia Family case) in the context of Section 23A of the Indian Income Tax Act, 1922 wherein the question was whether Kedia family had acted in concert to control the affairs of the concerned company. In the facts of that case, there was no evidence of any overt act showing that they were acting in concert and thereby constituted and acted as a block. In para 14 of the judgment, the SC observed as follows:*

“..... if the members of the Kedia family form a block and had more than 75 per cent of the voting power, it was not necessary to prove that they actually exercised controlling interest. It is the holding in aggregate of a majority of the shares issued by a person or persons acting in concert in relation to the affairs of the company which establishes the existence of a block. It is sufficient, if having regard to their relation, etc., their conduct and their common interest, that it may be inferred that they must be acting together, evidence of actual concerted acting is normally difficult to obtain, and is not insisted upon.” (p.772)(italics added).

- 4.31 The evidence of connected circumstances and preponderance of probabilities, common course of natural events and combination of facts creating network and artificial volumes gives rise to a reasonable inference that Biyani Securities Pvt. Ltd. and Shri Harish Biyani did not act

in good faith and without negligence when they had executed these transactions.

The standard of proof required in a proceeding of this nature is at variance with the standard of proof required in criminal cases. It is sufficient if the preponderance of probabilities suggests towards the indulgence of the delinquent in the misconduct. The strict rules of Evidence Act and proof beyond reasonable doubt are not applicable to a proceeding of this nature. The Supreme Court's decision in Gulabchand vs. Kudilal AIR, 1966, SC 1734 and the decision of the Special Court for trial of offences relating to transactions in securities in the matter of National Housing Bank versus ANZ Grindlays Bank, 1998 (2) LJ 153 is relied upon in this regard.

5.0 ORDER

Now, therefore, having regard to the nature and gravity of the charges established against Biyani Securities Pvt. Ltd. and Shri Harish Biyani, I hereby, in exercise of powers under Section 11(4), 11B of SEBI Act, 1992, and Regulation 11 of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003, prohibit Biyani Securities Pvt. Ltd. and its directors and Shri Harish Biyani from buying, selling or dealing in the securities market for a period of 5 years.

This order shall come into force with immediate effect.

PLACE: MUMBAI
DATE: 27th January, 2005

G.N. BAJPAI
CHAIRMAN
SECURITIES AND EXCHANGE BOARD OF INDIA