

**SECURITIES AND EXCHANGE BOARD OF INDIA**

**ORDER**

**DIRECTIONS UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF DEALINGS IN THE SHARES OF SPECTACLE INFOTEK LIMITED (EARLIER KNOWN AS SPECTACLE INDUSTRIES LIMITED), GOLDSTONE TECHNOLOGIES LIMITED, GEMSTONE INVESTMENTS LIMITED, LGS GLOBAL LIMITED AND WELL PACK PAPERS & CONTAINERS LIMITED**

1. Pursuant to the detection of a huge rise in the traded volumes and/or price of the shares of Spectacle Industries Limited (now known as Spectacle Infotek Limited), Goldstone Technologies Limited, Gemstone Investments Limited, LGS Global Limited and Well Pack Papers & Containers Limited (hereinafter the said companies would be collectively referred to as the Scrips and individually by their respective names) during the years 2008, 2009 and 2010, the Securities and Exchange Board of India (hereinafter referred to as SEBI) initiated an investigation into the dealings in the Scrips. Hereinafter the examination period referred to in the Order will be as specified in Table 1 below for each company. SEBI also received complaints from investors about unusual activities by certain named persons in the Scrips. The trading patterns in the Scrips were also analyzed by the Bombay Stock Exchange Limited (hereinafter referred to as BSE). The preliminary observations of the aforesaid investigation, so far, had revealed the following.

2. The shares of all the above mentioned companies are traded at BSE, while that of Spectacle Infotek Limited, Goldstone Technologies Limited and

Well Pack Papers and Containers Limited are also traded at the National Stock Exchange of India Limited (hereinafter referred to as NSE). Spectacle Infotek Limited was listed at NSE from March 9, 2010. The unusual price/volume movement noticed in the shares of the aforesaid companies is given in the table below:

**Table 1**

Serial No.	Name of scrip	Examination Period	Price variation (based on closing price) (in ₹)	Daily traded high-low Volume; (number of Share)
1	LGS Global Limited. (hereinafter referred to as LGS)	February 10, 2009 to May 7, 2010	20.15 to 133.60	46 to 12,12,140
2	Spectacle Infotek Limited (hereinafter referred to as Spectacle)	May 29, 2009 to April 30, 2010	41.00 to 122.65	36,724 to 23,45,153
3	Goldstone Technologies Limited (hereinafter referred to as Goldstone)	January 21, 2009 to April 13, 2010	10.10 to 45.50	614 to 12,12,337
4	Gemstone Investments Limited (hereinafter referred to as Gemstone)	January 06, 2009 to December 30, 2009	21.20 to 78.35	1 to 2,46,015
5	Well Pack Papers & Containers Limited (hereinafter referred to as Well Pack)	<b>Pre Bonus &amp; Split:</b> November 28, 2008 to March 12, 2010	9.54 to 499.45	1600 to 6,05,201
		<b>Post Bonus &amp; Split:</b> March 15, 2010 to June 30, 2010,	23.20 to 73.90	16,82,856 to 58,49,194

[The above mentioned price-volume movement in each scrip is graphically represented in **Annexure A** to this Order]

3. On analysis of the trading activity in the above scrips, SEBI observed that certain entities appearing to be related have, *prima facie*, indulged in activities in the Scrips such as creating artificial volume by trading among themselves, persistent synchronized trading, contributing to the price rise and carrying out off-market transfers among themselves for the purpose of meeting settlement obligations of another. Normally, the share price would be determined by genuine demand for and supply of shares. If artificial volume is

created through large scale trading amongst a particular group without change in ownership, it creates artificial demand leading to prices which are misleading and disadvantageous to the genuine investors in the securities market. In the above scrips, artificial volume was created by certain connected entities (the details of which are mentioned below) through large scale trading among themselves, without real change in ownership of shares traded among them, for the purpose of increasing volume of trading or influencing the price. It is observed that in all the scrips (except Spectacle) mentioned in this Order, prior to the period of examination, the Scrips had low liquidity, which increased substantially only after the group commenced their *prima facie* manipulative activities through creation of artificial volume. Even in Spectacle, the group contributed substantial artificial volume. Analysis of their trading activities leads to an inference that they have generated misleading signals in the securities market. The investors have relied and acted on these and invested in the Scrips, thereby becoming vulnerable to losses once the artificial and *prima facie* deceitful activities cease leading to a fall in the share price. The names of such entities and their inter-relationship have been brought out from the Know Your Client (KYC) documents maintained by the respective stock brokers and the depository participants. These details *prima facie* demonstrate the ease with which market operators form a chain of related persons with whom they transact and who in turn transact either on or off the market with a group of other related persons. This exponential growth in the chain allows formation and emergence of a well knit group that can enter and exit from trading in a scrip with great precision at will. It was observed that two individuals, Mr. Bhavesh Pabari and Mr. Prem Parikh, appeared to be the pivot of one particular group as most of the other entities were linked to them as established through similarities in the KYC details, off-market transfers, fund movement or any combination of the three. **Annexure B** to this Order contains a list of 43 entities identified and placed together as one group and would henceforth be referred to

as the **Pabari-Parikh group** in this Order. This group had *prima facie* carried out manipulative activities in the Scrips mentioned above and the details of their trading are mentioned in the succeeding paragraphs.

4. The analysis further revealed that in the scrips of Gemstone and Well Pack, another group was also identified as indulging in similar activities, which appeared to be connected to Mr. Amar Walmiki and Mr. Samir Shah (the said connected entities are hereinafter referred to as the Walmiki-Shah group) in this context. Mr. Amar Walmiki, Mr. Samir Shah and Mr. Hardik Pandya emerge as the pivot of this group as most of these entities are linked to one or more of them through off-market transfers, similarities in the KYC details, fund movement or any combination of the three. The Walmiki-Shah group has 196 entities which have been identified and are listed at **Annexure C** to this order.

5. The evidence on the inter-se connection between the two identified groups i.e. the Pabari-Parikh group and the Walmiki-Shah group, is further reinforced by the fund transfers, off-market share transactions and relationship found in connection with the trading in the shares of Gemstone and Well Pack; primarily between Mr. Bhavesh Pabari, on the one hand and Mr. Amar Walmiki, Mr. Samir Shah and Mr. Hardik Pandya on the other hand with Mr. Manoj Bhandari serving as a possible link between the two groups. The Walmiki-Shah group *prima facie* manipulated the shares of Well Pack along with the Pabari-Parikh group, which played a supporting role. Their roles were reversed in the trading observed in the shares of Gemstone. It needs to be emphasized that the Walmiki-Shah group and Pabari-Parikh group are not mutually exclusive as several entities are common to both the groups. Demarcation of entities into either group viz. Pabari Parikh or Walmiki-Shah is done based on their relative proximity to the individuals who are considered to be the pivots of each group. Notwithstanding, the central fact is that all the five identified scrips witnessed

huge artificial trading accompanied by a steep price rise or unusual steadiness in price while these identified groups of persons were substantially involved in the trading.

## **CORE MEMBERS OF THE PABARI-PARIKH GROUP**

6. Given the fact that 43 entities have been identified as belonging to the Pabari-Parikh group, it was deemed necessary to identify the core members of the group. For this purpose, three parameters which indicate inter-se relationship of the persons/entities of the said group with Pabari or Parikh or entities under their control, were considered, viz.

- a. Similarities in the particulars/details in the KYC documents like common telephone number, addresses, electronic mail (e-mail) addresses, etc.
- b. trading activity in terms of buy/sell among the group and the frequency and magnitude of off-market transfers between them
- c. Fund transfers between the members of the said group

Entities have been listed as core members only when they were found to satisfy atleast two of the above three parameters. On the basis of the said criteria, seventeen persons were identified as the core members of the Pabari-Parikh group. The complex web of relationship has Mr. Narendra Ganatra, Mr. Bhavesh Pabari and Mr. Prem Parikh at the centre and the entities at serial numbers 4 to 17 of **Table 2** (given below), serving as the inner concentric ring with each of them spawning off another set of entities as per the requirement of trading in any of the identified scrips. In addition, there may be similar connections, as stated in the parameters above, between members of this inner



**Table 2 – Core Members of the Pabari--Parikh group**

<b>Sr. No</b>	<b>Name of the connected clients</b>	<b>Permanent Account Number</b>	<b>Connection/relation found with Pabari-Parikh and/or with other members of the group based on KYC details, contribution to trading, fund flow and/or off-market transfers with primary members of the group</b>
1	Mr. Narendra Ganatra	AEMPG4315C	<ol style="list-style-type: none"> <li>1. Mr. Narendra Ganatra is presently a Managing Director of Gemstone (Source: BSE website)</li> <li>2. He was a director in Spectacle (resigned from the said company on June 1, 2010) . (Source: Spectacle Annual Report 2009-10)</li> <li>3. Mr. Narendra Ganatra and Mr. Bhavesh Pabari have common office address at S-13 Hazaribaug Basement, Vikhroli Station Road, Mumbai -400 079 and</li> <li>4. Mr. Narendra Ganatra introduced Mr. Bhavesh Pabari to the stock broker as per KYC furnished by Ford Brothers.</li> </ol>
2	Mr. Bhavesh Pabari	AKGPP8679N	<ol style="list-style-type: none"> <li>1. The relationship with Mr. Narendra Ganatra is above.</li> <li>2. Mr. Bhavesh Pabari admitted his acquaintance with Mr. Narendra Ganatra in his reply to SEBI.</li> <li>3. Mr. Bhavesh Pabari, Mr. Ankit Rajesh Sanchaniya, Mr. Samant Vivek Kishanpal and Mr. Bipin Jayant Thaker share a common telephone number.</li> </ol>
3	Mr. Prem Parikh	ALHPP3489N	<ol style="list-style-type: none"> <li>1. As per KYC of Mr. Bhavesh Pabari, Mr. Prem Parikh is his cousin .</li> <li>2. Mr. Prem Parikh had fund and share movement with Mr. Bhavesh Pabari, Mr. Hemant Sheth and Mr. Kishore Chauhan.</li> <li>3. parikhprem@gmail.com is the common e-mail furnished by Mr. Ankit Sanchaniya, Mr. Prem Parikh and Mr. Vivek Samant (as per KYC form/documents furnished by Monarch Project and Finmarkets Limited).</li> <li>4. Mr. Hemant Madhusudan Sheth is the nominee of Mr. Prem Parikh in his account (as per KYC documents/form submitted by Motilal Oswal Securities Limited).</li> </ol>
4	Mr. Ankit Sanchaniya	BLNPS3316L	<ol style="list-style-type: none"> <li>1. The client has a telephone No.22074880 which was that of Mr. Prem Parikh (common telephone number).</li> <li>2. The client had shares/fund movement with Mr. Bhavesh Pabari and Mr. Prem Parikh.</li> <li>3. Shares a common Telephone number with Mr. Bhavesh Pabari also, who is the nominee for his account (as per KYC documents submitted by Motilal Oswal Securities Limited)</li> </ol>
5	Mr. Bharat Thakkar	AAZPT9542R	<ol style="list-style-type: none"> <li>1. As per the KYC documents submitted by the stock broker, Arcadia Shares and Stock Brokers Private Limited, Mr. Bharat Thakkar has a common address at 196/A, Tara</li> </ol>

			<p>House, Dr. Vigas Street, X Lane No.8, Mumbai -400002 with Mr. Bhavesh Pabari.</p> <p>2. Mr. Bhavesh Pabari is stated to be his nominee in the KYC form for the BO ID 10751770 ( DP-Master Capital Services Limited)</p> <p>3. He has a joint savings account with Mr. Bhavesh Pabari in Bank of India (Account No. 008610100015349).</p> <p>4. Off Market and fund transactions with Mr. Bhavesh Pabari. (Account No 233010100139403-Axis Bank).</p> <p>5. Fund movement with Mr. Ankit Sanchaniya, Rajnandi Yarns Private Limited, Mr. Prem Parikh (Axis Bank A/c No. 233010100235105)</p>
6	Mr. Hemant Madhusudan Sheth	ANOPS8607E	<p>1. Mr. Hemant Sheth and Mr. Bhavesh Parbari are both directors of Rajnandi Yarns Private Limited.</p> <p>2. Mr. Hemant Sheth had fund movement as well as off-market securities movement with Mr. Bhavesh Pabari, Mr. Prem Parikh and Mr. Kishore Chauhan.</p> <p>3. He shares the e-mail id (devhemant@rediffmail.com) with Mr. Vivek Kishanpal Samant, as seen from KYC documents furnished by Religare Securities Limited.</p>
7	Mr. Bipinkumar Gandhi	AJHPG6989J	<p>1. Off-market transfers observed in the shares of Spectacle with H. Bhavesh Securities and Commodities Limited, an entity under the control of Mr. Bhavesh Pabari.</p>
8	Mr. Bipin Jayant Thaker	ABYPT4984H	<p>1. Shares a Telephone number with Mr. Bhavesh Pabari.</p> <p>2. The KYC documents obtained from Axis Bank (DP) indicates that Mr. Bhavesh Pabari is his uncle.</p> <p>3. Fund movement with Rajnandi Yarns Private Limited and with Mr. Bhavesh Pabari (Axis bank a/c.233010100359832)</p>
9	Mr. Chirag Jariwala	AFMPJ7543L	<p>1. Same phone number as that of Mr. Bhavesh Pabari.</p> <p>2. He has indicated Mr. Bhavesh Pabari as his uncle (KYC obtained from Axis Bank-DP).</p> <p>3. Fund movement with Mr. Bhavesh Pabari, Mr. Hemant Seth, Rajnandi Yarns Private Limited, Mr. Bharat G Vaghela (Axis bank-233010100359993)</p>
10	Gemstone	AAACG1483A	<p>1. Mr. Narendra Ganatra is the director in Gemstone</p>
11	Mr. Kishore Chauhan	AFPPC9703G	<p>1. In Kishore Chauhan's bank account No.233010100188012 with Axis Bank, Fort branch, Mumbai, Mr. Bhavesh Pabari was a joint Account holder.</p> <p>2. Mr. Bhavesh Pabari and Mr. Hemant Sheth are witnesses for demat account in SHCIL (BO ID 19657702).</p> <p>3. Mr. Kishore Chauhan had fund and share movement with Mr. Bhavesh Pabari, Mr. Prem Parikh and Mr. Hemant Sheth and Mr. Anand Marathe</p>
12	Ms. Mala Sheth	AZXPS0694J	<p>1. Ms. Mala Sheth is the wife of Mr. Hemant Sheth.</p>



			2. She had fund movement (from her Axis Bank account no. 233010100132312) and off market trades with Mr. Bhavesh Pabari and Mr. Prem Parikh .
13	Mr. Samant Vivek Kishanpal	BRSPS0294N	<ol style="list-style-type: none"> <li>1. He is the cousin brother of Mr. Bhavesh Pabari (as seen from KYC documents furnished by Religare Securities Limited).</li> <li>2. Shares common Telephone number with Mr. Bhavesh Pabari. Further, Mr. Bhavesh Pabari is found to be the nominee of Mr. Vivek Samant in the KYC documents submitted by Motilal Oswal Securities Limited and Kantilal Chhaganlal Securities Private Limited.</li> <li>3. Mr. Bhavesh Pabari is the nominee for the bank a/c no. 0233100000671699 of Mr. Vivek Samant maintained with Axis bank.</li> <li>4. He is found to have off-market transactions with Mr. Bhavesh Pabari.</li> <li>5. Shares e-mail id (<a href="mailto:devhemant@rediffmail.com">devhemant@rediffmail.com</a>) with Mr. Hemant Madhusudan Sheth (as seen from KYC documents furnished by Religare Securities Limited) and the e-mail id <a href="mailto:parikhprem@gmail.com">parikhprem@gmail.com</a> with Mr. Prem Parikh (as per the KYC documents furnished by Monarch Project and Finmarkets Limited).</li> <li>6. Fund movement with Mr. Hemant Sheth is also noticed in Account No. 233010100280853(Axis Bank).</li> </ol>
14	Mr. Manoj Bhandari	AGQPB7879L	<ol style="list-style-type: none"> <li>1. Mr. Manoj Bhandari has entered into off-market transactions with Mr. Ankit Sanchaniya, Mr. Kishore Chauhan, Mr. Bhavesh Pabari and Amar Walmiki in the scrip of Well Pack.</li> <li>2. Fund transfer with Mr. Hardik Pandya (Account No. 013010200059200- Axis Bank).</li> <li>3. Fund movement with Mr. Amar Walmiki as seen from his HDFC bank account (00602560006218) and Mr. Samir Shah (Axis Bank A/c 013010200030533)</li> </ol>
15	Mr. Vipul Hiralal Shah	AZCPS9537P	<ol style="list-style-type: none"> <li>1. Off-market transfer with Mr. Bhavesh Pabari in the shares of Spectacle.</li> <li>2. Fund movement with Mr. Kaushik R Mehta (who has off-market transactions with Mr. Bhavesh Pabari) in his HDFC Bank A/c no. 01182020001906.</li> </ol>
16	Rajnandi Yarns Private Limited	AADCR0099J	<ol style="list-style-type: none"> <li>1. Mr. Bhavesh Pabari and Mr. Hemant Seth are the directors of this entity.</li> <li>2. Substantial Off-market transfers were observed with most of the above entities in all the five scrips</li> <li>3. Fund movement with Mr. Samir Shah (in his Axis bank account 013010200030533).</li> </ol>

17	H Bhavesh Securities and Commodities Private Limited	AAACB1655R	<ol style="list-style-type: none"> <li>1. Mr. Bhavesh Pabari and Mr. Hemant Madhusudan Sheth are its directors</li> <li>2. Had substantial off-market transfers with most of the above entities in all the five scrips</li> </ol>
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7. The entities, H. Bhavesh Securities and Commodities Private Limited and Raj Nandi Yarns Private Limited (Sr nos. 16 and 17 above) are not observed to have traded and when they have traded, these trades are seen to be in very small quantities. However, they have been included in the list of core entities as they were found to have made huge off-market transfer of securities of various scrips including the scrips identified for the purposes of this Order to several persons in the group and have thereby facilitated the manipulation. Further, Mr. Bhavesh Pabari is the director of H. Bhavesh Securities and Commodities Private Limited and of Raj Nandi Yarns Private Limited and the said entities appeared as the primary vehicles for the *prima facie* manipulation executed by Mr. Bhavesh Pabari.

#### **CORE MEMBERS OF THE WALMIKI-SHAH GROUP**

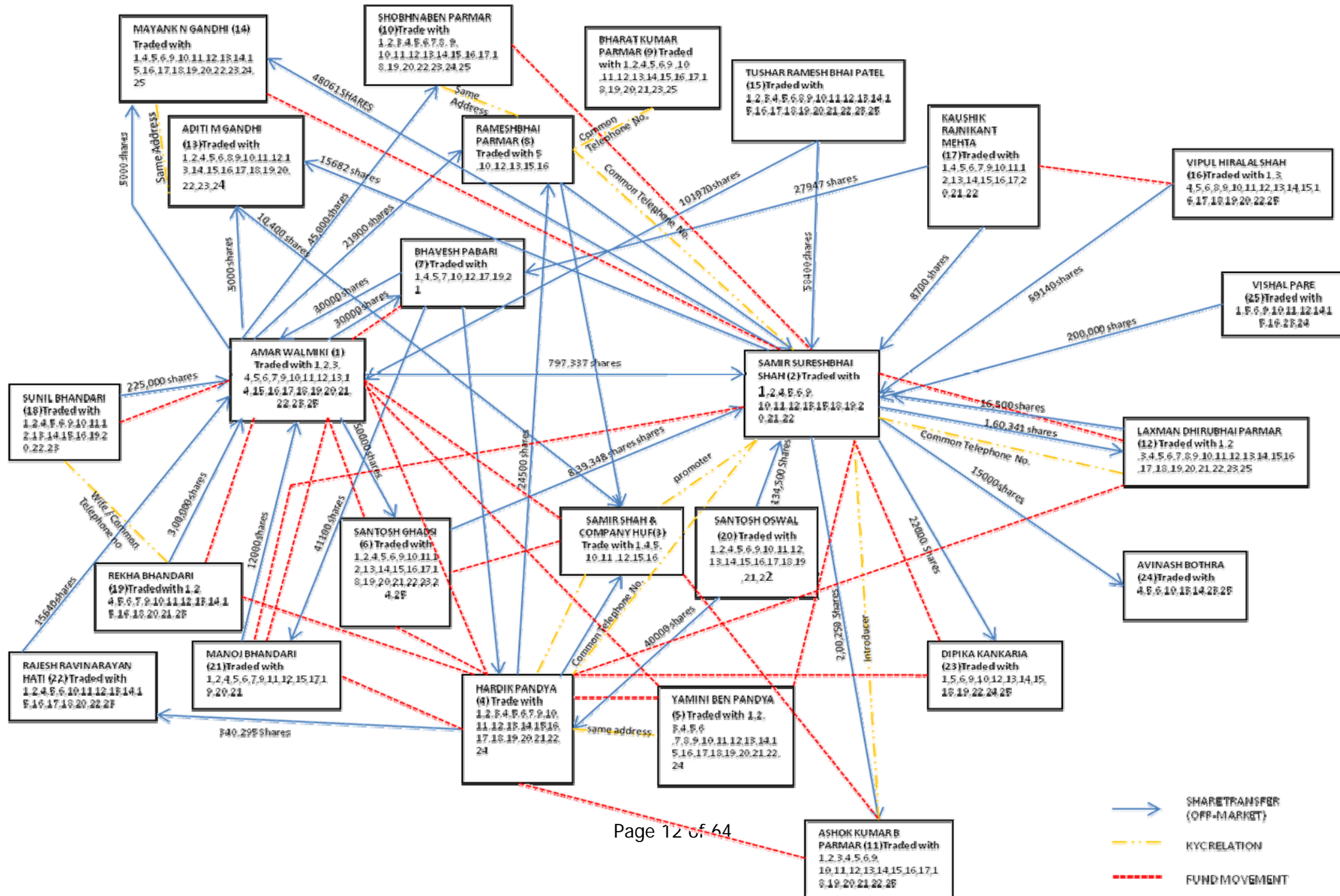
8. A total of 196 persons have been identified as belonging to the Walmiki-Shah group. However, as it was deemed necessary to identify the core members of the group, the following criteria were evolved and the entities forming the core of the said group were identified on the basis of the entities satisfying either criterion 1 or 2 and in addition, either criterion 3 or 4, as given below, in respect of their activity in the shares of Well Pack:

1. They were the contributors (transferors/transferees) to huge transfers of shares in off-market

2. They were among the top buyers and sellers in the shares of Well Pack in the market and had substantially contributed to the trading during the examination period.
3. There was direct off-market movement of their shares with either Mr. Samir Shah, Mr. Hardik Pandya or Mr. Amar Walmiki ( who have been identified as the pivot of the group).
4. They were entities who had similar KYC details such as common telephone number, address etc., as that of Mr. Samir Shah/Mr. Hardik Pandya/Mr. Amar Walmiki.

A total of 25 persons/entities were identified as the core entities of the said group based on the aforesaid parameters. The core entities, as listed below, had purchased a total of 12,17,83,704 shares (39.97% of total traded volume) and sold 11,52,33,464 shares (37.82% of the total traded volume) of the shares of Well Pack during the examination period. The web of relationship that appears to exist between the core members of Walmiki-Shah group is illustrated pictorially in **Figure 2**.

**Figure 2(WALMIKI – SHAH GROUP IN WELL PACK)**



**TABLE 3 - CORE MEMBERS OF THE WALMIKI-SHAH GROUP**

Sl. No.	Name	PAN No.	Relationship
1	Mr. Amar Premchand Walmiki	AAUPW9971A	<ol style="list-style-type: none"> <li>Entered into off market transactions with Mr. Bhavesh Pabari in the shares of Well Pack - received 30,000 shares from Mr. Bhavesh Pabari and transferred 30,000 shares to Mr. Bhavesh Pabari.</li> <li>Fund movement with Mr. Manoj Bhandari, Mr. Anand Kalu Marathe and Mr. Sunil Bhandari as seen from Mr. Amar Walmiki's HDFC bank account (00602560006218). Fund movement with Mr. Hardik M Pandya, Mr. Bhavesh Pabari, Mr. Samir Shah &amp; Co., Mr. Santosh Ghadshi, Ms. Rekha Bhandari, Mr. Manoj Bhandari, Mr. Hardik Pandya, Ms. Yaminiben M Pandya, Amizara Corporation (Indrapratap Gajraj Singh) as seen from Amar Walmiki's Axis Bank Account 233010200021766.</li> <li>Among the group, Mr. Amar Walmiki was found to be the top trader in the shares of Well Pack during the examination period having bought 1,48,00,051 shares of the total traded volume and sold 1,40,00,433 shares of the total traded volume .</li> <li>Mr. Amar Walmiki also received 7,38,575 shares from the group in off-market and transferred 23,85,833 shares of Well Pack to the group during the examination period; the large scale off-market transfer of shares among various entities in his group aided the manipulation of shares</li> </ol>
2	Mr. Samir Sureshbhai Shah	AGEPS0157L	<ol style="list-style-type: none"> <li>Off market with Mr. Amar Premchand Walmiki – Received 7,97,337 shares from Amar Walmiki. Samir Shah (one of the pivots of the group along with Mr. Amar Premchand Walmiki and Mr. Hardik Pandya</li> <li>Mr. Samir Shah was the top person in terms of off-market transfer of shares during the examination period having received 27,26,137 shares of Well Pack from the group and transferred 16,28,997 shares to the group during the examination period; In fact, many of the members of the group had received/transferred shares from/to Mr. Samir Shah</li> </ol>
3	Samir Sureshbhai Shah (HUF)	AAHHS5122G	<ol style="list-style-type: none"> <li>Had off market transactions with Mr. Hardik Maheshbhai Pandya. Further, Samir Shah (HUF) received 117060 shares of Well Pack in off-market from the group and transferred 77,592 shares to the group thus playing an important role in the alleged manipulation of shares</li> </ol>
4	Mr. Pandya Hardik M	ARJPP6330Q	<ol style="list-style-type: none"> <li>Having common telephone number no. 2362117 as that of Mr. Samir Shah i.e.. Mr. Hardik Pandya has entered into off market trades with Mr. Bhavesh Pabari and Mr. Hemant Sheth in the shares of Well Pack</li> <li>Fund transfers with Mr. Manoj Bhandari, Ms. Rekha Bhandari, Mr. Amar Premchand Walmiki, Samir Shah &amp; Co. (Account No. 013010200059200- Axis Bank). Fund transfers with Mr. Anand Marathe, Mr. Rakesh G Patel (A/c No. 013010100984997- Axis Bank).</li> <li>From the KYC submitted by VSE Stock Services Limited, it is observed that Mr. Samir S Shah is the promoter of M/s. Samir Shah &amp; Co. (a sub-broker of VSE Stock Services Limited) and that Mr. Hardik M Pandya is one of its employees.</li> <li>Mr. Hardik Pandya is also among the top traders in the group having</li> </ol>

			<p>bought 95,91,404 shares and sold 89,35,533 of the total traded volume during the examination period.</p> <p>5. Mr. Hardik Pandya is also among the top 5 off-market transferor/transferees in the group- having received from the group 5,12,797 shares and transferred 678631 shares to the group during the examination period.</p>
5	Ms. Pandya Yaminiben M	APGPP6166F	<p>1. Same address with that of Mr. Hardik Pandya.</p> <p>2. Fund movement with Mr. Hardik Pandya( Axis Bank account 013010200059200) and Mr. Samir Shah (Axis Bank account 013010200030533).</p> <p>3. Further, Ms. Yaminiben Pandya is also among the top traders in the group having bought 3.17% (96,67,127 shares) and sold 3.12% (94,90,998 shares) of the total traded volume during the examination period.</p> <p>4. Ms. Yaminiben is also among the top 10 off-market transferor/transferees having received from the group 2,15,000 shares and transferred 5,11,513 shares to the group during the examination period.</p>
6	Mr. Santosh Vishram Ghadshi	AHNPG0002C	<p>1. Off market with Mr. Amar Premchand Walmiki and Mr. Samir Shah – transferred 8,39,348 shares to Mr. Samir Shah and received 50,000 shares from Mr. Amar Walmiki ;</p> <p>2. Fund movements with Mr. Hardik Pandya, Mr. Amar Walmiki, Mr. Tushar S Shah and Samir Shah &amp; Co. (Axis Bank A/c 294010200009737)- KYC submitted by Alankit Assignment and Axis bank a/c 0130102000592200 (KYC submitted by Nirmal Bang). Fund movement with Mr. Hardik Pandya (Axis Bank account 013010200059200).</p> <p>3. Mr. Santosh Ghadshi is also among the top traders in the group having bought 3.14% (95,72,382 shares) and sold 2.63% (80,08,624 shares) of the total traded volume of Well Pack during the examination period.</p> <p>4. He is also among the top 3 off-market transferor/transferees in the group- having received from the group 3,62,280 shares and transferred 11,42,713 shares to the group during the examination period.</p>
7	Mr. Bhavesh Prakash Pabari	AKGPP8679N	<p>1. Mr. Bhavesh Pabari received 1,71,827 shares of Well Pack from the Walmiki-Shah group and transferred 1,06,947 shares thus aiding the manipulation.</p>
8	Mr. Rameshbhai V Parmar	ASQPP5072M	<p>1. Off market with Mr. Amar Premchand Walmiki: received 21,900 shares from Mr. Amar Walmiki, 24,500 shares from Mr. Hardik Pandya – Transferred 53,200 shares to Mr. Samir Shah and Samir Shah (HUF);</p> <p>2. Shares the telephone with Mr. Samir Shah.</p> <p>3. Mr. Rameshbhai V Parmar received 87,400 shares from the group in off-market and transferred 4,03,875 shares of Well Pack to the group during the examination period; the large scale off-market transfer of shares among various entities in his group aided the manipulation of shares;</p> <p>4. Mr. Rameshbhai V Parmar was also among the top traders buying 1.88% (57,31,972 shares) and selling 1.84% (55,97,501 shares) of the total traded volume during the examination period.</p>

9	Mr. Bharatkumar Baldevbhai Parmar	ARTPP9101B	<ol style="list-style-type: none"> <li>Has a common number as that of Mr. Rameshbhai Parmar i.e. 9898094041.</li> <li>Mr. Bharatkumar Baldevbhai Parmar is the second top trader among the group after Mr. Amar Walmiki having bought 3.38% (1,02,97,901 shares) of the total traded volume and sold 3.34% (1,01,86,928 shares) of the total traded volume in Well Pack during the examination period.</li> </ol>
10	Ms. Shobhnaben R Parmar	ASNPP5381N	<ol style="list-style-type: none"> <li>Off market with Mr. Amar Premchand Walmiki – Received 45000 shares from Amar Walmiki;</li> <li>Fund movement with Mr. Samir Shah (from his Axis bank account 013010200030533).</li> <li>She has the same address as that of Mr. Rameshbhai Parmar –Ms. Shobhnaben Parmar is also among the top 5 traders in the group having bought 3.08% (93,95,131 shares) and sold 2.81% (85,54,753 shares) of the total traded volume of Well Pack during the examination period.</li> <li>Is also among the top 6 off-market transferor/ transferees in the group- having received from the group 2,94,351 shares and transferred 7,87,650 shares to the group during the examination period.</li> </ol>
11	Mr. Ashokkumar Bhikhalal Parmar	AOJPP8746B	<ol style="list-style-type: none"> <li>Introduced by Mr. Samir S Shah as per KYC documents submitted by VSE Stock Services Limited</li> <li>Entered into off market transactions with Mr. Samir Shah (AGEPS0157L) in the shares of Well Pack . – Received 2,00,250 shares of Well Pack from Samir Shah in off-market.</li> <li>He had fund movements with Samir Shah &amp; Co., Mr. Hardik M Pandya and Mr. Rakesh G Patel (Axis bank- 93010101186909).</li> <li>He bought 29,36,053(0.96%) shares and sold 28,32,020 (0.93% ) shares of Well Pack and was among the top traders in Well Pack</li> </ol>
12	Mr. Laxman Dhirubhai Parmar	ASNPP5380P	<ol style="list-style-type: none"> <li>Same phone no (2362117) with Mr. Samir S Shah as per KYC documents submitted by Shah Investor's Home Limited.</li> <li>Fund movement with Mr. Hardik Pandya ( Axis Bank A/c No. 013010100968041) and Mr. Samir Shah (Samir Shah's Axis bank account 013010200030533).</li> <li>He received 1,60,341 shares of Well Pack off-market from Mr. Samir Shah and transferred 16,500 shares in off-market to Mr. Samir Shah during the examination period.</li> <li>He is also among the top 7 traders in the group having bought 2.35% (71,70,444 shares) and sold 2.54% (77,50,244 shares) of the total traded volume of Well Pack during the examination period.</li> <li>He is also among the top 14 off-market transferor/ transferees in the group- having received from the group 2,65,341 shares and transferred 1,75,500 shares to the group during the examination period</li> </ol>
13	Ms. Aditi M Gandhi	AKCPG0247R	<ol style="list-style-type: none"> <li>Off market with Mr. Amar Premchand Walmiki -received 5,000 shares from Amar Walmiki; Received 15,682 shares from Samir Shah and transferred 10,400 shares to Samir Shah(HUF);</li> <li>Fund movement with Mr. Anand Kalu Marathe- Axis Bank No 00401020098307) KYC submitted by UTI Securities).</li> <li>Ms. Aditi M Gandhi is also among the top 8 traders in the group having bought 1.99% (60,57,314 shares) and sold 2.1% (63,92,811 shares) of the total traded volume of Well Pack during the examination period.</li> </ol>

14	Mr. Mayank Navnitbhai Gandhi	AKCPG0246Q	<ol style="list-style-type: none"> <li>Off market with Mr. Amar Premchand Walmiki and Mr. Samir Shah – Received 5,000 shares from Mr. Amar Walmiki and 48,061 shares from Samir Shah;</li> <li>Same address with Ms. Aditi M Gandhi,</li> <li>Fund movement with Mr. Samir Shah (Samir Shah's Axis bank account 013010200030533).</li> <li>He is also among the top 9 traders in the group having bought 1.98% (60,28,474 shares) and sold 2.01% (61,37,635 shares) of the total traded volume of Well Pack during the examination period.</li> </ol>
15	Mr. Tushar Rameshbhai Patel	AFVPP7625L	<ol style="list-style-type: none"> <li>Off market with Mr. Amar Premchand Walmiki – transferred 1,01,970 shares to Mr. Amar Walmiki and 58,400 shares to Mr. Samir Shah.</li> <li>Mr. Tushar Rameshbhai Patel is also among the top 14 traders in the group having bought 1.83% (55,66,475 shares) and sold 1.51% (46,03,529 shares) of the total traded volume of Well Pack during the examination period.</li> <li>He is also among the top off-market transferor/ transferees in the group-having transferred 3,55,570 shares to the group during the examination period.</li> </ol>
16	Mr. Vipul Hiralal Shah	AZCPS9537P	<ol style="list-style-type: none"> <li>Transferred 591450 shares in off-market to Mr. Samir Shah;</li> <li>Mr. Vipul Hiralal Shah is also among the top 15 traders in the group having bought 1.73% (52,63,422 shares) and sold 1.39% (42,42,923 shares) of the total traded volume of Well Pack during the examination period.</li> <li>He is also among the top off-market transferor/ transferees in the group-having transferred 8,80,575 shares to the group and received 6,16,007 shares from the group during the examination period.</li> </ol>
17	Mr. Kaushik Rajnikant Mehta	ANNPM6298A	<ol style="list-style-type: none"> <li>He has entered into off-market transactions with Mr. Bhavesh Pabari and Mr. Samir Shah in the scrip Well Pack. He transferred 27,947 shares to Bhavesh Pabari and 8,700 shares to Samir Shah</li> <li>Fund movement with Mr. Vipul Hiralal Shah who is linked to Mr. Bhavesh Pabari and Mr. Samir Shah.</li> <li>He was one of the top traders having bought 25,44,568 shares and sold 22,30,043 shares of Well Pack during the examination period;</li> <li>He was one of the top persons in terms of off-market transfer of shares during the examination period having transferred 4,21,215 shares of Well Pack to the group during the examination period</li> </ol>
18	Mr. Sunil Bhandari	ALZPB5747M	<ol style="list-style-type: none"> <li>Had fund movement with Mr. Amar Walmiki as seen from Mr. Amar Walmiki HDFC bank account (00602560006218).</li> <li>He is the husband of Rekha Bhandari.</li> <li>transferred 2,25,000 shares to Mr. Amar Walmiki</li> <li>He is one of the top traders in Well Pack having bought 20,65,743 shares and sold 23,34,042 shares of Well Pack during the examination period.</li> </ol>
19	Ms. Rekha Bhandari	ALHPB9175D	<ol style="list-style-type: none"> <li>She has a common contact no. as that of Mr. Sunil Bhandari viz. 2519610.</li> <li>wife of Mr. Sunil Bhandari. Fund transfers with Mr. Hardik Pandya (Account No. 013010200059200- Axis Bank).</li> <li>Ms. Rekha Bhandari has off-market share movement with Mr. Amar P Walmiki – transferred 3,00,000 shares to Amar Walmiki. She is one of the top traders in Well Pack.</li> </ol>



20	Mr. Santosh Deshmajal Oswal	AAAPO2421P	1. off-market transactions with Mr. Hardik Pandya and Mr. Samir Shah – transferred 40,000 shares to Mr. Hardik Pandya and 1,34,500 shares to Mr. Samir Shah.
21	Mr. Manoj Bhandari	AGQPB7879L	<ol style="list-style-type: none"> <li>Received 41,100 shares from Mr. Bhavesh Pabari – transferred 12,000 shares to Mr. Amar Walmiki.</li> <li>Mr. Manoj Bhandari has entered into off market with Mr. Ankit Sanchaniya, Mr. Kishore Chauhan and Mr. Bhavesh Pabari in the scrip Well Pack</li> <li>Fund transfer with Mr. Hardik Pandya (Account No. 013010200059200-Axis Bank).</li> <li>Fund movement with Mr. Amar Walmiki as seen from his HDFC bank account (00602560006218) and Mr. Samir Shah (Samir Shah's Axis Bank account 013010200030533).</li> <li>He is among the top off-market transferor/transferees in the group-having received from the group 2,89,407 shares and transferred 2,17,605 shares to the group during the examination period and thus aided the manipulation.</li> <li>Generally it is observed that Mr. Manoj Bhandari has been receiving shares off-market from the Pabari-Parikh group and transferring shares to the Walmiki- Shah group.</li> </ol>
22	Mr. Rajesh Ravinarayan Hati	ACVPH5913N	<ol style="list-style-type: none"> <li>Received 3,40,295 shares off-market from Mr. Hardick Pandya and transferred 15,640 shares off-market to Mr. Amar Premchand Walmiki.</li> <li>He is among the top off-market transferor/transferees in the group-having received from the group 1,83,008 shares and transferred 4,75,645 shares to the group during the examination period and thus aided the manipulation.</li> </ol>
23	Ms. Dipika Dinesh Kankaria	AZGPK7183F	<ol style="list-style-type: none"> <li>Off market of 22000 shares with Mr. Samir Shah.</li> <li>Fund movement with Mr. Naresh Devabhai Patel as seen from Mr. Naresh Devabhai Patel's bank account (Axis Bank account 013010101162787) and Mr. Hardik Pandya (Axis Bank account 013010200059200).</li> <li>Fund movement with Mr. Samir Shah (Axis bank account 013010200030533).</li> <li>She is one of the top traders in Well Pack having bought 15,41,213 shares and sold 18,05,834 shares during the examination period.</li> </ol>
24	Mr. Avinash Bothra	AKFPB9350B	<ol style="list-style-type: none"> <li>Received 150000 shares in Off-market from Mr. Samir Shah.</li> <li>One of the top traders buying 11,51,000 shares and selling 14,88,200 shares.</li> <li>Received 5,56,884 shares from the group as off market during the examination period and thus aided the manipulation</li> </ol>
25	Mr. Vishal Pare	AOVPP9130K	<ol style="list-style-type: none"> <li>Transferred 2,00,000 shares to Mr. Samir Shah .</li> <li>One of the top traders in Well Pack buying 4661616 (1.53% of the total traded volume) and selling 4296456 (1.41% of the total traded volume) during the examination period.</li> </ol>

## TRADING BY THE TWO IDENTIFIED GROUPS

9. Substantial trading was a primary criterion for identifying the entities forming the core of each of the two groups i.e. in filtering the said entities from the list of 43 entities (in the case of Pabari-Pharikh group) and 196 connected persons (as in the case of the Walmiki-Shah group). The trade data for all the Scrips had revealed that over long periods, extending up to 16 months, the share of total trading of the identified groups was abnormally large, as presented in columns 5 and 6 of **Table 4** given below. The extent of their dominance in the trading in each of the five scrips, ranges from 38% all the way upto 76%, either on the buy or sell side of the total market. Further analysis of the trade data raised serious doubts about the motives of the group to trade, since as high as 90% of the buy orders of the group entities matched with the corresponding sell orders of another entity forming part of the group, as seen in the case of Goldstone. The columns 7 and 8 of **Table 4** present the percentages of buy and sell trades of group entities that matched within the group. The anonymous order matching mechanism of the stock exchange ensures equal probability of orders to get matched when price of the opposite orders are in sync. Therefore, it is unlikely for two persons to continue to and consistently become counterparties especially when the volumes of trading are substantial.

**Table 4**

Sr. No.	Name of scrip	Total Traded Volume	Share of artificial volume to total volume (%)	Share of buy volume of group to market volume (%)	Share of sell volume of group to market volume (%)	Buy trades of group that matched within the group (%)	Sell trades of group that matched within the group (%)
1	2	3	4	5	6	7	8
1	LGS	2,03,41,352	34.72	49.91	43.14	69.57	80.48
2	Spectacle	16,87,04,623	51.40	76.02	62.60	67.62	82.11
3	Goldstone	3,22,68,038	36.55	40.50	39.63	90.24	92.23
4	Gemstone	49,60,252	23.81	38.78	68.14	61.40	34.95
5	Well Pack	30,46,62,791	35.24	61.59	58.70	57.22	60.03

## **CREATION OF ARTIFICIAL VOLUMES BY TRADING AMONG THEMSELVES**

10. The result of such co-ordinated and *prima facie* manipulative trading is the creation of volume which when executed between the connected entities as counterparties of a group becomes artificial. Since, the entities of an identified group are buying and selling amongst themselves, there is no effective change in the beneficial ownership of shares traded by them. The preliminary findings lead to an inference that the aim of the group is to induce persons to trade in the scrip on the basis of such artificial trades. The contribution of the artificial volumes to the total volumes traded, allegedly created by the aforesaid group entities in the Scrips, is shown in column 4 of Table 4. A summary of the activities of the group indicates that:

- a. The entities had generated artificial volumes to the extent of 34.72%, 51.40%, 36.55 %, 23.81% and 35.24%, respectively, while trading on 244, 228, 167, 176 and 387 days in the shares of LGS, Spectacle, Goldstone, Gemstone and Well Pack, respectively. The details of the same are presented in the subsequent paragraphs of this Order.
- b. Many orders that matched to become trades were found to be entered within one minute of each other and therefore considerable numbers of trades between the members of the group were found to be synchronized.
- c. Both the groups had contributed in a significant manner to the price increase and entered into large scale wash trades (those trades which are executed out of the buy-sell orders placed by the same entity simultaneously). Wash trades create artificial volumes in a scrip and mislead the market/investors regarding the actual demand and supply for the shares of a particular scrip.

d. Mr. Bhavesh Pabari is observed to be connected to Mr. Narendra Ganatra (**refer Table 2 above**), the Managing Director of Gemstone and who was a director of Spectacle. The said facts *prima facie* indicate that the Pabari-Parikh group, with Mr. Bhavesh Pabari as its pivot, was involved in manipulating the shares of Gemstone and Spectacle, with the connivance of a director.

11. The table given below demonstrates the extent of *prima facie* artificial trading carried out by these core members of the Pabari-Parikh group. It illustrates the web of trading among the core members with certain other core members. It was observed that the artificial trading contributed by the entities who are identified as the core members of the Pabari-Parikh group was above 99% of the total artificial trading in the first four scrips listed serially in Table 1.

**Table 4a**

Column 2 of the table gives the name of the core member. Column 3 shows the trading of each core member with other core members. Each is represented by its serial number.

Sr. No	Name of the connected clients with their Permanent Account Numbers  Col 2	Artificial Trading with the entities of the group  Col 3
1	Narendra Ganatra AEMPG4315C	Narendra Ganatra traded with entity listed at Serial No. 2 in Spectacle
2	Bhavesh Pabari AKGPP8679N	Pabari traded with clients listed at Serial Numbers: 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
3	Prem Parikh ALHPP3489N	Traded with 2, 3, 4, 5, 6, 8, 9, 11, 12, 13, in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
4	Ankit Sanchaniya BLNPS3316L	2, 3, 4, 5, 6, 8, 9, 11, 12, 13, in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
5	Bharat Thakkar AAZPT9542R	2, 3, 4, 6, 9, 12, 13, in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
6	Hemant Madhusudan	2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13 in Gemstone, Spectacle, Goldstone,

	Sheth ANOPS8607E	LGS & Well Pack.
7	Bipinkumar Gandhi AJHPG6989J	2, 3, 4, 5, 6, 7, 8, 10, 11, 12,13 in Spectacle, Goldstone, Gemstone & Well Pack
8	Bipin Jayant Thaker ABYPT4984H	2, 3, 4, 6, 7, 9, 12,13 in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
9	Chirag Jariwala AFMPJ7543L	2, 3, 4, 5,6, 8, 9, 11, 13 in Spectacle, Goldstone, Gemstone & Well Pack.
10	Gemstone AAACG1483A	2, 3,4, 5,6, 7, 11,12,13 in Spectacle
11	Kishore Chauhan AFPPC9703G	2, 3, 4, 6, 7 9, 10,12, 13 in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
12	Mala Sheth AZXPS0694J	2, 3, 4, 5,6, 7,8, 10, 11, 12,13, in Spectacle, Goldstone, Gemstone, LGS & Well Pack.
13	Samant Vivek Kishanpal BRSPS0294N	2, 3, 4, 5,6, 7,8, 9,10, 11, 12,13, in Spectacle, Goldstone, Gemstone , LGS & Well Pack.
14	Manoj Bhandari AGQPB7879L	Traded with Serial Nos. 3,4,5,6,12 in Gemstone & Well Pack
15	Vipul Hiralal Shah AZCPS9537P	2,3,4,5,6, 8, 9,11,13, 15 in Spectacle, Goldstone, LGS & Well Pack

12. The Table below demonstrates the extent of artificial trading carried out by the core members of the Walmiki-Shah group. It illustrates the trading carried out by each of the core members with some of the other core members. It is seen that the artificial trading contributed by the entities who are the core members of the Walmiki-Shah group was about 66.3% and 64.82% of the total artificial buy and sell trades respectively (in the shares of Well Pack), executed among the group entities.

**Table 4b**

Column 2 of the table gives the name of the core member. Column 3 shows the trading of each core member with other core members. Each is represented by its serial number.

Sl. No.	Name of the entity with Permanent Account Number Col 2	Artificial Trading in Well Pack within group (Sr. No.)
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		<b>Col 3</b>
1	AMAR PREMCHAND WALMIKI AAUPW9971A	Amar Walmiki traded with entities listed at the serial numbers in this table: 1,2,3,4,5,6,7,9,10,11,12,13,14,15,16,17,18,19,20, 21, 22,23,25
2	SAMIR SURESHBHAI SHAH AGEPS0157L	1,2,4,5,6,9,10,11,12,13,15,18,19,20,21,22
3	SAMIR SURESHBHAI SHAH (HUF) AAHHS5122G	1,4,5,10,11,12,15,16
4	PANDYA HARDIK M ARJPP6330Q	1,2,3,4,5,6,7,9,10,11,12,13,14,15,16,17,18,19,20,21,22, 24
5	PANDYA YAMINIBEN M APGPP6166F	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19, 20,21,22,24
6	SANTOSH VISHRAM GHADSHI AHNPG0002C	1,2,4,5,6,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,2 4,25
7	BHAVESH PRAKASH PABARI AKGPP8679N	1,4,5,7,10,12,17,19,21
8	RAMESHBHAI V PARMAR ASQPP5072M	5,10,12,13,15,16
9	BHARATKUMAR BALDEVBHAI PARMAR ARTPP9101B	1,2,4,5,6,9,10,11,12,13,14,15,16,17,18,19,20,21,23,25
10	SHOBHNABEN R PARMAR ASNPP5381N	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,22,2 3,24,25
11	ASHOKKUMAR BHIKHALAL PARMAR AOJPP8746B	1,2,3,4,5,6,9,10,11,12,13,14,15,16,17,18,19,20,21,22,25
12	LAXMAN DHIRUBHAI PARMAR ASNPP5380P	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,2 2,23,25
13	ADITI M GANDHI AKCPG0247R	1,2,4,5,6,8,9,10,11,12,13,14,15,16,17,18,19,20,22,23,24
14	MAYANK NAVNITBHAI GANDHI AKCPG0246Q	1,4,5,6,9,10,11,12,13,14,15,16,17,18,19,20,22,23,24,25
15	TUSHAR RAMESHBHAI PATEL AFVPP7625L	1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22, 23,25
16	VIPUL HIRALAL SHAH AZCPS9537P	1,3,4,5,6,8,9,10,11,12,13,14,15,16,17,18,19,20,22,25

17	KAUSHIK RAJNIKANT MEHTA ANNPM6298A	1,4,5,6,7,9,10,11,12,13,14,15,16,17,20,21,22
18	SUNIL BHANDARI ALZPB5747M	1,2,4,5,6,9,10,11,12,13,14,15,16,19,20,22,23
19	REKHA BHANDARI ALHPB9175D	1,2,4,5,6,7,9,10,11,12,13,14,15,16,18,20,21,23
20	SANTOSH DESHMAL OSWAL AAAPO2421P	1,2,4,5,6,9,10,11,12,13,14,15,16,17,18,19,21,22
21	MANOJ BHANDARI AGQPB7879L	1,2,4,5,6,7,9,11,12,15,17,19,20,21
22	RAJESH RAVINARAYAN HATI ACVPH5913N	1,2,4,5,6,10,11,12,13,14,15,16,17,18,20,22,23
23	DIPIKA DINESH KANKARIA AZGPK7183F	1,5,6,9,10,12,13,14,15,18,19,22,24,25
24	AVINASH BOTHRA AKFPB9350B	4,5,6,10,13,14,23,25
25	VISHAL PARE AOVPP9130K	1,5,6,9,10,11,12,14,15,16,23,24

13. Detailed analysis of the activity of the groups, scrip wise, is given below with focus on:

- i. The trading frequency,
- ii. The volumes generated including artificial, synchronized and wash trades,
- iii. Contribution to new price highs,
- iv. Buying behaviour as observed from the Last Traded Price (LTP) data,
- v. Indirect third party deliveries and
- vi. Influence on other investors.

**SCRIP: LGS (EXAMINATION PERIOD FEBRUARY 10, 2009 TO MAY 7, 2010)**

14. The contribution by the Pabari-Parikh group in the shares of LGS during the examination period, on a monthly basis, is given below:

**Table 5**

Sub- Periods	Total traded Volume (Col A)	Purchase Qty of Pabari-Parikh group (Col B)	Share of purchase qty to daily volume (%) (Col C) = Col B / Col A	Sell Qty of Pabari-Parikh group (Col D)	Share of sell qty to daily volume (%) (Col E) = Col D / Col A	Traded Qty among Pabari-Parikh Group- Artificial volume (Col F)	Share of Artificial volume to total volume (%) (Col G) = Col F / Col A	Average Close Price (Rs) (Col H)	Share of Volume of other persons in total volume (Col I = Col A – Col F)
10 Feb 2009 to 25 Feb 2009	49866	3674	7.37	0	0.00	0	0.00	25.17	49866
March-09	168296	14034	8.34	12025	7.15	2000	1.19	22.37	166296
April-09	354440	40984	11.56	44834	12.65	23731	6.70	32.04	330709
May-09	512903	109410	21.33	62453	12.18	11680	2.28	36.26	501223
June-09	1173333	428820	36.55	279215	23.80	245803	20.95	46.98	927530
July-09	1874564	931264	49.68	862762	46.02	715021	38.14	52.36	1159543
August-09	2027607	246747	12.17	209320	10.32	171506	8.46	71.46	1856101
Sept-09	1181187	337075	28.54	411926	34.87	294507	24.93	70.89	886680
October-09	2905720	1450094	49.90	1344158	46.26	801124	27.57	68.58	2104596
Nov-09	1992004	1371393	68.84	1330609	66.80	1144340	57.45	62.64	847664
Dec-09	2470338	1229020	49.75	1042099	42.18	831734	33.67	76.39	1638604
January-10	2408255	1816354	75.42	1475354	61.26	1380134	57.31	91.76	1028121
February-10	834702	716760	85.87	543180	65.07	481615	57.70	97.5	353087
March-10	846368	403707	47.70	327434	38.69	275761	32.58	100.2	570607
April-10	1070146	774419	72.37	633771	59.22	561200	52.44	105.2	508946
03-07 May	471623	278354	59.02	196123	41.58	122278	25.93	131.2	349345
<b>Total</b>	<b>20341352</b>	<b>10152109</b>	<b>49.91</b>	<b>8775263</b>	<b>43.14</b>	<b>7062434</b>	<b>34.72</b>		<b>13278918</b>

15. In the table above, Column A gives the month-wise traded volume of shares during the period from February 10, 2009 to May 7, 2010. Column B gives the purchase quantity of the Pabari-Parikh group; Column C, the buy contribution of the said group to the volumes; Column D gives the sell quantity of the group; Column E gives their sell contribution to the volumes; Column F gives the quantities of shares traded amongst the group members; Column G gives the Pabari-Parikh's contribution to the artificial volumes and Column H



gives the average closing price. As a sample, for the month of March 2009, the total volume of shares traded was 1,68,296 shares; the Pabari-Parikh group had purchased 14,034 shares (Column B) and sold 12,025 shares (Column D). The group had traded amongst themselves and generated a volume of 2000 shares. As the trading were among the group members, the volumes are *prima facie* artificial. Column H denotes average closing price during the corresponding period. Column C, G, E and I are derived values of percentage as shown above. Thus, during March 2009, the Pabari-Parikh group bought 8.34% of the total volume and sold 7.15% of the total volume and their trading among themselves (artificial volume) was 1.19% of the total traded volume. Column I denotes the interest shown by other investors through their traded volume in the scrip and is derived from market volume minus the artificial traded volume among the Pabari-Parikh group and is in terms of number of shares.

16. During the period, the share price went up from ₹26.30 to ₹ 132/- and was accompanied by rise in the traded volumes. As can be seen from the table above, the entities of the Pabari-Parikh group had together bought 1,01,52,109 shares (49.91% of trade volume) and sold 87,75,263 shares (43.14% of trade volume) out of a total of 2,03,41,352 shares traded at BSE over the examination period. In the anonymous order matching system of the stock exchanges, the probability of a fixed group of persons consistently becoming the counter parties to trades of a person is quite low. It was observed that as high as 69.57% of the total buy volume of the group matched with the sell orders of a group entity. Similarly, 80.48% of their sell volume matched with the buy orders within the group. As high as 70,62,434 shares which constitute 34.72% of total market volume, were traded only between the group entities. The said quantity has to be *prima facie* categorized as artificial volumes.

17. The said group's pattern of activity indicates that till May 2009, the Pabari-Parikh group was not trading actively in the scrip and there were no

instances of artificial volume creation between February 10, 2009 and February 25, 2009. Artificial trading was only 6.70% in April 2009 as a percentage of the total traded volumes. However, from June 2009 onwards, the group started actively trading among themselves; 2,45,803 shares were traded among the Pabari-Parikh group out of 11,73,333 shares traded in the market giving rise to 20.95% artificial volume. Between June 2009 and May 7, 2010, an average of 36.48% of the total traded volumes was due to artificial trades of the Pabari-Parikh group. Since the entities of an identified group were trading among themselves and creating volumes, it could be *prima facie* inferred that the volumes were artificial. In terms of absolute trading volumes in June 2009, the trades among the group members were 2,45,803 shares. In April 2010, it doubled to 5,61,200 shares. This sustained rise in the shares traded amongst the group members, produced signals that could have misled the market. The same is borne out by the trade data that the trading by other investors increased manifold to levels of 21,04,596 shares, 16,38,604 shares and 10,28,121 shares during the months of October 2009 to January 2010, as seen from the last column (Column I) in the table above, indicating that other investors had been induced to trade in the shares of LGS.

18. It was observed that, on a daily basis, the Pabari-Parikh group had traded on 244 trading days out of the total 301 trading days, of which on 116 trading days their purchases exceeded 50% of the total market volumes and on 86 days their sales exceeded 50% of the total market volumes. Further, their contribution to market volume was more than 70% on 70 occasions on the purchase side and 41 occasions on the sell side. On 18 days, the group had artificially contributed to more than 80% of the total trades. Out of the artificial trading for 70,62,434 shares done by the Pabari-Parikh group amongst themselves, 47.73% of these trades were through orders placed within less than one minute; further substantiating that these artificial trades were deliberate, structured and synchronized. The daily pattern and details of

synchronized trades are enclosed in **Annexure D1 and Annexure D2** respectively.

### **ESTABLISHMENT OF NEW HIGH PRICES AND CONTRIBUTION TO LTP**

19. While allegedly creating artificial volume, the Pabari-Parikh group also played an important role in contributing to the price rise. The analysis of the buying pattern of the group was done to determine as to whether they had established new high prices in the scrip during the relevant period. For the purpose of this Order, how the establishment of a 'new high' is reckoned is explained below:

The 1st High during the examination period is said to be made when the share price rises to a value greater than the LTP. The subsequent Highs are said to be made whenever the share price exceeds the previous High.

As an example, assuming that trades have taken place at the following prices (in ₹) in a particular scrip between 11:00 AM to 11:01 AM on February 1, 2010:

768, 766, 767, 769, 771, 767, 761, 771.50, 772, 763, 765, 762, 760, 769, 775, 779, 781, 771, 759 and 765 (LTP on the said date at 11:00 AM is 768)

The new Highs for the period (11AM-11:01AM) on the said trade day would be: 769, 771, 771.50, 772, 775, 779, 781. The Total Number of instances of establishing New Highs is 7.

The following are the rules for the calculation of the contribution to establishing New Highs are:

Contribution of a Client to making a new High = New High made by the Client - Previous High of the Security. For e.g., 769-768=₹1.

Total Contribution of the Client = Sum of the Client Contributions to making each of the New Highs

Total Contribution of the market to making new High = Maximum price during the period specified - Price at the start of the period. For e.g. 781-768=₹13

If the client trades established the New Highs of 769, 775 and 781, then the client contribution is ₹6 out of the New Highs of ₹13.

20. Applying the above, it was observed that during the period February 10, 2009 till May 7, 2010, out of a total of 380 instances of trades establishing new highs, the Pabari-Parikh group established new highs on as many as 162 instances or 42.5% of the instances. Over the examination period, the contribution of the Pabari-Parikh group in establishing new highs was ₹42.95 out of a total price rise of ₹113.65, which is significant. These details *prima facie* go to establish that their manipulative practices were instrumental in establishing new high prices. The details of the new highs are shown in **Annexure E**.

21. Contribution to LTP: For the purpose of clarity, the manner of ascertaining LTP and the contribution to LTP is explained below:

- The variations are the price difference between the Current Trade Price and the Last Traded Price.
- The price difference is arrived at by subtracting the LTP from the Current Trade Price.
- The Positive and negative variations are aggregated together to calculate overall contribution.
- % Positive/Negative/Overall LTP Contribution is calculated as the actual Positive/Negative /Overall LTP Contribution of the Client as a percentage of Positive/Negative/Overall LTP Contribution in the scrip during the selected period.

The trade data for changes in the LTP between February 10, 2009 (when price was ₹25.75) and May 7, 2010 (price of ₹131.50) was analysed. By analyzing the trades where the Pabari-Parikh group had bought at a price higher than the LTP, it was observed that, on a gross basis, (positive LTP), the Pabari-Parikh group contributed to a price increase of ₹1627.95, which is 25.45% of the total positive LTP (₹ 6395.85, which includes trades establishing new highs i.e. ₹

113.65). Similarly, on analyzing the trades where the Pabari-Parikh group had, on a gross basis, bought at a price lower than the LTP (negative LTP), it was observed that the Pabari-Parikh group contributed to a negative LTP of ₹1008.50, which is 16.03% of the total market wide negative LTP (₹6290.10). The net impact of this analysis is that in its trading the group was found to be exerting an upward pressure on the price as a buyer, an act that is contrary to the normal economic rationale of a buyer in the market. The details of contribution to price for a sample of entities belonging to the Pabari-Parikh group are as under:

**Table 6**

Name	PAN NO.	Sum of positive LTP (₹)	No. of positive Instances	Sum of negative LTP (₹)	No. of negative Instances	Net LTP (₹)
ANKIT R SANCHANIYA	BLNPS3316L	241.10	524	-121.55	399	119.55
BHARAT G VAGHELA	ADYPV0844N	170.10	230	-142.25	385	27.85
BHARAT SHANTILAL THAKKAR	AAZPT9542R	484.00	1150	-271.95	881	212.05
BHAVESH PRAKASH PABARI	AKGPP8679N	125.00	306	-79.3	232	45.70
BIPIN JAYANT THAKER	ABYPT4984H	81.90	236	-31.3	111	50.60
HEMANT MADHUSUDAN SHETH	ANOPS8607E	205.50	654	-142.55	455	62.95
<b>Total</b>		<b>1627.95</b>	<b>3840</b>	<b>-1008.5</b>	<b>3155</b>	<b>619.45</b>

22. On the basis of LTP analysis summarized in the Table above, , it can be seen that Mr. Ankit Sanchaniya had contributed to price rise on 524 instances by placing orders above LTP and had contributed to a fall in price in 399 instances. His net LTP contribution is ₹ 119.55 indicating that he has generally contributed to the price rise. The individuals listed in the table above, who are the members of the Pabari-Parikh group have contributed on a net basis ₹ 619.45 (₹1627.95-₹1008.50). Thus, overall, it can be noticed that the members of the Pabari-Parikh group has contributed to the price rise in the shares of LGS in a very significant manner.

## OFF-MARKET DEALS

23. From the examination of the material collected, it is seen that the Pabari-Parikh group had indulged in off-market transfer of 8,43,551 shares of LGS amongst themselves [Source: data from Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL)] during the period February 10, 2009 till June 30, 2010. The extent of such large off-market transfers of shares also *prima facie* indicates the depth of relationship between the Pabari-Parikh group entities. The details of such off-market transfers of shares are enclosed in **Annexure F**.

## WASH TRADES

24. The data for the period - February 10, 2009 to May 07, 2010 was also analysed to find whether the Pabari-Parikh group had entered into any wash trades. Wash trades refer to those fictitious trades, where the buyer and seller for the same trade are one and the same. On analysis, it was found that in 247 trades for 7,94,609 shares, the buyer and the seller were the same entity of the Pabari-Parikh group. Thus, the Pabari-Parikh group has indulged in executing wash trades and the quantity of shares so traded constituted 11% of the volumes traded among the group entities. The instances of such wash trades are placed in **Annexure G**. These wash trades further corroborate the *prima facie* manipulative intent of the Pabari-Parikh group while dealing in the shares of LGS. Further, it was observed that during the aforesaid examination period, there were 31 trades for 38,660 shares where the Pabari-Parikh group entities had entered into wash trades through the same stock broker, Arcadia Share and Stock Broking Limited. Both the buy and sell orders were placed from the same location id. These instances raise serious concern about the ability of the concerned stock broker to ensure that the trading platform is not used for any

manipulative purposes. The role of the aforesaid stock broker would be examined in the investigation ongoing in this matter.

**SCRIP: SPECTACLE (EXAMINATION PERIOD - MAY 29, 2010 TO APRIL 30, 2010)**

25. The month-wise details of the buy-sell quantities of the Pabari-Parikh group, their contribution to the market volumes, and the volume of trading amongst themselves (alleged artificial volumes) during the examination period on BSE is given in the table below:

**Table 7**

Sub- Periods	Total traded Volume (Col A)	Purchase Qty of Pabari-Parikh group (Col B)	Share of purchase qty to daily volume (%) (Col C) = Col B / Col A	Sell Qty of Pabari-Parikh group (Col D)	Share of sell qty to daily volume (%) (Col E) = Col D / Col A	Traded Qty among Pabari-Parikh Group- Artificial volume (Col F)	Share of Artificial volume to total volume (%) (Col G) = Col F / Col A	Average Close Price (Rs) (Col H)	Share of Volume of other persons in total volume (Col I)=(Col A- Col F)
29 May to 30 June 09	13886362	7532681	54.25	1216891	8.76	451307	3.25	54.72	13435055
July-09	12925353	9087237	70.31	7006334	54.21	5199171	40.22	45.51	7726182
August-09	17588352	12263514	69.73	7659509	43.55	5149037	29.28	41.53	12439315
Sept-09	18996968	13544694	71.30	10207769	53.73	7443871	39.18	52.82	11553097
October-09	7888952	6717086	85.15	5325866	67.51	4502088	57.07	63.95	3386864
Nov-09	11426826	10322493	90.34	7287587	63.78	6517528	57.04	71.26	4919716
Dec-09	16627335	14858583	89.36	13971212	84.03	12348545	74.27	76.58	4278790
January-10	20386021	15196412	74.54	13875026	68.06	11553730	56.67	82.77	8832291
February-10	15836615	13391416	84.56	12531914	79.13	11240624	70.98	85.68	4595991
March-10	17944058	14851569	82.77	14922071	83.16	13495434	75.21	97.78	4448624
April-10	15197781	10479971	68.96	11608286	76.38	8816538	58.01	119.9	6381243
<b>Total</b>	<b>168704623</b>	<b>128245656</b>	<b>76.02</b>	<b>105612465</b>	<b>62.60</b>	<b>86717873</b>	<b>51.40</b>		<b>81997168</b>

26. During the examination period, the daily closing price of the scrip initially fell from ₹66.90/- in May 2009 to ₹41/- in July 2009. During this period, the Pabari-Parikh group was buying shares and therefore they were not accounting for any significant volume on the sell side as seen from the above table. Over the entire period, the related and connected entities have together bought

12,82,45,656 shares (accounting for 76.02% of the total traded volumes) and sold 10,56,12,465 shares (constituting 62.60% of the trades volumes) out of the total 16,87,04,623 shares traded at BSE. It was further observed that as high as 67.62% of the total buy orders of a group entity matched with the sell orders of another group entity. Similarly, 82.11% of their sell volume matched with the buy orders within the group. In total, 8,67,17,873 shares constituting 51.40% of total market volume, were traded only among the group entities. In the anonymous order matching system of the stock exchanges, buyer or the seller would not know the counterparty and the chance of a fixed group of persons to consistently become counter parties, is therefore quite low. Since the buyers and the sellers are members of the group, the trades which had matched amongst themselves can *prima facie* be categorized as artificial. From July 2009 till the end of the examination period i.e. till April 30, 2010 while the share price rose and closed at ₹ 118.15, the Pabari-Parikh group created artificial volumes of around 55.72% of the total market volumes indicating *prima facie*, their focused efforts to generate volumes.

27. It was further observed that, on a daily basis, the Pabari-Parikh group had traded on all 228 days during the period between May 29, 2009 and April 30, 2010. On 210 occasions, the purchase of the group as against the total traded volumes for the day was more than 50%. On 163 trading days, the selling of the group to the total traded volumes was again more than 50%. Their contribution to market volume was more than 70% on 159 occasions on the purchase side and 109 occasions on sell side and on 44 days more than 80% of trading appeared to be artificially created by the group. In other words, more than half of the traded volumes over nearly one year of trading were among the members of the group, which underlines their significance and contribution to the trading in the scrip. Further, out of the trading for 8,67,17,873 shares executed by the Pabari-Parikh group amongst themselves, orders which culminated in trades for 3,20,04,286 shares comprising 36.91% of those trades,



were through orders placed within less than one minute. The said pattern further substantiates the *prima facie* view that their trading was deliberate, structured and synchronized. The daily pattern and details of such alleged synchronized trades are enclosed in **Annexure H1 and Annexure H2** respectively.

## **ANALYSIS OF TRADES ON NSE**

28. The shares of Spectacle were listed on NSE on March 9, 2010. The analysis of the trades on NSE from March 09, 2010 to April 30, 2010 indicates that the Pabari-Parikh group had traded on all the 36 trading days. On a daily basis, it was observed that on 28 occasions, the purchase of the group to the total traded volumes for the day was more than 50% and on 24 trading days, the selling of the group to the total traded volumes was more than 50%. Further, their contribution to the total market volumes was more than 70% on 29 occasions on purchase and sell sides. The above related and connected entities have together bought 1,64,52,044 shares (constituting 72.98% of the traded volumes) and sold 1,78,92,579 shares (accounting for 79.37% of the traded volumes) out of the total 2,25,42,636 shares traded at NSE. It was observed that about 85% of the group's total buy volume and 78% of their sell volume of 1,41,58,975 shares (62.81% of total market volume) were traded among themselves during the examination period. Therefore, it can be seen that even at NSE, 62.81% of the trading was amongst the group entities, which illustrates that their contribution and volumes were *prima facie* artificial in nature. It was also noticed that out of the trading for 1,41,58,975 shares executed by the Pabari-Parikh group amongst themselves, trades for 63,67,301 shares comprising 44.97% of their trades were through buy-sell orders placed within less than a minute. The said pattern further supports the *prima facie* view that their trades could be structured and synchronized. The daily pattern and the

details of synchronized trades (consolidated) are enclosed in **Annexure I1 and Annexure I2**, respectively.

## **ESTABLISHMENT OF NEW PRICE HIGH AND CONTRIBUTION TO LTP**

29. **Analysis of data from BSE:** Analysis of the buying pattern of the group was also conducted in respect of their trades at BSE to determine whether the group had contributed in establishing new high prices. While doing so, it was observed that during the period July 30, 2009 (the price was a low at ₹41.95) till April 30, 2010, out of 537 trades establishing new high prices, the Pabari-Parikh group was found to have been responsible for establishing new high prices on as many as 182 instances or one-third of the instances over the examination period. The contribution of the Pabari-Parikh group in establishing new high prices was ₹40 out of the total price rise of ₹81.35, which is about 50%. Their contribution to the new high prices leads to an inference that the Pabari-Parikh group had traded in a manner with an objective of increasing the share price and the trading volumes. On analysis of the LTP data for the period between June 29, 2009 (when price was ₹47) and April 30, 2010 (when price was ₹118.15) at BSE, it was observed that the Pabari-Parikh group had contributed to the price increase of ₹2160.40 which is 40.25% of the total market wide positive LTP (which was ₹ 5367.20). Similarly, on a gross basis, on analyzing the trades where the Pabari-Parikh group had bought at a price lower than the LTP (negative LTP), it was observed that the group contributed to a negative LTP of ₹1581.05 which is 29.85% of the total market wide negative LTP of ₹ 5297.05). Thus, overall on a net basis, the Pabari-Parikh group has contributed cumulatively to the price increase of ₹ 579.35 (₹2160.40-₹1581.05). Here too, the entities of the said group were acting against the accepted economic rationale that a buyer would always want to purchase at the least price available. The details of the establishment of new high prices and the LTP are given in **Annexure J1 and Annexure J2** respectively.

30. **Analysis of data from NSE:** SEBI also analyzed the trade data in the scrip at NSE to find out whether there was any effort by the group to establish new high prices. It was observed that during the period March 09, 2010 till April 30, 2010, out of 127 trades establishing new price highs, the Pabari-Parikh group established new high prices on as many as 30 instances. The contribution of the Pabari-Parikh group in establishing new highs was ₹ 6.20 out of a total of ₹ 29.55 during the period of trading at NSE. The LTP analysis between March 9, 2010 (when price was ₹ 100.95) and April 30, 2010 (price was ₹118.10) at NSE, revealed that on a gross buy basis, the Pabari-Parikh group contributed to a price increase of ₹ 533.50 which is 22.39% of the total market wide positive LTP (of ₹ 2382.80). Similarly, on a gross basis, it was observed that the Pabari-Parikh group contributed to a negative LTP of ₹370.60 which is 15.67% of the total market wide negative LTP (₹2365.65). Thus, overall on a net basis, the Pabari-Parikh group has contributed cumulatively to the price increase of ₹162.90 (₹533.50-₹370.60). The details of new high prices established and the LTP are given in **Annexure K1 and Annexure K2**, respectively.

## **OFF-MARKET DEALS**

31. From the information provided by the depositories, it was observed during the period May 29, 2009 to June 30, 2010, there were off-market transfer of 3,60,61,032 shares of Spectacle between the Pabari-Parikh group entities. The lists of such off-market transfer of shares are shown in **Annexure L**. It was also observed that in many cases, shares were being received off-market from the members of the group for the sole purpose of satisfying the pay-in obligations to the stock exchange. The same indirectly constitutes a violation of the rules for delivery or pay-in of shares. More importantly, it highlights the extent of collaboration between members of the group and therefore

strengthens the *prima facie* view of SEBI of intra-group nexus, precluding any possible defence of independent trading by the entities of the group. Instances of these cycles of off-market transfers in order to meet pay-in obligations are given in **Annexure M** with a couple of examples shown in Table below:

**Table 8**

Transaction Date	Nature of transaction	Qty	Seller Client	Buyer Client	Remarks
29-Jul-09	Off Market Transfer	150000	Raj Nandi Yarns Pvt. Ltd.	Bhavesh Pabari	Cycle 2
29-Jul-09	Market Transaction	150000	Bhavesh Pabari	Delivered for Pay-in	
20-Aug-09	Off Market Transfer	200000	Raj Nandi Yarns Pvt. Ltd.	Bhavesh Pabari	Cycle 4
20-Aug-09	Market Transaction	200000	Bhavesh Pabari	Delivered for Pay-in	

## WASH TRADES

32. It was observed that there were 2,369 trades for 77,49,418 shares, which were in the nature of wash trades. Both the buyer and the seller were found to be the same entity of the Pabari-Parikh group. The said alleged wash trades constituted 8.94% of the total shares traded amongst the group entities. Such instances are given in **Annexure N**. Further, it was observed that during the examination period, there were 389 trades for 2,83,546 shares, where the Pabari-Parikh group entities had entered into wash trades through the same stock broker, with both the buy and sell orders placed from the same location id. It was observed that the 350 trades were executed only through two stock brokers whose details are given below. Out of the 350 trades, 313 trades for 2,49,340 shares were executed through the stock broker, Arcadia Shares & Stock Brokers Limited:

**Table 9**

Name of broker	Number of trades	Quantity of shares traded
AMI STOCK AND SHARE BROK	37	9,121
ARCADIA SHARE & STOCK BRO	313	2,49,340

<b>Grand Total</b>	350	2,58,461
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The substantial number of instances raises serious concerns about the possible connivance of the concerned stock brokers especially that of Arcadia Share, & Stock Brokers Limited, in assisting the group in their alleged malafide purpose through the deliberate and intentional misuse of the trading platforms. At NSE, it was observed that there were 105 trades for 2,02,720 shares were in the nature of wash trades where the same entity in the Pabari-Parikh group is both the buyer and the seller. Further, it was observed that there were 75 trades amounting to 14,081 shares where the Pabari-Parikh group entities had entered into wash trades were through the same broker Arcadia Share & Stock Brokers Private Limited. The details of such wash trades are placed in **Annexure O**.

**SCRIP: GOLDSTONE (EXAMINATION PERIOD - JANUARY 21, 2009 TO APRIL 13, 2010)**

33. **Analysis of data at BSE:** The quantity of shares purchased and sold, their contribution to the market volumes and the quantum of alleged artificial trades of the Pabari-Parikh group at BSE, month-wise, is given in the table below:

**Table 10**

Sub- Periods	Total traded Volume (Col A)	Purchase Qty of Pabari-Parikh group (Col B)	Share of purchase qty to daily volume (%) (Col C) = Col B / Col A	Sell Qty of Pabari-Parikh group (Col D)	Share of sell qty to daily volume (%) (Col E) = Col D / Col A	Traded Qty among Pabari-Parikh Group- Artificial volume (Col F)	Share of Artificial volume to total volume (%) (Col G) = Col F / Col A	Average Close Price (Rs) (Col H)	Share of Volume of other persons in total volume (Col I)=(Col A- Col F)
21 Jan 2009 to 30 Jan 2009	193910	84581	43.62	36246	18.69	96	0.05	26.67	193814
February-09	590533	157707	26.71	36220	6.13	20240	3.43	20.54	570293
March-09	801972	147574	18.40	77601	9.68	76000	9.48	12.64	725972
April-09	1142550	343500	30.06	376436	32.95	309107	27.05	15.95	833443
May-09	993310	152033	15.31	105274	10.60	52345	5.27	24.93	940965

June-09	1284814	323061	25.14	281486	21.91	270905	21.09	37.12	1013909
July-09	1215812	625384	51.44	559578	46.03	541264	44.52	32.01	674548
August-09	941346	302801	32.17	316901	33.66	296288	31.47	27.35	645058
September-09	3016877	2289156	75.88	2260097	74.92	2153571	71.38	29.57	863306
October-09	2744882	2084120	75.93	2110154	76.88	2007458	73.13	27.95	737424
November-09	2848544	2418618	84.91	2416047	84.82	2354573	82.66	25.80	493971
December-09	4280273	1080998	25.26	1090689	25.48	1040393	24.31	31.00	3239880
January-10	4647427	1236038	26.60	1075995	23.15	930343	20.02	35.80	3717084
February-10	4819908	1216450	25.24	1225676	25.43	1175006	24.38	37.25	3644902
March-10	2078500	506254	24.36	642339	30.90	488965	23.52	32.96	1589535
01 April 10 to 13 Apr 10	667380	99896	14.97	175674	26.32	75895	11.37	29.75	591485
<b>Total</b>	<b>32268038</b>	<b>13068171</b>	<b>40.50</b>	<b>12786413</b>	<b>39.63</b>	<b>11792449</b>	<b>36.55</b>		<b>20475589</b>

As can be seen from the above table, the average closing price started decreasing (from ₹ 26.67 to ₹ 12.64) between January and March 2009 when it reached half its earlier level. During this period, the Pabari-Parikh group appeared to have tried to support the price by buying heavily. Thus, in February 2009, 26.71% of the buy volume was contributed by the Pabari-Parikh group. From April 2009 till April 2010, the Pabari-Parikh group traded heavily amongst themselves, thereby allegedly creating artificial volumes. Between June 2009 and March 2010, the price of the scrip was range bound between monthly averages of ₹ 32.01 to ₹ 32.96. During this period (between June 2009 and March 2010), the Pabari-Parikh group had traded in 1,12,58,766 shares amongst themselves, contributing to 40.38 % of the total traded volumes. Since, the volume contribution was mainly on account of trading amongst themselves, the said group allegedly created artificial volumes to the extent of 40% of the total volumes and thereby the Pabari-Parikh group was effective in maintaining the share price within a narrow range. Average monthly trading volume between December 2009 to March 2010 was higher at 39,56,527 shares while the average trading volume from July 2009 to November 2009 was 21,53,492 shares. However, the artificial volume from July 2009 till November 2009 ranged from 31.47% to 82.66% whereas the artificial volume during December

2009 to March 2010 ranged from 20.02% to 24.38%. Thus , trading volumes in the months of December 2009 to March 2010 were higher as compared to the preceding five months of July to November 2009, but the alleged artificial volumes generated by the group during December 2009 till March 2009 were lower than that of the period July to November 2009. This unambiguously indicates the surge of interest in the scrip from other investors during the December 2009-March 2010 period. This is vividly borne out from the absolute figures of trading in the last column of Table 10, for 'trading by other investors' with actual volumes ranging from 15.9 lakh - to 37.1 lakh shares, as compared to a much lower range of 4.9 lakh to 8.6 lakh shares for the period between July to November 2009. It was further observed that between January 21, 2009 and April 13, 2010, the Pabari-Parikh group traded on 167 days out of the total 297 trade days. On 79 occasions, out of these, the contribution of the entities of the group to the day's purchase volume was more than 50%. On 50 trading days, their contribution to the day's sell volume was more than 50%. Further, their contribution to market volume was more than 70% on 73 occasions on the purchase side and 49 occasions on the sell side. On 31 days, their contribution to market volume was over 80%. It was noticed that the allegedly related and connected entities have together bought 1,30,68,171 shares (40.50% of traded volumes) and sold 1,27,86,413 shares (39.63% of the traded volumes) out of the total of 3,22,68,038 shares traded at BSE. It was further observed that as high as 90.24% of their total buy volumes matched with the corresponding sell orders of another group entity. Similarly, 92.23% of their sell volumes matched with the buy orders placed by a group entity. The result of this pattern of trading was that 1,17,92,449 shares which constituted 36.55% of total market volume during January 21, 2009 and April 13, 2010, were traded only among the group entities. Therefore, the same can be *prima facie* categorized as artificial volumes. Further, out of 1,17,92,449 shares traded by the Pabari-Parikh group amongst themselves during January 21, 2009 till April 13, 2010, 42.11% of

these trades (49,66,201 shares) were through orders placed within less than one minute. The said facts substantiate the *prima facie* view of SEBI that the trades executed deliberately in a structured and synchronized manner. The daily pattern and details of synchronized trades (consolidated) are enclosed in **Annexure P1 and Annexure P2** respectively.

### **OFF-MARKET DEALS**

34. During the period November 01, 2008 till April 30, 2010, it was observed that there were off-market transfer of 10,32,688 shares between the Pabari-Parikh group entities. The extent of such large off-market transfer of shares would indicate the depth of relationship between the Pabari-Parikh group entities. The list of such off-market transfers are given in **Annexure Q**.

### **WASH TRADES**

35. The analysis of the trade data for the period between January 21, 2009 and April 13, 2010 at BSE, brought out that there were 204 trades for 13,73,876 shares in the nature of wash trades. The buyer and the seller in those trades were found to be the entities of the Pabari-Parikh group. The volumes of such wash trades accounted for 11.65% of the total shares traded amongst themselves. These wash trades corroborate the manipulative intent of the Pabari-Parikh group entities. Instances of the same are placed in **Annexure R**.

36. **Analysis of data at NSE:** The analysis of data at NSE for the period January 28, 2009 till April 13, 2010 indicates that the group had bought 20,66,282 shares and sold 20,55,506 shares. It was further observed that orders culminating into trades for as high as 63.24% of their total buy volumes matched with the corresponding sell orders of another group entity. Similarly, 63.57% of their sell volumes matched with the buy orders within the group. Further, 13,06,652 shares which constituted 40% of the total traded volumes were traded only amongst the group entities. Therefore, it *prima facie* appears to



be artificial volumes. Further, it was also observed that there were wash trades for 2,34,557 shares, which is around 17.9% of the trades executed amongst the group entities. While the group's activity at NSE was not that significant (since they traded on only 50 trading days), yet on those trade days, more than half of their trades were amongst the group entities and around 17.9% of the trades among themselves were in the nature of wash trades. The daily pattern and details of synchronized trades (consolidated) are enclosed in **Annexure S1** and **Annexure S2** respectively.

**SCRIP: GEMSTONE (EXAMINATION PERIOD - JANUARY 1, 2009 TO DECEMBER 30, 2009)**

37. The contribution of the Pabari-Parikh group at BSE in the shares of Gemstone, month-wise, is given in the table below. The activities of the Pabari-Parikh group needs to be seen in the light of the connection between Mr. Narendra Ganatra (the Managing Director of Gemstone, Source: BSE website) and Mr. Bhavesh Pabari. It has been already observed above that the facts and circumstances raised a serious concern as to whether the directors/promoters of Gemstone were involved in the alleged manipulation of the shares of Gemstone.

**Table 11**

Sub- Periods	Total traded Volume (Col A)	Purchase Qty of Pabari-Parikh group (Col B)	Share of purchase qty to daily volume (%) (Col C) = Col B / Col A	Sell Qty of Pabari-Parikh group (Col D)	Share of sell qty to daily volume (%) (Col E) = Col D / Col A	Traded Qty among Pabari-Parikh Group-Artificial volume (Col F)	Share of Artificial volume to total volume (%) (Col G) = Col F / Col A	Average Close Price (Rs) (Col H)	Share of Volume of other persons (Col I)=(Col A- Col F)
01 Jan 2009 to 28 Jan 2009	11104	10450	94.11	10000	90.06	10000	90.06	25.82	1104
February-09	307230	269197	87.62	265422	86.39	255178	83.06	23.76	52052
March-09	1317744	536947	40.75	826818	62.74	159868	12.13	23.74	1157876
April-09	1106706	365734	33.05	869674	78.58	274043	24.76	23.09	832663
May-09	274104	191500	69.86	247008	90.11	189532	69.15	24.43	84572

June-09	409863	99487	24.27	359933	87.82	75820	18.50	22.42	334043
July-09	501491	243301	48.52	347730	69.34	151784	30.27	23.73	349707
August-09	156004	32423	20.78	58400	37.43	12300	7.88	23.57	143704
September-09	434672	52646	12.11	185922	42.77	18124	4.17	34.65	416548
October-09	207430	33070	15.94	149869	72.25	11044	5.32	37.43	196386
November-09	149868	48885	32.62	29161	19.46	1744	1.16	56.10	148124
December-09	84036	40024	47.63	29970	35.66	21694	25.82	65.30	62342
<b>Total</b>	<b>4960252</b>	<b>1923664</b>	<b>38.78</b>	<b>3379907</b>	<b>68.14</b>	<b>1181131</b>	<b>23.81</b>		<b>3779121</b>

38. It was found that there was hardly any trading in the shares of Gemstone during January 2009 (excluding the volumes traded by the Pabari-Parikh). In January 2009, the Pabari-Parikh group created volumes of 90.06% of the total traded volumes by trading among themselves. Since, the trading was amongst the group entities, their contribution could be *prima facie* said to be artificial. Thereafter, till July 2009, while the price remained range bound between ₹ 25.82 to ₹23.57 (considering the monthly average), the Pabari-Parikh group created volumes by trading extensively among them. For example, during February 2009, the group created artificial volumes to the extent of 83.06% of total traded volumes while in May 2009, they contributed to 69.15% of the total volumes. Thereafter, between August 2009 and November 2009, even while the price started increasing, the Pabari-Parikh group started selling shares, the buyers being found to be unconnected. The Pabari-Parikh group resumed trading in December 2009 contributing to 25.82% of the total volumes. From the date-wise breakup of their transactions on a daily basis between January 1, 2009 and December 2009, it was observed that the Pabari-Parikh group had traded on 176 trading days out of the total 226 days. On 89 and 93 trading days respectively their purchases and sales exceeded 50% of the total market volumes. Their contribution to market volume was more than 70% on 67 occasions on the purchase side and 77 occasions on the sell side. The allegedly related and connected entities have together bought 19,23,664 shares (38.78% of the traded volumes) and sold 33,79,907 shares (around 68.14% of the traded volumes) out of the total 49,60,252 shares traded at BSE. It was

further observed that as high as 61.40% of their total buy volume matched with the sell orders of another group entity. Similarly, 34.95% of the group's sell volumes matched with the buy orders placed by another group entity. In all, 11,81,131 shares constituting 23.81% of the total market volumes, were traded only amongst the group entities. Therefore, the trade *prima facie* said to be artificial. It was also noticed that on 24 trade days, the group's trading among themselves contributed to more than 80% of the market volume. Such details are enclosed in **Annexure T**.

### **ESTABLISHMENT OF NEW HIGH PRICES AND LTP**

39. While allegedly creating artificial volumes, the Pabari-Parikh group was also found to have played an important role in contributing to the price increase in the shares of Gemstone. The analysis of the buying pattern of the group was done to determine whether they had contributed in establishing prices which were new highs. It was observed that during the period February 2, 2009 (when the price was as low as ₹ 20.75) till November 27, 2009 (the price was at a high of ₹ 82.25), out of a total of 61 instances of trades establishing new highs, the Pabari-Parikh group was found to have contributed to new price highs on as many as 22 instances. It was observed that the contribution of the Pabari-Parikh group, over the period, in establishing new high prices was as much as ₹13.35 out of a total of ₹61.5 (₹82.25-₹20.75). The data on LTP between January 6, 2009 (when price was Rs 28.20) and December 31, 2009 (price was Rs 61.50) at BSE was analysed. It was noticed that the Pabari-Parikh group had bought at a price higher than LTP (positive LTP) and that they had contributed to the price increase of ₹ 314.65 which is 37.07% of the total market wide positive LTP (of ₹ 848.75). Similarly, on a gross sell basis, it was observed that the Pabari-Parikh group had contributed to a negative LTP of ₹90.15 which is 11.06% of the total market wide negative LTP (of ₹815.45). Thus, overall on a net basis, the Pabari-Parikh group had contributed cumulatively to a price

increase of ₹ 224.50 (₹314.65-₹90.15). The details of price contribution by a few of the entities belonging to the Pabari-Parikh group are as under:

**Table 12**

Name	PAN	Sum of positive LTP	No of positive instance	Sum of negative LTP	No of negative instances	Net LTP
BHAVESH PABARI	AKGPP8679N	130.90	184	-30.70	104	100.20
PREM MOHANLAL PARIKH	ALHPP3489N	69.60	129	-28.50	71	41.10
ANKIT SANCHANIYA	BLNPS3316L	40.70	67	-9.40	29	31.30
BIPIN JAYANT THAKER	ABYPT4984H	24.75	32	-1.55	4	23.20
MALA HEMANT SHETH	AZXPS0694J	11.50	24	-3.05	15	8.45

The details of new high prices and LTP are given in **Annexures U1 and U2** respectively.

## **OFF-MARKET DEALS**

40. From the information received from the depositories, it was found that for the period between November 1, 2008 and April 30, 2010, the Pabari-Parikh group entities had indulged in off-market transfer of 13,78,983 shares. The extent of such large off-market transfer of shares reinforces the *prima facie* view of SEBI that such entities are connected/linked with each other. The list of off-market trades is given in **Annexure V**.

## **WASH TRADES**

41. Further, the examination also revealed that during the period January 1, 2009 till December 30, 2010, the Pabari-Parikh group had executed 41 trades involving 98,717 shares in the nature of wash trades. The said volume constitutes 8% of the total shares traded amongst the group. Instances of this are in **Annexure W**.

## **NEGLECTIBLE PROMOTER HOLDING**

42. A perusal of the quarterly shareholding pattern of Gemstone, uploaded in the website of BSE indicates that over a period of time, its promoters have significantly reduced their holdings and were holding only around 1.22% equity of the company as on the quarter ended December 2008. Their stake further reduced to 0.49% as on the quarter ended December 2009. As on the quarter ended December 2008, the major shareholders were the stock brokers viz: AMI Stock & Share Brokers Private Limited holding 12.63% of equity; Arcadia Shares and Stock Brokers Private Limited holding around 20.99% of the capital. Further, the entities *prima facie* identified as Pabari related entities viz. Mr. Bhavesh Pabari, Mr. Bharat Shantilal Thakkar, Mr. Bhupesh Rathod, Mr. Hemant Sheth and Ms. Mala Hemant Sheth collectively held 21.84% equity of the company. Given the fact that the alleged wash trades were executed through the aforesaid stock brokers, as brought out in the preceding paragraphs and the substantial shareholding of these stock brokers in the company, the connivance of the parties and the said stock brokers would require a detailed inquiry.

## **SCRIP: WELL PACK (EXAMINATION PERIOD - NOVEMBER 28, 2008 TO JUNE 30, 2010)**

43. In Well Pack, it is *prima facie* observed that the dominant role was played by the Walmiki-Shah group with the Pabari-Parikh group playing a supporting role. It is revealed that the said company had announced a stock split (in the ratio 1:10; a share of face value of Rs 10 was split into 10 shares of value Rs 1) and bonus issue (in the proportion of three equity shares for every four existing equity shares held) in its filing to BSE on January 25, 2010. March 17, 2010 was fixed as the Record Date for the stock split and the bonus issue. During the pre-bonus and stock split period (November 28, 2008 to March 12, 2010), the

price of the scrip rose from ₹ 9.54 to ₹ 499.45. During the period post bonus issue (March 15, 2010 till June 30, 2010), the price moved from ₹ 29.20 to ₹ 73.90. The volumes contributed by both the groups on monthly basis in the shares of Well Pack for the captioned period is given below:

**Table 13**

Sub- Periods	Total traded Volume (Col A)	Purchase Qty of Walmiki-Shah group (Col B)	Share of purchase qty to daily volume (%) (Col C) = Col B / Col A	Sell Qty of Walmiki-Shah group (Col D)	Share of sell qty to daily volume (%) (Col E) = Col D / Col A	Traded Qty among Walmiki-Shah Group-Artificial volume (Col F)	Share of Artificial volume to total volume (%) (Col G) = Col F / Col A	Average Close Price (Rs) (Col H)	Share of Volume of other persons in total volume (Col I)=(Col A -Col F)
December-08	971685	628402	64.67	549310	56.53	284819	29.31	16.17	686866
January-09	4236299	2677389	63.20	2231186	52.67	1303759	30.78	40.09	2932540
February-09	1908195	915601	47.98	800807	41.97	164168	8.60	65.99	1744027
March-09	2242325	1754077	78.23	633018	28.23	472780	21.08	106.83	1769545
April-09	880618	587799	66.75	396633	45.04	283990	32.25	151.13	596628
May-09	922358	621313	67.36	326988	35.45	216432	23.47	144.48	705926
June-09	1838166	1383795	75.28	533298	29.01	434532	23.64	158.68	1403634
July-09	3082492	1888922	61.28	1243443	40.34	819808	26.60	160.19	2262684
August-09	3636860	2274698	62.55	1756509	48.30	1156870	31.81	167.58	2479990
September-09	3617269	2214438	61.22	1523330	42.11	1004584	27.77	239.07	2612685
October-09	2491996	1833792	73.59	1155792	46.38	918050	36.84	273.00	1573946
November-09	3133454	1927576	61.52	1616927	51.60	992172	31.66	289.38	2141282
December-09	4897800	3365939	68.72	3064959	62.58	2174059	44.39	335.08	2723741
January-10	5779907	3989034	69.02	3668778	63.47	2428525	42.02	400.49	3351382
February-10	6650479	4518244	67.94	4224326	63.52	2949695	44.35	436.29	3700784
March 01, to March 12,	3795145	2495312	65.75	2395737	63.13	1622254	42.75	469.22	2172891
<b>Post Split</b>									
March 15, to March 31,	42784807	20477249	47.86	24575831	57.44	10905763	25.49	27.89	31879044
April-10	68316042	44315493	64.87	43574364	63.78	29174519	42.71	26.36	39141523
May-10	76601071	50278561	65.64	47005552	61.36	29892275	39.02	33.51	46708796
June-10	66875823	39498238	59.06	37566327	56.17	20163398	30.15	55.65	46712425
<b>Total</b>	<b>304662791</b>	<b>187645872</b>	<b>61.59</b>	<b>178843115</b>	<b>58.70</b>	<b>107362452</b>	<b>35.24</b>		<b>197300339</b>

44. As can be seen from the table above, the Walmiki-Shah group was found to be a substantial buyer and seller in the shares of Well Pack. Further, the members of the said group have *prima facie* created significant artificial volumes by trading extensively among themselves. During the period December 2008 till June 2010 (except February 2009), the artificial volumes were in the range between 21% of the total traded volumes to 44.39%. Most of the trading entities were linked to Shah/Walmiki mainly through off-market transfers. Prima-facie, it appears that Mr. Samir Shah and Mr. Amarchand Walmiki have played a pivotal role in the manipulation in the scrip. On an average, during the period December 2008 till June 2010, the Walmiki-Shah along with the Pabari-Parikh group were found to have contributed around 61.59% of the buy volumes and 58.70% of the sell volumes and thus contributed to 35.24% of the volume. Since trading was within the two groups, and the group entities related/connected to each other, their contribution to the volumes prima facie appears to be artificial. Further, on a daily basis, it was observed that the Walmiki-Shah group had traded on all the trade days (total 387 days) and that in 325 trade days, their purchases exceeded 50% of the total market volumes and on 212 days their sell volumes exceeded 50% of the total market volumes. Their contribution to the market volume was more than 70% on 152 occasions on the purchase side and 41 occasions on the sell side. The entities *prima facie* connected (of both the identified groups) have together bought 18,76,45,872 shares (61.59% of trade volume) and sold 17,88,43,115 shares (58.70% of trade volume) out of total 30,46,62,791 shares traded at BSE during the relevant period. Further, it was observed that as high as 57.22% of their total buy volumes matched with the sell orders of another group entity. Similarly, 60.03% of their sell volumes matched with the buy orders of another entity within the group. It was also noticed that 10,73,62,452 shares which constituted 35.24% of the total market volumes, were traded only among the group entities. Therefore, the said volumes could *prima facie* be categorized as artificial.

Further, out of the trading in 10,73,62,452 shares by the Walmiki-Shah group amongst themselves, 4,36,91,763 shares comprising 40.70% of the volumes were executed through orders which were placed within a gap of less than one minute of each other. The said pattern of executing trades further substantiates the *prima facie* view of SEBI that such trades were deliberately executed in a structured and synchronized manner. The daily pattern and the details of matched trades are placed in **Annexures X and Y** respectively.

### **ESTABLISHMENT OF NEW HIGH PRICES AND CONTRIBUTION TO LTP**

45. While contributing to the volumes in the scrip, the Walmiki-Shah group was also found to have played an important role in contributing to the price increase. The buying pattern of the group was analysed to determine their contribution in establishing new high prices. This analysis revealed that during the pre-bonus/split period (November 28, 2008 to March 12, 2010), out of a total of 974 instances of trades establishing new high prices, the Walmiki-Shah group established new prices on as many as 712 instances. Over the period, the contribution of the Walmiki-Shah group in establishing new price highs was ₹ 383.03 out of a total price rise of ₹ 500.46. The said contribution was more than 75% of the total increase. Further, during the post-bonus/split period (March 15, 2010 to June 30, 2010), out of a total 291 instances of trades establishing new prices, the Walmiki-Shah group established new price highs on as many as 202 instances. The contribution of the group in establishing new highs was ₹ 26.00 out of a total price rise of ₹ 40.50. These facts indicate that the said group was instrumental in establishing new high prices. Further, the trade data was examined to find out the LTP during the pre-bonus/split period (November 28, 2008 to March 12, 2010) at BSE. It was found that on a gross basis (analyzing the trades where the Pabari-Parikh group had bought at a price higher than the LTP, i.e. positive LTP), it was observed that the Walmiki-Shah group along with Pabari-Parikh Group contributed to a price rise of ₹



12612.65 which is 73.32% of the total market wide positive LTP (₹ 17201.65). Similarly, on a gross basis, on analyzing the trades where the Walmiki-Shah group along with Pabari-Parikh Group had bought at a price lower than the LTP), i.e. negative LTP, it was observed that they contributed to a negative LTP of ₹7039.01, which is 42.12% of the total market wide negative LTP(₹16711.74). Thus, overall on a net basis, the identified groups have contributed to a cumulative price increase of ₹ 5573.64 (₹ 12612.65 -₹7039.01) in the shares of Well Pack. The group appeared to have exerted an upward pressure on the price, which was against the rational market behavior of a buyer. The price contribution by few of the entities belonging to the Walmiki-Shah group is given in the table:

**Table 14**

Name	PAN	Sum of positive LTP	No. of positive instances	Sum of negative LTP	No. of negative instances	NET LTP
PANDYA YAMINIBEN M	APGPP6166F	2029.55	2016	-1276.75	2192	752.80
PANDYA HARDIK M	ARJPP6330Q	1565.65	2337	-736.95	1448	828.70
LAXMAN DHIRUBHAI PARMAR	ASNPP5380P	1218.6	1675	-629.25	1225	589.35
SHOBHNABEN R PARMAR	ASNPP5381N	881.4	1223	-429.45	846	451.95
RAJESH RAVINARAYAN HATI	ACVPH5913N	853.9	635	-427.9	452	426.00
AMAR PREMCHAND WALMIKI	AAUPW9971A	619.16	1340	-348.89	874	270.27
PRAVINBHAI HARMANBHAI PATEL	AHEPP7710M	567.8	428	-195.95	435	371.85
TUSHAR RAMESHBHAI PATEL	AFVPP7625L	411.2	477	-258.05	234	153.15
SAMIR SURESHCHANDRA SHAH	AGEPS0157L	405.91	472	-357.65	490	48.26

46. The LTP analysis during the post-bonus period (from March 15, 2010 to June 30, 2010) at BSE, revealed, that as buyers on a gross basis, the Walmiki-Shah group along with Pabari-Parikh group contributed to a price increase of ₹ 870.55, which is 41% of the total market wide positive LTP (₹ 2123.20) and again as buyers on a gross basis, they contributed to a negative LTP of ₹ 397.70, which is 19.09% of the total market wide negative LTP(₹2083.30).

Thus, overall on a net basis, the two groups contributed to a cumulative price increase of ₹ 472.85 (₹ 870.55-₹ 397.70) as buyers in Well Pack. There are *prima facie* no evident reasons as to why a buyer would wish to consistently buy at higher prices. A sample of primary price contribution by a few of entities belonging to the Walmiki-Shah group is as under:

**Table 15**

Name	PAN	Sum of positive LTP	No. of positive instances	Sum of negative LTP	No. of negative instances	NET LTP
BHARATKUMAR BALDEVBHAI PARMAR	ARTPP9101B	225.1	1792	-95.55	619	129.55
ANAND FINSTOCKSERVICES LTD	AABCA6413F	103.65	626	-45.7	252	57.95
PANDYA YAMINIBEN M	APGPP6166F	66.45	585	-29.25	248	37.20
MAYANK NAVNITBHAI GANDHI	AKCPG0246Q	42.85	393	-13.25	117	29.60
SHOBHNABEN R PARMAR	ASNPP5381N	35.55	360	-19.75	151	15.80
PARMAR VAISHALI ASHVIN	BFGPP8793B	34.55	208	-12.95	93	21.60
RAMESHBHAI V PARMAR	ASQPP5072M	31.05	318	-13.05	139	18.00
JIGNESH CHANDRAKANT SHAH	AIPPS9125H	28.8	312	-9.95	124	18.85
LAXMAN DHIRUBHAI PARMAR	ASNPP5380P	25.4	264	-9.65	76	15.75
PARMAR KAMLABEN D	BFEP8216H	24.55	172	-5.15	56	19.40
TUSHAR RAMESHBHAI PATEL	AFVPP7625L	23.15	197	-10.65	68	12.50
PANDYA HARDIK M	ARJPP6330Q	21.4	234	-6.4	85	15.00
ADITI M GANDHI	AKCPG0247R	20.7	247	-10.2	104	10.50
AMAR PREMCHAND WALMIKI	AAUPW9971A	20.15	244	-5.8	68	14.35

Details of new high prices and LTP are given in **Annexure Z1 and Annexure Z2**, respectively.

47. Pertinently, the analysis reveals the presence of several persons/entities of the Pabari-Parikh group in the trading in the shares of Well Pack, leading to a *prima facie* inference of a joint manipulative activity in the scrip along with the Walmiki-Shah group.

## OFF-MARKET DEALS

48. Further, the analysis of the data from the depositories indicates that during the period January 01, 2009 to June 30, 2010, there were off-market transfers of 1,59,08,285 shares between the Walmiki-Shah group entities. The details of these off-market transfers are placed in **Annexure AA**. The off-market deals would further support the *prima facie* view that the concerned parties are connected.

## WASH TRADES

49. The examination of the trade data for the period November 28, 2008 to June 30, 2010 was analysed to determine whether the Walmiki-Shah group had entered into wash trades. It was observed that 249 trades for 14,87,771 shares (pre-split period-144 trades for 182792 shares and post-split period-105 trades for 1304979 shares) were in the nature of wash trades where the same entity in the Walmiki-Shah group was found to be both the buyer and seller. These wash trades accounted for 1.39% of the total volume of the shares traded amongst themselves. Instances in this regard are placed in **Annexure AB**. Further, it was observed that during the aforesaid examination period, there were 112 trades for 80,225 shares (pre-split 82 instances amounting to 15240 shares and post-split 30 instances involving 64985 shares) where the Walmiki-Shah group entities had entered into wash trades through the same stock broker on either side. Out of these, Arcadia Shares and Stock Brokers account for 66 instances and VSE Stock Brokers for 27 instances. These instances raise serious concerns about the ability of the concerned stock brokers in ensuring that the trading platform is not used for manipulative purposes.

## **OBSERVATIONS ON THE DISCLOSURES AND SHAREHOLDING OF THE ENTITIES TRADING IN THE SCRIPS:**

50. Any entity holding specified levels of shareholding in a listed company is obliged to make disclosures to the company and the stock exchanges, where the shares of the company are listed. Such disclosures are available to the shareholders of the company and others through the website of the stock exchanges. The requirement of disclosures are imposed upon both the entity accumulating or selling shares beyond specified thresholds as well the company, on receipt of such information. Further, these are to be disclosed within prescribed time limits. The disclosures are to be done in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as the Takeover Regulations) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as the PIT Regulations) and the breach of the legal prescriptions therein would constitute a violation.

51. The details regarding the quarterly shareholding pattern available on the websites of BSE and NSE were scrutinized in respect of LGS, Well Pack, Spectacle, Gemstone and Goldstone and the trading activity of the entities/persons forming part of the Pabari-Parikh group and Walmiki-Shah group were examined from this perspective. From the facts and circumstances of the matter, the entities have been grouped together and have been prima facie found to have been operating with the objective of creating artificial volumes and responsible for price rise and shared a common objective of buying and selling shares of a scrip in a coordinated manner. The scrip-wise observation in this regard is as follows:

## 52. OBSERVATIONS IN THE MATTER OF SPECTACLE:

- a. As on June 30, 2009, the persons/entities, namely, Mr. Bharat G Vagela, Gulistan Vanijya Pvt Ltd, H Bhavesh Securities and Commodities Limited, Mr. Hemant Madhusudhan Sheth, Mr. Kaushik Karsanbhai Patel and Rajnandi Yarns Private Limited, who are *prima facie* found to be related to each other and found to be trading as part of the Pabari-Parikh group, held 16.65% of the equity capital of the company.
- b. Similarly, as on September 30, 2009, the related entities, namely, Mr. Bharat G Vagela, H Bhavesh Securities and Commodities Limited, Mr. Hemant Madhusudhan Sheth, Rajnandi Yarns Private Limited, Mr. Ankit R Sanchaniya, Mr. Bipin Jayant Thakar, Mr. Kishor Balubhai Chauhan, Mr. Vivek Kishanpal Samant and Mr. Vipul Shantilal Shah collectively held around 28.22% of the equity.
- c. Further, these entities and others of the Pabari-Parikh group who are *prima facie* seen as acting in concert, held around 30.02% for the quarter ended December 2009; 23.93% equity at the end of March 2010 and 15.71% at the end of June 2010. The details of holding of each entity as obtained from the web-site of BSE, is given in **Annexure AC**. The ongoing investigation would bring out violations if any in this regard.
- d. Even on an individual basis, Mr. Kishor Balubhai Chauhan held 5.02% of the capital for the quarter ended December 2009 and Mr. Hemant Madhusudan Sheth held 8.79% of the capital for quarter ended March 2010 and 5.4% of the capital for quarter ended June 2010. However, no disclosures were made by them as required under the Takeover Regulations and the PIT Regulations.

### **53. OBSERVATIONS IN THE MATTER OF GEMSTONE**

The details of shareholding of the entities of the Pabari-Parikh group in Gemstone as obtained from the website of BSE for the quarter ended December 2008 and March 2009 are given in **Annexure AD**.

- a. The entities, namely, Mr. Bharat Shantilal Thakkar, Mr. Bhavesh P Pabari, Mr. Bhupesh Harishchandra Rathod, Mr. Hemant Madhusudan Sheth and Ms. Mala Hemant Sheth held 21.84% and 20.48% of the equity capital of Gemstone for the quarters ended December 2008 and March 2009, respectively. These entities have been prima facie found to be connected and have demonstrated a common purpose in the manner of their trading in the scrip.
- b. Further, even on an individual basis, Mr. Bhavesh P Pabari held around 5.85% of the equity capital in the said company for the quarter ended December 2008. However, no disclosures were made by the concerned entities as required under the Takeover Regulations and the PIT Regulations.

### **HISTORY OF REGULATORY BREACHES AND ACTION TAKEN AGAINST CERTAIN ENTITIES COVERED UNDER THIS ORDER IN RESPECT OF THEIR UNFAIR/UNDESIRABLE ACTIVITIES IN OTHER SCRIPS:**

54. Further, from the records of SEBI, it is observed that this is not the first time that the entities allegedly connected with the Pabari-Parikh group have been found in violation of the securities law. As seen in several earlier matters, there is clearly a history of regulatory action against them. An illustrative list is given below:

**Table 16**

Name of the Person/Entity	Regulatory Charges	Regulatory Actions
Bhavesh Pabari	<b>10 Scrip</b> Report - Aarti Industries Ltd, Aarti Drugs Ltd, Havells India Ltd, Jindal Polyester Ltd, Kajaria Ceramics Ltd, KRBL Ltd, Lyka Lab Ltd, Nirma Ltd, Opto Circuit (I) Ltd, Tasc Pharmaceuticals Ltd	Administrative warning was issued on 12.10.2007.
Bhavesh Pabari	Acted in concert with another client to create artificial market / price rise through matching /synchronised deals in the scrip of <b>Havells India Ltd.</b> during the period from July 16, 2003 to August 14, 2003.	AO imposed a penalty of ₹ 3,00,000/- vide order dated December 03, 2008.
Narendra Prabodh Ganatra	Did not make disclosure of shareholding pattern to company and stock exchanges as required under regulation 7(1) read with 7(2) of SEBI Takeover code, 1997 and under regulation 13(1) of SEBI (Prohibition of Insider Trading) regulations,1992 in matter of <b>Epic Energy Ltd.</b>	AO imposed a penalty of ₹ 1,00,000/- vide order dated September 14, 2009.
Narendra Prabodh Ganatra	Indulged in creation of artificial market and price manipulation through circular and reversal of trades in scrip of <b>Gemstone Investments Ltd.</b> for the period August 28, 2006 to August 21, 2008.	Adjudication proceeding has been initiated  Note: This period is prior to that discussed in this Order
Manish Joshi	Indulged in creation of artificial market and price manipulation through circular and reversal of trades in scrip of <b>Gemstone Investments Ltd.</b> for the period August 28, 2006 to August 21, 2008.	Adjudication proceeding has been initiated
Bhavesh Pabari	Indulged in creation of artificial market and price manipulation through synchronized / reversal of trades in scrip of <b>Maharashtra Seamless Ltd.</b> during the examination period from August 18, 2003 to October 9, 2003.	AO imposed a penalty of ₹ 1,50,000/- vide order dated September 04, 2009. Included in SEBI list dated 31/12/2009, as defaulter in payment of penalty imposed by SEBI. Shri Pabari paid the penalty after considerable delay.
Bhavesh Pabari	In the matter of <b>Fortune Informatics Ltd.</b>	Order passed in the enquiry dated. 09.01.2009- Censure
Bhavesh Pabari	Indulged in creation of artificial volume and price manipulation through synchronized, circular and	AO imposed a penalty of ₹ 6,00,000/- vide order dated

	reversal of trades in scrip of <b>KRBL Ltd.</b> during the examination period from June 27, 2003 to December 31, 2003.	July 21, 2010.
Prem Parikh	Indulged in creation of artificial market and price manipulation through circular and reversal of trades in scrip of <b>Gemstone Investments Ltd.</b> for the period August 28, 2006 to August 21, 2008.  Did not make disclosure of shareholding pattern to company and stock exchanges as required under regulation 7(1) read with 7(2) of SEBI Takeover code, 1997 and under regulation 13(1) of SEBI (Prohibition of Insider Trading) regulations, 1992 in matter of Gemstone Investments Ltd.	AO imposed a penalty of ₹ 12,00,000/- vide order dated October 13, 2010.  Note: this period is prior to that discussed in this Order
Ankit Sanchaniya		AO imposed a penalty of ₹ 6,00,000/- vide order dated October 21, 2010.
Bharat Thakkar		AO imposed a penalty of ₹ 6,00,000/- vide order dated October 26, 2010.
Bhupesh Rathod		AO imposed a penalty of ₹ 2,00,000/- vide order dated November 03, 2010.
Bipin Gandhi		An adjudication proceeding has been initiated by SEBI.
Hemant Sheth		AO imposed a penalty of ₹ 12,00,000/- vide order dated October 07, 2010. Hemant Sheth has paid the penalty.
Kishore Chauhan		AO imposed a penalty of ₹ 7,00,000/- vide order dated October 18, 2010.
Mala Sheth		AO imposed a penalty of ₹ 6,00,000/- vide order dated October 29, 2010.
Rajesh Bhanushali		AO imposed a penalty of ₹ 1,00,000/- vide order dated November 03, 2010.
Anand Marathe	Indulged in carrying out suspicious banking transactions and appear to have channeled these funds either directly or indirectly in stock market in matter of <b>Pyramid Saimira Theatre Ltd.</b>	Debarred from buying, selling or dealing including in IPOs in securities or as specified directly or indirectly from 23-apr-2009 till further orders.  Ad-interim ex-parte order



		dated 23/04/2009 confirmed vide order dated 12/01/2010
Bhavesh Pabari	In the matter of <b>Gulshan Sugars &amp; Chemicals Ltd.</b>	An adjudication proceeding has been initiated on 17.03.2010.
Hemant Sheth	In the matter of <b>Gulshan Sugars &amp; Chemicals Ltd.</b>	An adjudication proceeding has been initiated on 17.03.2010.
Bhavesh Pabari	Indulged in creation of artificial market and price manipulation through circular and reversal of trades in scrip of <b>Gemstone Investments Ltd.</b> for the period August 28, 2006 to August 21, 2008.  Did not make disclosure of shareholding pattern to company and stock exchanges as required under regulation 7(1) read with 7(2) of SEBI Takeover code, 1997 and under regulation 13(1) of SEBI (Prohibition of Insider Trading) regulations, 1992 in matter of Gemstone Investments Ltd.	AO proceeding has been initiated on 20.09.2010.

Further, many of the entities related to and including Mr. Bhavesh Pabari have been trading in other scrips such as Prraneta Industries Limited, Crazy Infotech Limited, Indo Pacific Software and Entertainment Limited, Gulshan Sugars & Chemicals Limited, etc., and their activities have *prima facie* been found to be suspicious in nature, SEBI is conducting investigations in these scrips as well.

55. Despite several proceedings in different matters continuing for some length of time, concluding with imposition of penalties and other regulatory actions against Mr. Bhavesh Pabari and several other entities associated with him in this Order, I observe there has been a complete absence of corrective behavior on the part of these entities. They appear to attempt to fly under the regulatory radar by expanding their number of associates and reducing concentration of trading of any one entity to levels so that they would escape surveillance efforts by the stock exchange or SEBI. I also note the ease with which groups are formed and trade with *prima facie* common malafide intent, as seen in the above cases described. Such observations and facts make it

imperative that SEBI take stringent measures to protect the interests of the investors from the activities of such groups.

## **SUMMARY OF OBSERVATIONS AND INFERENCES**

56. The following observations, findings and inferences *prima facie* emerge from the foregoing:

a. The pattern of trading and dealing in the select scrips, as brought out above, indicates that the Pabari-Parikh group is responsible for creating substantial volumes, which appear to be artificial in nature, executing synchronized and structured trades, executing wash trades involving substantial quantities of trades and receiving shares off-market for the purpose of meeting pay-in obligations etc. in the shares of Spectacle, Goldstone, LGS and Gemstone. The Pabari-Parikh group has also been active as a dominant partner while dealing in the shares of Gemstone and a support to the Walmiki-Shah group in the shares of Well Pack.

b. The forging of trading partnerships or understanding between the Pabari-Parikh group and the Walmiki-Shah group is well within the realm of possibility given that they have collaborated for a common purpose and have carried out manipulative activities in the scrips, Well Pack and Gemstone.

c. Further, the fact that there are several entities common to both the Pabari-Parikh group and the Walmiki-Shah group indicate the nexus and the close interaction between the two groups. It has also been observed that they have made significant contributions to price rise and creation of volumes, as brought out in the preceding paragraphs.

d. A table summarizing the contribution of the entities to the traded volumes, percentage of artificial volumes, increasing the share price, quantities

traded amongst the group and the percentage of synchronized/structured deals are presented in the table below for easy reference:

**Table 17**

Scrip	Period	Total no. of trading days	No of days the group traded	% of artificial trade to total volume	Wash trades as a % of artificial trade	Contribution to new high	Buy trades of group that matched within the group(%)	Sell trades of group that matched within the group(%)	% of synchronized trades among the Pabari-Parikh group
LGS	February 10, 2009 to May 07, 2010	301	244	34.72	11	₹ 40.85 out of ₹ 113.65	69.57	80.48	47.73
Spectacle	At BSE: May 29, 2009 to April 30, 2010	228	228	51.40	8.94	₹ 40 out of ₹ 81.35	67.62	82.11	At BSE 36.91
	At NSE: March 09, 2010 to April 30, 2010	36	36	62.81	-	₹ 6.20 out of ₹ 29.55			At NSE 44.97
Goldstone	January 21, 2009 to April 13, 2010	297	167	36.55	11.65	-	90.24	92.23	42.11
Gemstone	January 06, 2009 to December 30, 2009	226	176	23.81	8	₹ 13.35 out of ₹ 61.50	61.40	34.95	-
Well Pack (it includes the Walmiki-Shah group)	Pre-split: November 28, 2008 to March 12, 2010	387	387	35.24	1.39	₹ 383.03 out of ₹ 500.46	57.22	60.03	40.70
	Post split: March 15, 2010 June 30, 2010					₹ 26.00 out of ₹ 40.50			

f. Given that the entities are connected (through Mr. Bhavesh Pabari) to a director (Mr. Narendra Ganatra) of at least two scrips viz. Gemstone and

Spectacle, there is a distinct possibility that these entities could be connected with the promoters of other companies. These connections will be looked into during the course of investigation in the matter.

g. As stated above, there are 43 entities in Pabari-Parikh group and 196 entities in the Walmiki-Shah group. There appears to be a core leadership in each group around which is an immediate or close circle of entities numbering 17 in the Pabari-Parikh group and 25 in the Walmiki-Shah group (three persons are common to both the groups). All the other entities either are linked to this first circle of entities clustered around the core members in each respective group and exist at various degrees of proximity to the core or have traded in relatively smaller number of shares.

h. Therefore, on the basis of the entire material before me, I find that the entities forming the Pabari-Parikh group (while dealing in the Scrips) and the Walmiki-Shah group (while dealing in the shares of Well Pack and Gemstone) have dealt in a manner contravening the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2)(a), (b), (e) and (g) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 read with Section 12A(a), (b) and (c) of the Securities and Exchange Board of India Act, 1992. The ongoing investigation will have to focus identifying those who are the main executors of such a scheme of manipulation and those who may be mere name-lenders. The illegal gains made though such violations of the law should also be critically examined. It is also possible that several entities apart from the ones mentioned above may be involved in the above scheme of manipulation.

57. At this stage, there is a *prima facie* conclusion that these entities are involved in manipulating a number of scrips. Genuine investors are being put at risk because of these manipulators. The intention of the Pabari-Parikh/Walmiki-

Shah groups has been to increase or maintain prices and provide misleading signals to the market by artificially injecting volumes in the above scrips and also contributing to the price movement. This appears to be taking place in an unbridled manner. Further, I note that this not the first time that entities connected with the Pabari-Parikh group or Walmiki-Shah group have been involved in investigations leading to regulatory actions by SEBI. Since the links between the groups are not known to the market, unsuspecting and gullible investors are drawn into the ruse designed by these operators. In the process of such focused and sustained manipulation by a large amorphous group that is difficult to detect, the fundamental tenets of market integrity get violated with impunity. The pre-determined actions of a few deviant traders thereby damage the integrity of the market. Even while investigations are underway, considering the interests of the investors, the observations arrived from an analysis of the trading data in the above cases and the orchestrated manner in which the groups suddenly strike in a scrip to take its price on a desired trajectory, lead me to the conclusion that there is a *prima facie* case for SEBI to intervene immediately to prevent continuing market abuse resulting from the activities of above groups. Having made the *prima facie* observations above, I note that such a well-knit group activity could shift its focus to any of the other scrips in which they were not so active till now, without any signs evident to the investing public. It is also recognized that there clearly is a time lag before they come to the attention of the Exchange or the Regulator. It appears that a host of relatively illiquid scrips may be vulnerable to the machinations of such groups. Such a ploy looks alarmingly akin to a swarm of predators that quietly prey on unsuspecting investors. If such devious practices are left unchecked the price manipulation observed could grievously hurt investors and undermine the confidence of investors in the integrity of the market and the trading systems. Further if such entities are left unchecked then they could potentially cause damage to the securities market. It is, therefore, necessary and essential to

urgently pass orders to protect the interests of investors and to preserve the safety and integrity of the market, pending completion of investigation.

58. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 and Sections 11(1), 11(4) and 11B thereof, pending investigations, hereby issue the following directions, by way of this ad interim ex-parte Order:

- a. The following entities/persons are restrained from accessing the securities market and further prohibited from buying, selling or dealing in securities in any manner whatsoever, till further directions:

<b>Sr. No.</b>	<b>NAME OF ENTITY</b>	<b>Permanent Account Number</b>
1	Narendra Prabodh Ganatra	AEMPG4315C
2	Bhavesh Prakash Pabari	AKGPP8679N
3	Prem Mohanlal Parikh	ALHPP3489N
4	Ankit R Sanchaniya	BLNPS3316L
5	Bharat Shantilal Thakkar	AAZPT9542R
6	Hemant Madhusudan Sheth	ANOPS8607E
7	Bipinkumar Gandhi	AJHPG6989J
8	Bipin Jayant Thaker	ABYPT4984H
9	Chirag RajnikantJariwala	AFMPJ7543L
10	Gemstone Investments Limited	AAACG1483A
11	Kishore Balubhai Chauhan	AFPPC9703G
12	Mala Hemant Sheth	AZXPS0694J
13	Samant Vivek Kishanpal	BRSPS0294N
14	Manoj Bhandari	AGQPB7879L
15	Vipul Hiralal Shah	AZCPS9537P
16	Rajnandi Yarns Private Limited	AADCR0099J
17	H Bhavesh Securities and Commodities Private Limited	AAACB1655R
18	Amar Premchand Walmiki	AAUPW9971A
19	Samir Sureshbhai Shah	AGEPS0157L

20	Samir Sureshbhai Shah (HUF)	AAHHS5122G
21	Pandya Hardik M	ARJPP6330Q
22	Pandya Yaminiben M	APGPP6166F
23	Santosh Vishram Ghadshi	AHNPG0002C
24	Rameshbhai V Parmar	ASQPP5072M
25	Bharatkumar Baldevbhai Parmar	ARTPP9101B
26	Shobhnaben R Parmar	ASNPP5381N
27	Ashokkumar Bhikhalal Parmar	AOJPP8746B
28	Laxman Dhirubhai Parmar	ASNPP5380P
29	Aditi M Gandhi	AKCPG0247R
30	Mayank Navnitbhai Gandhi	AKCPG0246Q
31	Tushar Rameshbhai Patel	AFVPP7625L
32	Kaushik Rajnikant Mehta	ANNPM6298A
33	Sunil Bhandari	ALZPB5747M
34	Rekha Bhandari	ALHPB9175D
35	Santosh Deshmals Oswal	AAAPO2421P
36	Rajesh Ravinarayan Hati	ACVPH5913N
37	Dipika Dinesh Kankaria	AZGPK7183F
38	Avinash Bothra	AKFPB9350B
39	Vishal Pare	AOVPP9130K

- b. The Stock exchanges and the Depositories are directed to ensure that all the above directions are strictly enforced.

59. The stock exchanges are directed to enable squaring off, at the earliest, any existing open positions in the Futures and Options Segment, if any, for the persons/entities mentioned above. Further, the concerned stock exchanges should also ensure that said persons/entities do not take fresh positions or increase their open positions.

60. The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are hereby directed to examine the role of the stock broker, Arcadia Shares and Stock Brokers Private Limited, in respect of its trading for

the entities in the shares of the identified scrips mentioned in this Order and to submit their respective reports within two months from the date of this Order.

61. This Order shall come into force with immediate effect.

62. The entities/persons against whom this Order is being passed may file their objections, if any, within twenty one days from the date of this Order and, if they so desire, may avail themselves of an opportunity of personal hearing before the Securities and Exchange Board of India at its Head Office at SEBI Bhavan, Plot C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051 on a date and time to be fixed on a specific request, to be received in this behalf from the entities/persons.

**DR. K. M. ABRAHAM**  
**WHOLE TIME MEMBER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**

**PLACE: MUMBAI**

**DATE: FEBRUARY 2, 2011**