

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under regulations 28(2) of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 -

In the matter of Gangotri Textiles Limited

In respect of Mefcom Securities Limited (PAN: AAACM1079Q)

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation in respect of buying, selling and dealing in the shares of Gangotri Textiles limited (hereafter referred to as "**Gangotri**"/"**Company**") during the period from April 07, 2006 to May 31, 2006 (hereinafter referred to as "**Investigation Period**") at NSE and BSE. This order is in respect of Mefcom Securities Ltd. ("**Mefcom**") which during the investigation period was found to have executed proprietary trades in the scrip of Gangotri, both in BSE and NSE and for its client Vishvas Projects Ltd. on BSE.

2. Prior to the investigation period, the scrip of Gangotri was not listed on NSE and was only traded on BSE. During the period from January 2006 to April 6, 2006, the highest price was `52.25 (intra-day high on February 6, 2006) and lowest price was `40.55 (intra-day low on March 28, 2006). The average daily traded quantity during this period was 77,036 shares. During the Investigation Period i.e. between April 7, 2006 and May 31, 2006, the scrip of Gangotri was traded on both NSE and BSE. Details of the price volume data at BSE and NSE during the Investigation Period are as follows:-

TABLE 1

Exchange	Open	High	Low	Close	Average Daily Volume
BSE	53.25 07.04.06	70.95 05.05.06	43.00 19.04.06	44.35 31.05.06	241675
NSE	56.00 07.04.06	71.05 05.05.06	41.25 19.04.06	45.40 31.05.06	184236

Table I reveals that during the investigation period, the price of the scrip went up by 33.24% on BSE and 26.88% on NSE while the Sensex recorded a decrease of 12.21% (from 11845.13 on April 07, 2006 to 10398.61 on May 31, 2006) and Nifty recorded a decrease of 12.89% (from 3525.6 on April 07, 2006 to 3071.05 on May 31, 2006).

3. After the Investigation Period, between June 2006 to December 2006 it was noted that the price of scrip opened at `45.95/45.2 (NSE/BSE) on June 1, 2006 and closed at `27.35 / 26.7 (NSE/BSE) on December 29, 2006. The highest price during this period was `46.25 in (intra-day high on June 2, 2006) in NSE and `46.65 (intra-day high on June 5, 2006) in BSE. The lowest price during this period was `24 (intra-day low on December 13, 2006) in both NSE and BSE. The average daily traded quantity during this period was for 34,080/43,717 (NSE/BSE) shares.
4. It was observed that, during the Investigation Period, certain entities allegedly functioned as a group (hereinafter referred to as the "**Vishvas Group**") and by trading through their respective stock brokers or otherwise, had allegedly executed synchronized trades, circular trades and reversal trades amongst themselves and traded in significant variation to the Last Traded Price (LTP) in the shares of Gangotri. For the purpose of this order, synchronised trades are understood to be those trades where-
 - (i) the time difference, between buy order and sell order, is less than 60 seconds.
 - (ii) there is no difference between the price and quantity of the buy order and the sell order.
5. The list of the client members of the Vishvas Group and their stock brokers, if any, are stated below:

TABLE 2

Sr. No.	Name of the client	Name of the stock broker
1.	Ishita Finstock limited ("Isbita")	Vishvas Securities limited ("VSL")
2.	Sunita Gupta ("Sunita")	Shri Parasram Holdings Private Limited ("Parasram")
3.	Purshottam Khandelwal ("Purshottam")	SIC Stocks and Services private Limited ("SIC")
4.	Praveen Poddar ("Praveen")	TCP Stock Brokers Limited ("TCP")

5.	Vishvas Securities Ltd. ("VSL")	Proprietary trades
6.	Anupama Communications Private limited ("Anupama")	NIL trades
7.	Avisha Credit Capital Ltd. ("Avisha")	Shriram Insight Share Brokers Ltd. ("Shriram")
8.	ISF Securities Ltd ("ISF")	Sam Global Securities Ltd. at BSE and proprietary trades at NSE
9.	Quantum Global Securities and Leasing Company Limited ("Quantum")	Proprietary trades
10.	Cosmo Corporate Services Limited ("Cosmo")	Integrated Master Securities Pvt. Ltd. ("Integrated")
11.	Master Finlease limited ("Master")	
12.	Mefcom Securities Limited ("Mefcom")	Mefcom Securities Limited ("Mefcom")
13.	Vishvas Projects Limited ("VPL")	

6. To enquire into the alleged violations by the Vishvas Group with respect to their trades in the Gangotri scrip, including the role of Mefcom, Shri Jayanta Jash was appointed as the Designated Authority ("DA") vide order dated November 8, 2013 under regulation 24 of SEBI (Intermediaries) Regulations, 2008 ("**Intermediaries Regulations**"). The DA, issued show cause notice dated January 06, 2014 to Mefcom. After completion of the proceedings, the DA submitted a Report dated November 25, 2014 in respect of Mefcom (hereinafter referred to as "**the DA Report**"), wherein it was found that Mefcom had violated the provisions of sections 12A(a), (b) and (c) of the SEBI Act read with regulations 3(a), (b), (c) and (d), 4(1), 4(2)(a), (e) and (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 ("**PFUTP Regulations**") and regulation 7 read with Clause A of Schedule II of the SEBI (Stock Brokers and Sub-brokers) Regulations ("**Stock Brokers Regulations**") dealing with Code of Conduct for Stock Brokers. Accordingly the DA, in his Report, recommended suspension of certificate of registration of Mefcom for a period of four months.

7. After considering the DA Report, the Designated Member (DM) caused to issue a show cause notice (SCN) dated September 30, 2015, under regulation 28(1) of the

Intermediaries Regulations calling upon Mefcom to show cause as to why action as recommended in the DA Report or as otherwise deemed fit should not be taken against it.

8. Mefcom filed its reply by letter dated November 30, 2015. An opportunity of personal hearing was granted on May 26, 2016 but was rescheduled based on the Mefcom's request. Subsequently another opportunity of personal hearing was granted on October 05, 2016. The then Whole Time Member who had granted opportunity of personal hearing had subsequently demitted office. Consequently, a fresh opportunity of personal hearing was granted on January 25, 2017, wherein Mr Vijay Mehta (Director) appeared on behalf of the noticee company i.e Mefcom, and made submissions. The submissions were generally a reiteration of the written replies to the SCNs issued by the DA and the WTM. Subsequently, further written submissions dated February 3, 2017 were filed with SEBI.
9. Summary of facts and the related observations made by the DA in his Report in relation to the trades by Mefcom is discussed in the following sub- paragraphs.

9.1 Connected Entities: The DA relied on the Investigation report to note that members of the Vishvas Group were connected to each other through various means. Specifically with respect to Mefcom, the DA observed that the director of Mefcom i.e. Vijay Mehta had promoted Mefcom Agro Industries Ltd. (MAIL) now known as Vishvas Projects Ltd. and Visvhas Projects Ltd., Avisha and Master have the same address. Further Mefcom was connected to Purshottam, Ishita, Praveen, Sunita, Quantum, ISF, VSL and Cosmo on the basis of synchronised trades executed between them.

9.2 Quantum of shares traded by the Vishvas Group members at BSE and NSE during Investigation Period are as under:

TABLE 3

Sr. No.	Members of Vishvas Gtoup	Traded quantity (During Investigation Period)			
		BSE		NSE	
		Buy	Sell	Buy	Sell
1.	Master	38000	18386	20500	111400
2.	Purshottam	2927835	2882486	0	0

3.	Cosmo	445643	320630	401520	471184
4.	ISF	389748	338795	453396	368574
5.	Quantum	0	0	302095	286835
6.	Ishita	0	0	195380 3	1569204
7.	Praveen	460990	460990	0	0
8.	Sunita	342246	342246	0	0
9.	Mefcom	443942	348370	610646	667122
10.	Avisha	50000	0	0	0
11.	VSL	0	0	134460	118661
12.	VPL	100000	0	0	0
	Total	5198404	4711903	3876420	3592980

From the above, it is observed that as a percentage of shares traded by the Vishvas Group, Mefcom contributed to 8.54% and 7.39 % of shares bought and sold on BSE, respectively. Similarly, on NSE, Mefcom contributed to 15.75% and 18.57 % of shares bought and sold, respectively.

9.3 Trades on BSE and manipulation of volumes: On BSE, during the investigation period, seven members of the Vishvas Group including VPL trading through Mefcom had a gross buy position with total contribution of 57.1% (51,10,404 shares) of the total traded quantity and six members of the Vishvas Group, including Mefcom had a gross sell position with a total contribution of 52.5% (46,93,517 shares) of the total traded quantity. Mefcom had bought 4,43,942 shares & sold 3,48,370 shares in the Gangotri scrip. Out of total 37 trading days during the investigation period, on 20 days, Mefcom had traded in the shares of Gangotri for itself and on 4 days traded for its client VPL. It was observed that on 12 days the net position of Mefcom was zero.

9.3.1 During the Investigation Period, 24,154 trades in Gangotri scrip were executed for a total traded quantity of 89,41,975 shares at BSE. Out of these, 430 trades for 15,60,914 shares (17.45% of the total traded quantity) were synchronized i.e. the difference between buy order time and sell order time was less than 60 seconds and there was no difference between the buy order rate and the sell order rate and between the buy order quantity and the sell order quantity. Out of a total of 420 synchronized trades (buy & sell) by Vishvas Group for 24,52,618 shares, Mefcom in its proprietary

capacity and for its client - VPL indulged in 81 synchronized trades for 3,79,700 shares. Mefcom bought a total of 5,43,642 shares (for itself and its client) during the Investigation Period. Out of the same, 1, 95, 284 shares bought for itself were synchronised with other members of the Vishvas Group i.e. Purshottam, Praveen, Sunita, ISF and Cosmo; and 39,958 shares bought for its client VPL were synchronised with Purshottam, ISF and Cosmo. Similarly Mefcom sold a total of 3,48,370 shares during the investigation period, out of which 1,44,458 shares were synchronized with other members of the Vishvas Group i.e. Praveen, ISF, Sunita, Cosmo and Purshottam. The DA report cited one such instance of synchronized trades and reversal of trades by Mefcom with other members of Vishvas Group on May 18, 2006. On the said date, a sale order was placed by Sunita at 13:08:18 at the rate of `55.35 for 5,000 shares and a buy order was placed by Mefcom at 13:08:37 at the rate of `55.35 for 5,000 shares. The orders resulted in sale of 5,000 shares of Gangotri at the rate of `55.35 from Sunita to Mefcom at 13:08:38. The order time difference was 19 seconds. Subsequently, a sale order was placed by Mefcom at 14:09:34 at the rate of `55.35 for 5,000 shares and a buy order was placed by Sunita at 14:09:34 at the rate of `55.35 for 5,000 shares. The order time difference was 0 seconds and resulted in a reverse trade whereby Mefcom sold 5,000 shares back to Sunita at the rate of `55.35 at 14:09:35 i.e. the trade was reversed in approximately one hour.

9.3.2 The DA observed that during the Investigation Period, circular trading among Vishvas Group was observed on BSE from April 21, 2006 till May 31, 2006. One of the instances of circular trading observed on April 24, 2006 among the group was depicted in the DA Report as under:

Circular Pattern Observed on April 24, 2006 among the group is as under :

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Thus the DA found that nine members of the Vishvas Group including Mefcom were involved in 2138 instances of circular trading on 29 trading days out of 37 trading days during the Investigation Period and created artificial volume of 26,90,184 shares (30.08% of total traded quantity) by buying and selling among themselves. Quantum of shares forming part of the aforesaid circular trades on **BSE** are as under:-

TABLE 4

Circular Trade	Sellers							
	Buyers	Cosmo	Sunita	Master	Mefcom	Purshottam	ISF	Praveen
VPL	10000	8000	00	00	54509	6000	19597	98106
Avisha	00	00	00	00	50000	00	00	50000
Cosmo	5672	43875	00	59535	259186	7000	49152	424420
Sunita	38031	00	00	43901	82808	94132	29928	288800
Master	00	00	00	10000	13399	00	4000	27399
Mefcom	9500	36059	00	00	180381	45579	52274	323793
Purshottam	72446	150814	8386	108126	65025	124694	187160	716651
ISF	35602	19965	10000	21041	215666	00	38990	341264
Praveen	61559	29674	00	32044	279473	17001	00	419751
Grand Total	232810	288387	18386	274647	1200447	294406	381101	2690184

9.4 Trades on NSE and manipulation of volumes: Total traded volume of the scrip of Gangotri on NSE during the investigation period was 68,16,750 shares. During the investigation period six members of the Vishvas Group including Mefcom held a gross buy position in the Gangotri scrip with total contribution of 56.56% (38,55,920 shares) and six members of Vishvas Group including Mefcom held gross sell position with total contribution of 51.07% (34,81,580 shares). Out of the 37 trading days during the investigation period, on 25 days Mefcom had bought & sold the shares of Gangotri. It is observed that on 12 days, the net position of the Mefcom was zero.

9.4.1 During the Investigation Period, there were 21,451 trades for a traded quantity of 68,16,750 shares of the Gangotri scrip at NSE. Out of these, 495 trades for 14,48,679 shares (21.25% of the total traded quantity) were synchronized trades. Out of a total of 6,10,646 shares bought by Mefcom for itself on NSE during the investigation period, 3,18,875 shares were synchronised with other members of the Vishvas Group. Out of a total of 6,67,122 shares sold by Mefcom on NSE during the investigation period, 3,10,826 shares were synchronized with five other members of the Vishvas Group. Out of 624 synchronized trades (buy & sell) executed by the Vishvas Group for 24,03,502 shares, Mefcom executed 170 synchronized trades for 6,29,701 shares. One of the instances of the synchronized trade and reversal of trade by Mefcom with other members of Vishvas Group was on May 23, 2006. On the said date, a sale order was placed by Quantum at 10:10:01 at the rate of ` 50.95 for 10,000 shares and a buy order was placed by Mefcom at 10:10:04 at the rate of ` 50.95 for 10,000 shares, resulting in Mefcom's purchase of 10,000 shares at the rate of ` 50.95 from Quantum at 10:10:04. The order time difference was 3 seconds. Subsequently, a sale order was placed by Mefcom at 10:56:23 at the rate of ` 51.70 for 10,000 shares and a buy order was placed by Quantum at 10:56:22 at the rate of ` 51.70 for 10,000 shares. The order time difference was 1 second and the orders resulted in a reverse trade whereby Mefcom sold 10,000 shares back to Quantum at the rate of ` 51.70 at 10:56:23, i.e. the trade was reversed within 50 minutes on the same day.

9.4.2 The DA observed circular trading among members of the Vishvas Group, on NSE as well, during the period between April 21, 2006 and May 31, 2006. Some of the instances of circular trading noted were as follows-

Circular pattern observed on April 25, 2006 among the group is as under:

Circular pattern observed on May 30, 2006 among the group is as under:

Thus the DA found that seven members of Vishvas Group namely Cosmo, Master, Ishita, VSL, Quantum, Mefcom and ISF were involved in 2419 instances of circular trades on 29 trading days out of 37 trading days during investigation period and created artificial volume of 23,56,185 shares (34.56% of total market volume) by buying and selling among themselves.

Details of circular trades on NSE among the seven members of Vishvas Group were noted as under:-

TABLE 5

Circular Trades	Sellers							Grand Total
	ISF	Mefcom	VSL	Cosmo	Ishita	Master	Quantum	
Buyers	ISF	Mefcom	VSL	Cosmo	Ishita	Master	Quantum	Grand Total
ISF	625	110961	6552	68158	157108	00	33458	376862
Mefcom	68254	550	5000	102992	231230	7040	100574	515640
VSL	26258	24142	497	100	5022	00	14980	70999
Cosmo	36925	123702	00	00	143512	00	27975	332114
Ishita	157329	188865	2570	183095	92185	29825	107776	761645
Master	2000	00	00	00	7841	00	00	9841
Quantum	2000	76917	48823	59751	101533	00	60	289084
Grand Total	293391	525137	63442	414096	738431	36865	284823	2356185

It was also observed that Mefcom had executed 13 self trades for 550 shares during investigation period.

9.5 Price Manipulation:

On BSE, nine members of Vishvas Group namely, Cosmo, Master, Purshottam, Mefcom, Praveen, Sunita, Avisha, VPL and ISF had cumulatively contributed ` 718.05 to positive LTP and `468.65 to Negative LTP. Mefcom had contributed ` 18.30 to total cumulative positive LTP and ` 24.25 to total cumulative negative LTP. Similarly, on NSE, seven members of Vishvas Group namely, Cosmo, Master, Ishita, Mefcom, VSL, Quantum and ISF had cumulatively contributed `489.05 and. `307.90 respectively, and Mefcom had contributed `56.55 to total positive LTP and ` 45 to total negative LTP.

10. In addition to the observations in the DA Report as discussed above, I have also examined some orders placed by Mefcom and trades executed by it in the Gangotri scrip, from the relevant Order log and Trade log (*copies of which had been provided to the noticee i.e. Mefcom vide the SCN dated January 06, 2014 issued by the DA*). The details of this additional examination are noted below:

10.1 Synchronised Trades: It is seen from the statements of transactions for the period between 21st April, 2006 and 30th May, 2006 that on certain days, repeated buy/sell orders were placed with negligible time difference of each other and the trades have also been synchronised with respect to quantity and price.

10.1.1 A table indicating some of such orders/trades placed on BSE , as extracted from the order logs/trade logs, is given below:

TABLE 6

Trade Date (2006)	Trade Time	Trade Quantity	Trade Price	Buy Client	Sell Client	Buy Order Time	Sell Order Time	Order Time Diff	Buy Order price	Sell Order price	Buy Order qty	Sell Order qty
21/04	10:51:20	15000	48.75	Cosmo	Mefcom	10:51:20	10:51:11	00:00:08	48.75	48.75	15000	15000
24/04	10:39:35	7235	52.65	ISF	Mefcom	10:39:34	10:39:24	00:00:10	52.65	52.65	7500	7500
25/04	13:14:04	7000	53.85	Sunita	Mefcom	13:14:04	13:13:54	00:00:10	53.85	53.85	7000	7000
27/04	10:20:09	760	60.5	Mefcom	PTM	10:20:05	10:20:09	00:00:04	60.5	60.5	5000	5000
28/04	10:33:11	10000	58.35	Mefcom	PTM	10:33:11	10:32:57	00:00:14	58.35	58.35	10000	10000
28/04	10:42:37	10000	58.35	Purushottam (PTM)	Mefcom	10:42:36	10:42:30	00:00:06	58.35	58.35	10000	10000
29/04	11:06:15	10000	59.4	Mefcom	PTM	11:06:14	11:06:07	00:00:07	59.4	59.4	10000	10000
29/04	11:04:39	3010	58.95	PTM	Mefcom	11:04:38	11:04:29	00:00:09	58.95	58.95	5000	5000
02/05	10:08:46	10000	62.35	Mefcom	Praveen	10:08:45	10:08:38	00:00:08	62.35	62.35	10000	10000
02/05	10:20:54	9740	63.25	Mefcom	PTM	10:20:45	10:20:54	00:00:08	63.25	63.25	10000	10000
02/05	10:22:11	719	63.3	Mefcom	PTM	10:22:05	10:22:11	00:00:06	63.3	63.3	10000	10000
02/05	10:22:18	9281	63.3	Mefcom	PTM	10:22:05	10:22:18	00:00:13	63.3	63.3	10000	10000
04/05	10:18:28	8802	67.35	Mefcom	PTM	10:18:09	10:18:17	00:00:08	67.35	67.35	10000	10000
08/05	10:09:36	10000	64.95	Mefcom	PTM	10:09:35	10:09:26	00:00:09	64.95	64.95	10000	10000

09/05	11:59:40	9988	61.75	Mefcom	PTM	11:59:37	11:59:39	00:00:02	61.75	61.75	10000	10000
		1000										
09/05	12:10:38	0	61.85	Sunita	Mefcom	12:10:38	12:10:31	00:00:07	61.85	61.85	10000	10000
11/05	12:05:35	5000	61.15	Mefcom	Sunita	12:05:34	12:05:04	00:00:31	61.15	61.15	5000	5000
11/05	12:10:21	5000	61.25	Mefcom	ISF	12:10:20	12:10:11	00:00:09	61.25	61.25	5000	5000
11/05	11:52:13	9998	60.95	Praveen	Mefcom	11:52:12	11:51:46	00:00:26	60.95	60.95	10000	10000
11/05	11:52:53	9903	61.3	Praveen	Mefcom	11:52:52	11:52:51	00:00:01	61.3	61.3	10000	10000
12/05	10:28:59	8851	61.45	Mefcom	PTM	10:28:58	10:28:57	00:00:01	61.45	61.45	10000	10000
12/05	10:23:34	9720	60.95	Praveen	Mefcom	10:23:33	10:23:05	00:00:27	60.95	60.95	10000	10000
15/05	10:52:42	2500	61.2	Mefcom	PTM	10:52:41	10:52:39	00:00:02	61.2	61.2	2500	2500
15/05	10:52:54	2500	61.35	Mefcom	PTM	10:52:53	10:52:51	00:00:02	61.35	61.35	2500	2500
15/05	11:27:39	5000	62.55	PTM	Mefcom	11:27:39	11:27:32	00:00:07	62.55	62.55	5000	5000
16/05	11:20:43	3500	62.35	Mefcom	PTM	11:20:30	11:20:43	00:00:13	62.35	62.35	6000	6000
17/05	14:19:15	4999	58.4	Mefcom	PTM	14:19:06	14:19:14	00:00:08	58.4	58.4	5000	5000
18/05	10:27:32	1985	55.35	Mefcom	PTM	10:27:26	10:27:32	00:00:06	55.35	55.35	2000	2000
18/05	10:29:39	1999	55.35	Mefcom	PTM	10:29:33	10:29:38	00:00:04	55.35	55.35	2000	2000
18/05	10:31:04	2000	55.15	Mefcom	PTM	10:31:02	10:31:03	00:00:01	55.15	55.15	2000	2000
18/05	10:50:56	1999	55.15	Mefcom	PTM	10:50:51	10:50:55	00:00:04	55.15	55.15	2000	2000
18/05	13:08:38	5000	55.35	Mefcom	Sunita	13:08:37	13:08:18	00:00:19	55.35	55.35	5000	5000
18/05	13:09:48	5000	55.35	Mefcom	ISF	13:09:47	13:09:42	00:00:06	55.35	55.35	5000	5000
18/05	14:48:07	5000	55.05	Mefcom	ISF	14:48:07	14:47:59	00:00:08	55.05	55.05	5000	5000
18/05	11:14:49	5000	55.3	Cosmo	Mefcom	11:14:49	11:14:41	00:00:08	55.3	55.3	5000	5000
		1000										
18/05	12:49:03	0	55.35	Sunita	Mefcom	12:49:02	12:48:42	00:00:21	55.35	55.35	10000	10000
18/05	14:09:35	5000	55.35	Sunita	Mefcom	14:09:34	14:09:34	00:00:00	55.35	55.35	5000	5000
19/05	10:56:38	5000	55.35	Mefcom	ISF	10:56:37	10:56:27	00:00:10	55.35	55.35	5000	5000
19/05	11:51:19	5000	55.55	Mefcom	PTM	11:51:19	11:51:07	00:00:12	55.55	55.55	5000	5000
19/05	10:13:43	1000	55.65	PTM	Mefcom	10:13:42	10:13:31	00:00:11	55.65	55.65	1000	1000
19/05	11:38:23	4911	55.65	ISF	Mefcom	11:38:22	11:38:13	00:00:09	55.65	55.65	5000	5000
19/05	11:52:12	5000	55.5	ISF	Mefcom	11:52:11	11:52:07	00:00:04	55.5	55.5	5000	5000
22/05	10:21:14	5000	55.1	Mefcom	PTM	10:21:13	10:21:11	00:00:02	55.1	55.1	5000	5000
23/05	11:06:51	4999	50.2	Mefcom	Praveen	11:06:50	11:06:48	00:00:02	50.2	50.2	5000	5000
23/05	14:56:41	2000	50.1	Mefcom	PTM	14:56:40	14:56:32	00:00:08	50.1	50.1	2000	2000
23/05	15:18:52	5000	50.6	Mefcom	PTM	15:18:51	15:18:50	00:00:01	50.6	50.6	5000	5000
23/05	12:55:31	5000	50.45	PTM	Mefcom	12:55:30	12:55:23	00:00:07	50.45	50.45	5000	5000
23/05	15:17:14	3216	50.7	PTM	Mefcom	15:17:13	15:17:04	00:00:08	50.7	50.7	5000	5000
24/05	10:10:38	2000	50.65	Mefcom	Praveen	10:10:37	10:10:24	00:00:12	50.65	50.65	2000	2000
24/05	10:25:24	2000	50.5	Mefcom	Cosmo	10:25:23	10:25:16	00:00:07	50.5	50.5	2000	2000
24/05	13:23:40	2500	49.85	Mefcom	Cosmo	13:23:39	13:23:34	00:00:05	49.85	49.85	2500	2500
24/05	10:25:58	1700	50.55	Cosmo	Mefcom	10:25:45	10:25:58	00:00:13	50.55	50.55	2000	2000
24/05	13:24:13	2500	49.8	PTM	Mefcom	13:24:12	13:24:06	00:00:06	49.8	49.8	2500	2500
25/05	10:18:37	2000	47.1	Mefcom	PTM	10:18:36	10:18:37	00:00:00	47.1	47.1	2000	2000
25/05	10:18:50	500	47.15	Mefcom	PTM	10:18:49	10:18:45	00:00:04	47.15	47.15	500	500
25/05	10:19:13	1000	47.2	Mefcom	PTM	10:19:12	10:19:09	00:00:03	47.2	47.2	1000	1000
25/05	10:19:22	500	47.15	Mefcom	PTM	10:19:21	10:19:20	00:00:01	47.15	47.15	500	500

25/05	15:27:10	3820	46.2	PTM	Mefcom	15:27:09	15:26:51	00:00:19	46.2	46.2	4000	4000
25/05	15:27:46	500	46.2	PTM	Mefcom	15:27:45	15:27:42	00:00:03	46.2	46.2	500	500
25/05	15:27:59	200	46.2	PTM	Mefcom	15:27:59	15:27:55	00:00:04	46.2	46.2	200	200
25/05	15:28:48	300	46.2	PTM	Mefcom	15:28:47	15:28:43	00:00:04	46.2	46.2	300	300
26/05	10:58:00	207	46.65	Mefcom	PTM	10:57:47	10:57:59	00:00:12	46.65	46.65	2000	2000
26/05	15:12:42	4000	46.45	Mefcom	ISF	15:12:41	15:12:35	00:00:06	46.45	46.45	4000	4000
29/05	15:15:30	1000	45.6	Mefcom	PTM	15:15:29	15:15:27	00:00:02	45.6	45.6	1000	1000
30/05	14:25:10	7000	45.7	Mefcom	ISF	14:25:09	14:24:54	00:00:16	45.7	45.7	7000	7000
30/05	14:26:42	1000	45.7	Mefcom	ISF	14:26:41	14:26:30	00:00:11	45.7	45.7	1000	1000
30/05	14:28:18	500	45.7	Mefcom	ISF	14:28:17	14:27:25	00:00:51	45.7	45.7	500	500
30/05	15:17:35	1000	45.95	Mefcom	PTM	15:17:34	15:17:31	00:00:03	45.95	45.95	1000	1000
30/05	10:01:20	4951	46.85	Sunita	Mefcom	10:01:19	10:00:57	00:00:22	46.85	46.85	5000	5000
31/05	10:37:37	1000	45.35	Mefcom	Sunita	10:37:36	10:37:27	00:00:10	45.35	45.35	1000	1000
31/05	10:38:03	500	45.3	Mefcom	Sunita	10:38:02	10:38:01	00:00:01	45.3	45.3	500	500
31/05	11:36:41	3955	45.35	Mefcom	Sunita	11:36:37	11:36:41	00:00:03	45.35	45.35	4000	4000
31/05	14:44:25	2000	44.5	Mefcom	Cosmo	14:44:24	14:44:15	00:00:09	44.5	44.5	2000	2000
31/05	15:25:53	1000	44.35	Mefcom	PTM	15:25:52	15:25:34	00:00:18	44.35	44.35	1000	1000
31/05	10:35:30	2494	45.85	PTM	Mefcom	10:35:29	10:35:07	00:00:22	45.85	45.85	2500	2500
31/05	14:46:26	2000	44.5	Sunita	Mefcom	14:46:25	14:46:13	00:00:12	44.5	44.5	2000	2000

The table above indicates that **76** synchronised orders for 3,39,742 shares were placed at BSE by Mefcom for itself within a span of 25 trading days between April 21, 2006 and May 31, 2006.

10.1.2 Similarly the table indicating some of such orders/trades placed on NSE, as extracted from the order logs/trade logs, is given below:

TABLE 7

Trade Date (2006)	Trade Time	Trade Qty	Traded Price	Buy client	Sell client	Buy Order Time	Sell Order Time	Order time diff	Buy Order Price	Sell Order Price	Buy Order Vol	Sell Order Vol
24/04	10:56:28	8000	53.05	Mefcom	ISF	10:56:28	10:56:20	00:00:08	53.05	53.05	8000	8000
24/04	10:31:27	6975	52.45	Cosmo	Mefcom	10:31:27	10:31:24	00:00:03	52.45	52.45	8000	8000
25/04	10:53:42	9905	58.30	Mefcom	ISF	10:53:15	10:52:56	00:00:19	58.30	58.30	10000	10000

25/04	12:37:12	5000	55.15	Mefcom	Ishita	12:37:12	12:37:06	00:00:06	55.15	55.15	5000	5000
25/04	12:37:33	2500	55.15	Mefcom	Ishita	12:37:33	12:37:26	00:00:07	55.15	55.15	2500	2500
25/04	12:37:46	2500	55.15	Mefcom	Ishita	12:37:46	12:37:41	00:00:05	55.15	55.15	2500	2500
25/04	12:38:09	5000	55.40	Mefcom	Ishita	12:38:09	12:38:04	00:00:05	55.40	55.40	5000	5000
28/04	10:18:55	10000	58.35	Mefcom	ISF	10:18:55	10:18:50	00:00:05	58.35	58.35	10000	10000
28/04	15:24:27	5000	57.95	Mefcom	Master	15:24:27	15:24:23	00:00:04	57.95	57.95	5000	5000
28/04	10:17:20	10000	58.40	Ishita	Mefcom	10:17:19	10:17:04	00:00:15	58.40	58.40	10000	10000
28/04	15:26:05	4900	57.95	Ishita	Mefcom	15:26:05	15:26:04	00:00:01	57.95	57.95	5000	5000
29/04	10:34:39	9240	59.85	Ishita	Mefcom	10:34:38	10:34:09	00:00:29	59.85	59.85	10000	10000
2/05	10:25:00	9995	63.55	Mefcom	ISF	10:24:59	10:24:48	00:00:11	63.55	63.55	10000	10000
2/05	10:10:27	9000	62.75	Ishita	Mefcom	10:10:27	10:10:21	00:00:06	62.75	62.75	10000	10000
4/05	10:24:26	10000	67.80	Ishita	Mefcom	10:24:26	10:24:03	00:00:23	67.80	67.80	10000	10000
4/05	10:42:10	9900	68.15	ISF	Mefcom	10:42:10	10:42:00	00:00:10	68.15	68.15	10000	10000
9/05	13:03:23	710	62.00	Mefcom	Ishita	13:03:19	13:03:23	00:00:04	62.00	62.00	1000	1000
9/05	10:26:47	4975	62.45	Ishita	Mefcom	10:26:45	10:26:46	00:00:01	62.45	62.45	5000	5000
10/05	09:58:40	9990	61.45	Mefcom	ISF	09:58:38	09:58:21	00:00:17	61.45	61.45	10000	10000
10/05	10:25:34	4509	62.20	Mefcom	Ishita	10:25:34	10:25:31	00:00:03	62.20	62.20	5000	5000
10/05	11:06:00	10000	61.90	Mefcom	Ishita	11:06:00	11:05:53	00:00:07	61.90	61.90	10000	10000
10/05	14:37:18	9500	60.15	Mefcom	Cosmo	14:37:18	14:37:11	00:00:07	60.15	60.15	10000	10000
10/05	10:25:18	5000	61.75	Ishita	Mefcom	10:25:17	10:25:18	00:00:01	61.75	61.75	5000	5000
10/05	10:26:34	1960	62.15	Ishita	Mefcom	10:26:34	10:26:28	00:00:06	62.15	62.15	2000	2000
10/05	10:30:00	490	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:00	500	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:00	500	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:00	500	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:00	500	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:00	10	62.25	Quantum	Mefcom	10:30:00	10:29:45	00:00:15	62.25	62.25	5000	5000
10/05	10:30:57	5000	62.20	Quantum	Mefcom	10:30:57	10:30:57	00:00:00	62.20	62.20	5000	5000

10/05	11:45:47	10000	62.2 0	ISF	Mefcom	11:45:47	11:45:46	00:00:01	62.20	62.20	1000 0	10000
11/05	10:36:41	4500	61.6 5	Mefcom	Ishita	10:36:41	10:36:38	00:00:03	61.65	61.65	5000	5000
11/05	11:32:02	5000	61.2 5	Cosmo	Mefcom	11:32:02	11:31:57	00:00:05	61.25	61.25	5000	5000
11/05	11:45:44	9955	61.2 5	Cosmo	Mefcom	11:45:44	11:45:27	00:00:17	61.25	61.25	1000 0	10000
11/05	11:46:17	45	61.2 5	Cosmo	Mefcom	11:46:17	11:45:27	00:00:50	61.25	61.25	1000 0	10000
11/05	11:46:17	9940	61.2 5	Cosmo	Mefcom	11:46:17	11:46:16	00:00:01	61.25	61.25	1000 0	10000
12/05	10:04:31	10000	60.8 5	Mefcom	Ishita	10:04:31	10:04:25	00:00:06	60.85	60.85	1000 0	10000
12/05	10:44:45	9950	61.8 5	Mefcom	Ishita	10:44:45	10:44:44	00:00:01	61.85	61.85	1000 0	10000
12/05	10:53:47	10000	61.3 5	Mefcom	Quantum	10:53:47	10:53:40	00:00:07	61.35	61.35	1000 0	10000
12/05	14:25:24	4625	60.3 5	Mefcom	Cosmo	14:25:17	14:25:24	00:00:07	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	500	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	14:26:07	125	60.3 5	Mefcom	Cosmo	14:26:07	14:25:58	00:00:09	60.35	60.35	5000	5000
12/05	10:08:41	10000	60.7 0	Cosmo	Mefcom	10:08:41	10:08:38	00:00:03	60.70	60.70	1000 0	10000
15/05	10:22:48	4000	60.8 0	Mefcom	Quantum	10:22:48	10:22:40	00:00:08	60.80	60.80	4000	4000
15/05	10:45:16	5000	61.6 0	Mefcom	Ishita	10:45:16	10:45:04	00:00:12	61.60	61.60	5000	5000
15/05	10:45:23	2500	61.6 0	Mefcom	Ishita	10:45:23	10:45:18	00:00:05	61.60	61.60	2500	2500
15/05	10:28:21	5000	60.9 0	Cosmo	Mefcom	10:28:21	10:27:57	00:00:24	60.90	60.90	5000	5000
15/05	10:28:41	2500	60.9 0	Cosmo	Mefcom	10:28:41	10:28:38	00:00:03	60.90	60.90	2500	2500
15/05	11:19:30	1440	62.4 0	Vishvas	Mefcom	11:19:30	11:19:12	00:00:18	62.40	62.40	1500	1500
16/05	10:02:18	1800	63.4 5	Mefcom	Ishita	10:02:17	10:01:58	00:00:19	63.45	63.45	2000	2000

17/05	10:31:13	257	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	500	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	10:31:13	343	61.25	Mefcom	Cosmo	10:31:13	10:30:58	00:00:15	61.25	61.25	5000	5000
17/05	11:08:19	10000	59.95	Mefcom	Ishita	11:08:19	11:08:15	00:00:04	59.95	59.95	10000	10000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	500	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	11:45:58	843	57.90	Mefcom	Ishita	11:45:58	11:45:55	00:00:03	57.90	57.90	5000	5000
17/05	12:49:46	4943	57.90	Mefcom	Quantum	12:49:45	12:49:46	00:00:01	57.90	57.90	5000	5000
17/05	10:03:42	5000	61.00	Ishita	Mefcom	10:03:42	10:03:35	00:00:07	61.00	61.00	5000	5000
17/05	10:52:18	10000	60.30	Cosmo	Mefcom	10:52:18	10:51:56	00:00:22	60.30	60.30	10000	10000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:01:08	500	56.45	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000

18/05	10:01:08	200	56.4 5	Mefcom	Vishvas	10:01:08	10:01:00	00:00:08	56.45	56.45	5000	5000
18/05	10:18:00	4901	55.7 0	Mefcom	Quantum	10:17:59	10:17:34	00:00:25	55.70	55.70	5000	5000
18/05	10:47:22	4677	55.3 5	Mefcom	Cosmo	10:47:22	10:47:13	00:00:09	55.35	55.35	5000	5000
18/05	11:19:03	4976	55.2 0	Mefcom	Quantum	11:19:03	11:19:01	00:00:02	55.20	55.20	5000	5000
18/05	14:16:02	5000	55.3 0	Mefcom	Ishita	14:16:02	14:15:53	00:00:09	55.30	55.30	5000	5000
18/05	15:13:08	10000	55.6 5	Mefcom	Quantum	15:13:07	15:13:08	00:00:01	55.65	55.65	1000 0	10000
18/05	15:14:22	1300	55.6 0	Mefcom	Vishvas	15:14:10	15:14:22	00:00:12	55.60	55.60	1300	1300
18/05	09:58:47	4900	57.8 0	Vishvas	Mefcom	09:58:47	09:58:32	00:00:15	57.80	57.80	5000	5000
18/05	09:59:42	5000	57.4 5	Ishita	Mefcom	09:59:41	09:59:42	00:00:01	57.45	57.45	5000	5000
18/05	10:48:25	4627	55.4 0	Quantum	Mefcom	10:48:25	10:48:14	00:00:11	55.40	55.40	5000	5000
18/05	11:08:08	4900	55.3 5	Cosmo	Mefcom	11:08:08	11:08:01	00:00:07	55.35	55.35	5000	5000
18/05	14:10:47	5000	55.3 0	Cosmo	Mefcom	14:10:47	14:10:38	00:00:09	55.30	55.30	5000	5000
18/05	15:10:18	10000	55.6 5	Vishvas	Mefcom	15:10:18	15:10:07	00:00:11	55.65	55.65	1000 0	10000
19/05	10:35:21	10000	55.5 0	Mefcom	Ishita	10:35:20	10:35:21	00:00:01	55.50	55.50	1000 0	10000
19/05	11:35:55	10000	55.7 0	Mefcom	Quantum	11:35:51	11:35:55	00:00:04	55.70	55.70	1000 0	10000
19/05	13:50:37	5000	55.4 0	Mefcom	Quantum	13:50:28	13:50:37	00:00:09	55.40	55.40	5000	5000
19/05	10:41:56	8235	55.4 5	Quantum	Mefcom	10:41:56	10:41:38	00:00:18	55.45	55.45	1000 0	10000
19/05	11:03:29	10000	55.8 5	Ishita	Mefcom	11:03:29	11:03:11	00:00:18	55.85	55.85	1000 0	10000
19/05	13:32:49	5000	55.4 5	Ishita	Mefcom	13:32:49	13:32:40	00:00:09	55.45	55.45	5000	5000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
22/05	10:23:00	1000	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000

22/05	10:23:00	900	54.7 0	Mefcom	Cosmo	10:23:00	10:22:57	00:00:03	54.70	54.70	1000 0	10000
23/05	10:05:13	5000	51.7 5	Mefcom	Ishita	10:05:13	10:05:10	00:00:03	51.75	51.75	5000	5000
23/05	10:10:04	10000	50.9 5	Mefcom	Quantum	10:10:04	10:10:01	00:00:03	50.95	50.95	1000 0	10000
23/05	10:57:03	5000	51.7 5	Mefcom	Ishita	10:57:03	10:56:59	00:00:04	51.75	51.75	5000	5000
23/05	11:06:18	5000	50.9 5	Mefcom	Ishita	11:06:18	11:06:11	00:00:07	50.95	50.95	5000	5000
23/05	12:39:33	5000	51.4 5	Mefcom	Quantum	12:39:33	12:39:19	00:00:14	51.45	51.45	5000	5000
23/05	13:39:41	500	50.4 5	Mefcom	Ishita	13:39:41	13:39:21	00:00:20	50.45	50.45	500	500
23/05	13:42:21	500	50.4 5	Mefcom	Ishita	13:42:21	13:42:00	00:00:21	50.45	50.45	500	500
23/05	14:34:51	5000	50.8 0	Mefcom	Cosmo	14:34:51	14:34:42	00:00:09	50.80	50.80	5000	5000
23/05	15:05:47	5000	50.8 5	Mefcom	Cosmo	15:05:47	15:05:41	00:00:06	50.85	50.85	5000	5000
23/05	10:56:23	10000	51.7 0	Quantum	Mefcom	10:56:22	10:56:23	00:00:01	51.70	51.70	1000 0	10000
23/05	12:28:12	10000	51.4 5	Ishita	Mefcom	12:28:12	12:28:11	00:00:01	51.45	51.45	1000 0	10000
23/05	12:54:28	5000	50.8 0	Ishita	Mefcom	12:54:28	12:54:19	00:00:09	50.80	50.80	5000	5000
23/05	13:14:26	5000	50.8 5	Ishita	Mefcom	13:14:26	13:14:22	00:00:04	50.85	50.85	5000	5000
23/05	13:15:10	5000	50.8 5	Ishita	Mefcom	13:15:10	13:15:02	00:00:08	50.85	50.85	5000	5000
23/05	14:29:35	9970	50.8 5	Ishita	Mefcom	14:29:35	14:29:26	00:00:09	50.85	50.85	1000 0	10000
23/05	15:07:56	2000	50.8 0	Ishita	Mefcom	15:07:55	15:07:56	00:00:01	50.80	50.80	2000	2000
23/05	15:08:24	3000	50.8 0	Ishita	Mefcom	15:08:24	15:08:20	00:00:04	50.80	50.80	3000	3000
23/05	15:28:22	2500	50.2 0	Ishita	Mefcom	15:28:21	15:28:22	00:00:01	50.20	50.20	2500	2500
24/05	10:39:33	2000	50.7 5	Mefcom	Ishita	10:39:33	10:39:23	00:00:10	50.75	50.75	2000	2000
24/05	10:39:42	1000	50.7 5	Mefcom	Ishita	10:39:42	10:39:40	00:00:02	50.75	50.75	1000	1000
24/05	10:54:39	2500	50.7 0	Mefcom	Ishita	10:54:39	10:54:34	00:00:05	50.70	50.70	2500	2500
24/05	10:54:50	1000	50.7 0	Mefcom	Ishita	10:54:50	10:54:47	00:00:03	50.70	50.70	1000	1000
24/05	10:55:04	1500	50.7 0	Mefcom	Ishita	10:55:04	10:54:59	00:00:05	50.70	50.70	1500	1500
24/05	11:44:50	4926	50.9 0	Mefcom	Ishita	11:44:50	11:44:44	00:00:06	50.90	50.90	5000	5000
24/05	10:17:25	500	50.8 5	Quantum	Mefcom	10:17:25	10:16:43	00:00:42	50.85	50.85	5000	5000
24/05	10:17:25	500	50.8 5	Quantum	Mefcom	10:17:25	10:16:43	00:00:42	50.85	50.85	5000	5000
24/05	10:17:25	500	50.8 5	Quantum	Mefcom	10:17:25	10:16:43	00:00:42	50.85	50.85	5000	5000

24/05	10:17:25	500	50.8 5	Quantum	Mefcom	10:17:25	10:16:43	00:00:42	50.85	50.85	5000	5000
24/05	10:17:25	2925	50.8 5	Quantum	Mefcom	10:17:25	10:16:43	00:00:42	50.85	50.85	5000	5000
24/05	10:38:21	5000	50.8 0	Cosmo	Mefcom	10:38:21	10:38:16	00:00:05	50.80	50.80	5000	5000
24/05	11:45:30	4505	51.9 0	Ishita	Mefcom	11:45:30	11:45:27	00:00:03	51.90	51.90	5000	5000
24/05	12:40:33	2999	50.8 0	Cosmo	Mefcom	12:40:33	12:40:33	00:00:00	50.80	50.80	3000	3000
24/05	12:40:50	1999	50.8 0	Cosmo	Mefcom	12:40:48	12:40:50	00:00:02	50.80	50.80	2000	2000
24/05	14:21:01	4958	50.3 5	Ishita	Mefcom	14:21:01	14:20:52	00:00:09	50.35	50.35	5000	5000
24/05	15:17:23	2500	48.9 0	Ishita	Mefcom	15:17:23	15:17:22	00:00:01	48.90	48.90	2500	2500
24/05	15:21:35	1500	48.9 0	Ishita	Mefcom	15:21:35	15:21:28	00:00:07	48.90	48.90	1500	1500
25/05	10:00:41	5000	48.2 5	Mefcom	Quantum	10:00:41	10:00:38	00:00:03	48.25	48.25	5000	5000
25/05	10:08:50	2028	47.5 0	Cosmo	Mefcom	10:08:50	10:08:26	00:00:24	47.50	47.50	5000	5000
26/05	10:45:34	2000	47.6 5	Quantum	Mefcom	10:45:34	10:45:24	00:00:10	47.65	47.65	2000	2000
26/05	10:46:07	1500	47.5 5	Quantum	Mefcom	10:46:05	10:46:07	00:00:02	47.55	47.55	1500	1500
26/05	11:37:32	2500	47.3 0	Quantum	Mefcom	11:37:32	11:36:58	00:00:34	47.30	47.30	2500	2500
26/05	15:06:50	4950	46.9 0	ISF	Mefcom	15:06:50	15:06:31	00:00:19	46.90	46.90	5000	5000
29/05	15:07:32	5000	45.4 0	Mefcom	ISF	15:07:32	15:07:21	00:00:11	45.40	45.40	5000	5000
29/05	10:26:21	500	46.6 5	Quantum	Mefcom	10:26:21	10:26:19	00:00:02	46.65	46.65	500	500
30/05	15:29:31	2000	45.3 5	Mefcom	Master	15:29:31	15:29:25	00:00:06	45.35	45.35	2000	2000
30/05	14:25:38	7000	45.5 5	ISF	Mefcom	14:25:25	14:25:38	00:00:13	45.55	45.55	7000	7000
30/05	14:26:59	1000	45.5 5	ISF	Mefcom	14:26:56	14:26:58	00:00:02	45.55	45.55	1000	1000
30/05	14:28:43	500	45.5 5	ISF	Mefcom	14:28:43	14:28:30	00:00:13	45.55	45.55	500	500
30/05	15:28:29	2000	45.4 0	ISF	Mefcom	15:28:29	15:28:24	00:00:05	45.40	45.40	2000	2000
31/05	12:40:37	500	44.6 5	Mefcom	ISF	12:40:37	12:40:21	00:00:16	44.65	44.65	500	500
31/05	13:55:56	2500	44.6 0	Mefcom	Cosmo	13:55:56	13:55:51	00:00:05	44.60	44.60	2500	2500
31/05	14:22:37	2500	44.9 5	Mefcom	Cosmo	14:22:37	14:22:29	00:00:08	44.95	44.95	2500	2500
31/05	14:52:57	3000	44.9 0	Mefcom	Cosmo	14:52:57	14:52:48	00:00:09	44.90	44.90	3000	3000
31/05	14:53:55	2000	44.9 0	Mefcom	Cosmo	14:53:55	14:53:47	00:00:08	44.90	44.90	2000	2000

The above table reveals that Mefcom indulged in **170** synchronised trades for **6,29,701 shares** at NSE with other members of the Vishvas Group during a period of **23 trading days** between April 24 and May 31 of 2016.

10.2 Circular Trades Analysis: It was observed that on certain days, whatever quantity of shares were bought by Mefcom, from other Vishvas Group entities, were sold back to Vishvas Group entities on the same day.

10.2.1 Instances of circular trades done on BSE may be observed from the below table:

TABLE 8

Date	Buy Qty by Mefcom	Seller Name	Sell Qty by Mefcom	Buyer Name
21/04	14,775	Praveen	15,000	Cosmo
24/04	7,500	Praveen	7,235	ISF
25/04	8,626	ISF , Purshottam	14,500	Purshottam , Sunita
27/04	25,000	Purshottam	10,996	Purshottam , Master
28/04	10,000	Purshottam	10,000	Purshottam
29/04	10,000	Purshottam	9,500	Purshottam , Cosmo
2/05	34,739	Purshottam , Praveen	30,022	Purshottam , Cosmo , ISF
4/05	10,000	Purshottam		
8/05	10,000	Purshottam		
9/05	12,000	Purshottam	10,000	Sunita
10/05	4,480	Purshottam , Sunita	5,000	Purshottam
11/05	20,000	Sunita , ISF	20,002	Purshottam , Praveen
12/05	11,351	Purshottam	12,340	Purshottam , Praveen
15/05	5,000	Purshottam	5,000	Purshottam
16/05	12,500	Purshottam , ISF , Cosmo		
17/05	5,000	Purshottam	4,700	Purshottam
18/05	23,920	Purshottam , Sunita , ISF	20,000	Sunita , Cosmo
19/05	14,049	Purshottam , ISF	42,961	Purshottam , ISF
22/05	15,000	Purshottam , Praveen	666	Purshottam , Cosmo
23/05	14,028	Purshottam , Praveen	17,000	Purshottam
24/05	6,500	Praveen , Cosmo	9,260	Purshottam , Cosmo
25/05	10,850	Purshottam , Sunita	15,019	Purshottam , Sunita
26/05	8,507	Purshottam , ISF		
29/05	4,000	Purshottam , Praveen	209	Purshottam
30/05	14,613	Purshottam , ISF	5,036	Purshottam , Sunita
31/05	11,355	Purshottam , Sunita , Cosmo	10,201	Purshottam , Sunita , Cosmo
Total	3,23,793		2,74,647	

10.2.2. Similarly, instances of circular trades on NSE are observed from the following table:

TABLE 9

Date	Buy Qty by Mefcom	Seller Name	Sell Qty by Mefcom	Buyer Name
21/04	12,400	Ishita , ISF	15,000	ISF
24/04	8,000	ISF	7,975	Ishita , Cosmo
25/04	32,105	Ishita , ISF	31,450	Ishita , ISF , Cosmo
28/04	15,000	ISF , Master	15,000	Ishita
29/04	10,000	Ishita , Cosmo	9,240	Ishita
2/05	9,995	ISF	10,000	Ishita
4/05	34,999	Ishita , Cosmo	34,899	Ishita , ISF
8/05			4,800	Ishita
9/05	14,999	Ishita	14,975	Ishita , Quantum
10/05	43,817	Ishita , Quantum , ISF , Cosmo , Mefcom	42,837	Ishita , Quantum , ISF , Vishvas , Mefcom
11/05	28,860	Ishita , Quantum	29,721	Cosmo
12/05	42,879	Ishita , Quantum , Cosmo	23,250	Ishita , Cosmo
15/05	17,034	Ishita , Quantum	15,597	Cosmo , Quantum , Ishita , Vishvas Ltd
16/05	7,750	Ishita	7,500	Ishita , Cosmo
17/05	26,753	Ishita , Cosmo , Quantum	20,000	Ishita , Cosmo
18/05	34,554	Ishita , Quantum , Vishvas , Cosmo	35,567	Ishita , Quantum , Vishvas , Cosmo
19/05	25,000	Ishita , Quantum	24,995	Ishita , Quantum
22/05	12,429	Cosmo	335	Cosmo
23/05	45,214	Ishita , Quantum , Cosmo	53,935	Ishita , Quantum
24/05	19,926	Ishita , Quantum	35,940	Ishita , Quantum , Cosmo
25/05	14,830	Quantum , Cosmo , Mefcom	11,263	Quantum , Cosmo , Mefcom
26/05	21,600	Quantum , Cosmo , Mefcom , ISF Ltd	34,664	Quantum , Cosmo , Mefcom , ISF Ltd
29/05	15,126	Quantum , Cosmo , Mefcom , ISF Ltd	15,285	Quantum , Cosmo , Mefcom , ISF Ltd
30/05	6,605	Quantum , Cosmo , Mefcom , Master Ltd	15,655	Mefcom , ISF Ltd, Cosmo
31/05	16,315	Cosmo , ISF	15,804	Cosmo , ISF , Quantum
	5,16,190		5,25,687	

11. It was observed during investigation that the day from when members of the Vishvas Group started trading, the average trading volume of the scrip at BSE / NSE had gone up significantly from 70,713/68,005 shares (during April 07, 2006 to April 20, 2006) to 3,38,391/2,13,738 shares (during April 21, 2006 to May 05, 2006) and 2,58,554/2,17,866 shares (during May 08, 2006 to May 31, 2006). Similarly price of the scrip in BSE/NSE increased from `43 / `41.25 on April 19, 2006, touched a high of `70.95 / `71.05 on May 05,

2006 and then decreased to `44.35 / `45.40 on May 31, 2006 within a period of one and half months.

12. Summary of the written and oral submissions made by Mefcom are as follows:

- (i) Mefcom being demonstrated as a member of the Vishvas Group is based on an erroneous appreciation of the relationship of Mefcom to Vishvas Projects Ltd. (VPL). Mefcom is a group of companies involved in assorted range of activities. Mefcom Agro Industries Ltd. (MAIL) was incorporated and went public in 1984 and was listed on BSE. MAIL was engaged in manufacturing of agro based products. On account of unfavourable business conditions, MAIL was sold in the month of August 2006 to entities of the Vishvas Group and the name of MAIL was changed to VPL. Consequent to the sale of shares, the control and management of the company got changed. The company's object clause was also amended and the directors were changed. Further the registered office address of the company was also changed. Though due intimation was given to BSE regarding change of management and control of MAIL/VPL, the changes were not recorded and reflected by BSE. A letter dated November 21, 2006 was written to BSE stating that control and management of MAIL/VPL has been changed, and the Stock Exchange was requested to make necessary changes in its records.
- (ii) The investigation period is of April-May, 2006, but by the time of enquiry, the company had already changed hands. Mefcom Agro was sold in open market in August/September of 2006, to Vishvas Projects Ltd. Therefore at the time of enquiry, it appeared to SEBI that during the investigation period the trades were done at the behest of Vishvas Projects Ltd., and consequently Mefcom Securities was linked to the 'Vishvas Group'. Had this error not been made, Mefcom would never have been linked to the Vishvas group and the transactions by Mefcom Securities would not have appeared to have been part of circular and synchronized trades.
- (iii) The very basis of the allegation that trades being synchronised is on the presumption of their association with the Vishvas Group. It is submitted that the Designated Authority has not considered our submissions with respect to the wrong facts being relied upon by it and that we have no association with the Vishvas Group as alleged.

- (iv) The trading carried out by Mefcom were in the nature of jobbing transactions and with large number of trades being carried out by the so called Vishvas Group, some of Mefcom's trades did coincide with trades of the Vishvas Group entities. The very nature of jobbing transaction is that net position taken during the day gets squared off and is zero at end of the day. Mefcom provided many instances of jobbing transactions carried out in other scrips as well during the Investigation period, where net positions during the said period were zero. Mefcom used to engage in jobbing transactions for proprietary trades but never for clients. Currently it does not engage in jobbing transactions at all.
- (v) The expansion plans, good prospects and positive market image of Gangotri alongside the increased volume in its scrip had kindled interest for trading in the said scrip.
- (vi) Without prejudice to the contention that the said trades had not been in nature of synchronized trades and also the contention that in the trades alleged to be synchronized, there have been difference in time, price order quantity and also one order getting executed in multiple trades, there have been only 81(BSE) and 170(NSE) total trades executed by us. This is to say that if our intention had been to match the trades with those of Vishwas Group, the instance of such trades would have been much higher.
- (vii) We only traded for Mefcom Agro Industries Ltd which was also our client and a Group Company. No trades were done for so called "Vishvas Projects Ltd". Further merely 1,00,000 shares were bought for Mefcom Agro Industries Ltd and no sale was effected for it. That we herein reiterated that we were carrying out jobbing nature of transaction both buy and sell is done so net positions become zero at times which is normal aspect of jobbing transaction and there is nothing wrong in it.
- (viii) The jobbing transactions may have resulted in self trades. However the trades themselves were very insignificant and did not have the potential to affect the price or volume of the scrip.
- (ix) The subject SCN/Enquiry Report has imputed fraudulent behaviour to us based on impermissible assumptions, without supporting the assumptions with cogent evidence.

13. I have considered the documents on record, the findings of the DA in his Report and the submissions made by Mefcom in this regard. I have identified the following issues as being relevant for my determination:

I. Whether Mefcom was involved in synchronised, circular and reversal of trades in the Gangotri scrip and thereby violated sections 12A (a), 12A(b) and 12A(c) of the SEBI Act, 1992 read with regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(e) and 4(2)(g) of the PFUTP Regulations?

II. Whether Mefcom has violated regulation 7 read with Clause A of Schedule II of the Stock Brokers Regulations dealing with Code of Conduct for Stock Brokers?

III. Whether the recommendation of the Designated Authority submitted vide Report dated November 25, 2014 must be accepted?

14. The alleged violations need to be examined against the law relating to frauds in the securities market and that of conduct of brokers. Sections 12A(a), (b) and (c) of the SEBI Act record the statutory prohibition against fraudulent and manipulative practices in the securities market. The provisions read as follows:

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

Section 12A. No person shall directly or indirectly—

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

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

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

Further the relevant provisions of the regulations dealing with frauds in the securities market i.e. the SEBI (Prohibition of Fraudulent and Unfair Trade Practices in Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**"), are as follows:

"Regulation 3: - Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

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

- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 4:-Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
 - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;
 - ...
 - (e) any act or omission amounting to manipulation of the price of a security;
 - ...
 - (g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;"

Regulation 7 (as it then read, prior to amendment in 2013) read with Clause A of Schedule II of the Stock Brokers Regulations dealing with Code of Conduct reads as follows:

Stock brokers to abide by Code of Conduct.

7. The stock broker holding a certificate shall at all times abide by the Code of Conduct as specified in Schedule II.

SCHEDULE II

CODE OF CONDUCT FOR STOCK BROKERS

A. General.

- 1) **Integrity:** A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.
- 2) **Exercise of due skill and care:** A stock-broker shall act with due skill, care and diligence in the conduct of all his business.
- 3) **Manipulation:** A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

4) **Malpractices:** *A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.*

5) **Compliance with statutory requirements:** *A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.*

15. Mefcom has emphasised in its submissions that inclusion of its name in the Vishvas Group is erroneous. According to Mefcom, shares of MAIL were held by Mr. Vijay Mehta (director of Mefcom Securities Ltd.) and by one of the Mefcom group companies i.e. Mefcom Capital Markets Ltd. ("MCML") to the extent of 1.9% and 46.38%, respectively of the shareholding of MAIL. Both the promoters sold off their stake in the open market pursuant to which MAIL's name was changed to Vishvas Infrastructure Ltd.. The registered office and management of the company were also changed. Mefcom's contention is that this name change gave rise to the assumption that Mefcom was part of the Vishvas group. But even this transaction of sale of shareholding by the Mefcom group took place after the Investigation Period. In support of its contentions, Mefcom has submitted copies of correspondences with BSE from MAIL and MCML and a Corporate Announcement from BSE. Mefcom has also alleged that despite raising these issues before the DA, the same were not considered in his report. I have perused the submissions and accompanying documents filed by Mefcom in this regard. Considering the same, I note that the evidence recorded in the DA Report (*in relation to the Vishvas Group because of its relationship with MAIL/VPL*) does not appear to be irrefutable. I therefore do not agree that the evidence placed before me directly links Mefcom with the Vishvas Group. However, I draw reference to the decision of the Hon'ble Supreme Court in the case of *SEBI v. Kishore Ajmera & Ors*, wherein the Court by its order dated February 23, 2016 held that knowledge of who the counter party is, whether client or broker, is not relevant for the purpose of proving that illegal synchronised trades had taken place. The following extracts of the said order of the Hon'ble Supreme Court is instructive in this regard:

"...knowledge of who the 2nd party/client or the broker is, is not relevant at all."
(para 26 of the SC Order)

"When over a period of time such transactions had been made between the same set of brokers or a group of brokers a conclusion can be reasonably reached that there is a concerted effort on the part of the concerned brokers to indulge in synchronized trades the consequence of which is large volumes of fictitious trading resulting in the unnatural rise in hiking the price/value of the scrip(s)." (Para 25 of the SC Order)

"The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors." (Para 26 of the SC Order)

Therefore direct proof of connection is not necessary to infer that certain persons were acting in coordination to execute illegal synchronised trades. Large scale of transactions and the repetitive nature of the same coupled with impact on volume and price on securities which are otherwise illiquid, all add to the inference that illegal synchronisation had in fact taken place. I note that the relationship of Mefcom with VPL (erstwhile MAIL) is not the only factor in making Mefcom a part of the Vishvas Group. On the other hand, Mefcom had placed the orders of MAIL which got matched/reversed with other entities of the Vishvas Group as brought out earlier in this Order, which sufficiently leads one to infer that Mefcom had connection with the Vishvas Group.

- 16.** As is evident from the relevant extracts of section 12A of the SEBI Act and regulation 3 of the PFUTP Regulations, it is clear that the scope of the prohibition against fraudulent trades is wide enough to cover illegal synchronised/circular/reversal trades. The circumstances surrounding synchronised transactions and the inferences drawn thereof provide guidance in arriving at a conclusion as to the legality of the transactions. This legal position was laid down by the Securities Appellate Tribunal (SAT) in the case of *Ketan Parekh v. SEBI* (Appeal No. 2/2004) in its order dated July 14, 2006, extracts of which are reproduced as follows:

"..... A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. ... Whether a transaction has been executed with the intention to manipulate the

market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.”

Subsequent decisions of the SAT have reinforced the aforesaid views albeit in different words and considering different circumstances. Notable amongst them include decisions in the cases of *HB Stockholdings Limited v. SEBI* (Appeal no. 114 of 2012), *SPJ Stock Brokers Pvt. Ltd. v. SEBI* (Appeal No. 52 of 2013) and *Kapil Chatrabhuj Bhuptani v. SEBI* (Appeal No. 95 of 2013).

- 17.** While assessing the role of Mefcom in the trading of Gangotri scrip, the reference to its role made in SAT order dated October 21, 2016 in the case of Master Finlease Ltd. is relevant. The relevant extracts of SAT order is reproduced below:

"7. Apart from the above, the A.O. has recorded a finding that in respect of several trades executed by and between appellant and Vishvas Group of entities, the difference between buy order time and sell order time was less than 60 seconds and there was no difference between buy order rate and sell order rate as well as there was no difference between buy order quantity and sell order quantity. Finding of fact recorded in the impugned order relating to the synchronised trades of the appellant with the Vishvas group entities are as follows:-

.....

b) Out of the total 1,11,400 shares of Gangotri sold by the appellant at NSE during the investigation period 7000 shares were synchronized with the member of Vishvas Group viz. MEFCOM Securities Ltd. One of the instances of the synchronized trade by the appellant with other members of Vishvas Group was that, on 28th April, 2006, the Appellant sold 5000 shares of Gangotri at the rate of Rs.57.95/- to MEFCOM Securities Limited (MEFCOM for short, a Vishvas Group entity) at 15:24:27 and the buy order was placed by MEFCOM at 15:24:27 at the rate of Rs.57.95 for 5000

shares and the sell order was placed by the appellant at 15:24:23 at the rate of Rs.57.95 for 5000 shares. The aforesaid facts establish beyond any shadow of doubt that the appellant had indulged in synchronized trades.

8. Apart from the above, the Adjudicating Officer has clearly brought on record that the appellant had indulged in circular trades by recording the following:-

a) Out of the 38,000 shares of Gangotri bought by the appellant at BSE, during the investigation period, 27,399 shares were involved in circular trading with the other members of Vishvas group i.e. MEFCOM, Purshottam Khandelwal ('Purshottam' for short) and Praveen Poddar ('Praveen' for short).

....

d) Out of 1,11,400 shares sold by the appellant during the investigation period at NSE 36,865 shares were involved in circular trading with the other members of the Vishvas Group i.e. MEFCOM and Ishita.

...

In the present case, the Adjudicating Officer has not only established the connection of the appellant with the Vishvas Group but also demonstrated that the trading pattern among themselves resulted in synchronized trades and circular trades which were in violation of the PFUTP Regulations."

(emphasis supplied)

Accordingly SAT upheld the finding of the Adjudicating Officer in the case, that the appellant i.e. Master Finlease Ltd. had violated provisions of sections 12A(a), 12A(b), 12A(c) of the SEBI Act and regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) & 4(2)(e) of the PFUTP Regulations. The finding of the Appellate Tribunal against Master Finlease involving Mefcom on the other side of the synchronised trades and identifying Mefcom to be a part of the Vishvas Group involved in the illegal synchronised and circular trades leaves no room for me to arrive at a different conclusion based on the same set of facts in the instant case.

18. Nonetheless, I have examined the documents on record including the order logs and trade logs, and cannot but agree with the views expressed in related matters before the Adjudicating Officers as well as by the Hon'ble SAT. The data extracted in Tables 6 and 7

and from the DA report reveals that 81 trades for 3,79,700 shares were executed by Mefcom for itself and its client namely, VPL which synchronised with other Vishvas group members on BSE within a span of 26 trading days; and 170 synchronised trades were executed by Mefcom with other Vishvas Group members on NSE within a span of 23 trading days. On NSE on the 17th of May, for instance, there were 21 occasions of synchronisation of trades of Mefcom between 10:31:13 and 10:52:18. Within this time span, Mefcom placed 19 buy orders and 2 sell orders which got matched on the system. Similar instances are clear from a perusal of the extracts at Table 6 as well. Similarly, the extracted data in Tables 8 and 9, bring out circular transactions between members of the Vishvas Group including Mefcom. It is not necessary to establish a perfect sequence of transactions for proving circular trades. The repeated instances of circular trading could not have taken place without the active abetment of the parties concerned, and they bear sufficient evidence leading to the inference that illegal synchronisation of trades and circular trading had in fact taken place during the investigation period in the Gangotri scrip. Mefcom has also emphasised in its submissions that they were merely engaged in jobbing transactions; to support its claim, Mefcom has also submitted a list of other scrips in which also they were carrying out jobbing transactions. While this claim is not backed by any tangible evidence, even assuming it was true, the pattern of trading and instances of synchronised trading and circular trading brought out in the DA Report and in the Tables above, give rise to a strong preponderance of probability that in the case of Gangotri scrip, Mefcom was engaged in illegal, synchronised, circular and reversal trades with members of the Vishvas Group. The number of self trades though insignificant must be viewed in this context. Given the conclusion that Mefcom was engaged in illegal synchronised, circular trades, its role and impact on volumes and price of the scrip cannot be seen in isolation from the trading by Vishvas Group members in the Gangotri scrip which was illiquid in nature. The facts detailed out in this Order indicate that Mefcom's share of impugned trades within the Vishvas Group was also substantial, particularly on NSE. As noted in preceding paragraphs of this Order, the inference of connection between Mefcom and the Vishvas Group is not solely based on Mefcom's relationship with MAIL/VPL. The analysis of the order logs/trade logs reveal that the transactions in question cannot be summarily dismissed as 'jobbing transactions'. For the reasons stated above, I am inclined to agree with the DA's conclusion that Mefcom violated section 12A (a), (b) and (c) of the SEBI Act read with regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(e) and 4(2)(g) of the SEBI

(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

- 19.** The DA in his Report has also held that the Noticee i.e. Mefcom by indulging in reversal, circular, self and synchronised trades created a misleading appearance of heavy trading by artificial volumes and manipulated the price of the Gangotri scrip. Consequently, according to the DA Report, Mefcom is also liable for having violated the mandate of the Stock Brokers Regulations that require brokers not to indulge in fraudulent transactions and for failing to maintain high standards of integrity, care and due diligence. Since I have already concluded above that Mefcom is liable for having indulged in manipulative, deceptive and fraudulent transactions in the securities market, the fact that Mefcom's actions are clearly in violation of the aforesaid provisions of the Stock Brokers Regulations needs no further elaboration. I find that Mefcom's actions fall foul of the high standards of good conduct mandated by the Stock Brokers Regulations, and accordingly violate regulation 7 read with Clause A of Schedule II of the Stock Brokers Regulations.
- 20.** With regard to the recommendation made by the DA in his Report, there is a need to consider the mitigating circumstances as well. I note that the aforesaid violations took place more than ten years before and the initiation of enquiry proceedings commenced eight years after the violation. A large proportion of the transactions in question were carried out by Mefcom in its proprietary capacity. Even though the DA has recommended suspension of Mefcom's certificate of registration as a stock broker for a period of four months, in my opinion acceptance of this recommendation at this point of time may have an adverse impact on the retail clients of Mefcom. Therefore, I am inclined to pass directions against Mefcom modifying the recommendation of the DA.
- 21.** Therefore, in exercise of powers conferred on me under section 12 (3) of the SEBI Act read with regulation 28 (2) read with regulation 27 of the SEBI (Intermediaries) Regulations, 2008, upon consideration of the facts and circumstances listed in this Order, applicable legal provisions and submissions of Mefcom, I hereby direct that Mefcom Securities Ltd. shall be prohibited from accepting fresh clients, as a stock broker, for a period of four months from

the date of this Order. Mefcom Securities Ltd. shall disclose the contents of these directions on its website(s) immediately.

22. A copy of this order shall be served on the recognised stock exchanges and on Mefcom Securities Ltd., in accordance with regulation 30 of the SEBI (Intermediaries) Regulations, 2008.

Place: Mumbai

Date: May 05, 2017

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA