

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. EAD/KS/MKG/AO/126/2018-19]**

---

**UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995.**

In respect of

**Ms. Jipal Pineshkumar Shah**  
**(PAN: BMWPS2515R)**

In the matter of In the matter of Riba Textiles Ltd., Supertex Industries Ltd.,  
Bridge Securities Ltd. and Aarey Drugs and Pharmaceuticals Ltd.

---

**BACKGROUND OF THE CASE**

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation in five scrips viz. Riba Textiles Ltd.(hereinafter referred to as '**RTL**'), Supertex Industries Ltd.(hereinafter referred to as '**SIL**'), Bridge Securities Ltd.(hereinafter referred to as '**BSL**'), Aarey Drugs and Pharmaceuticals Ltd.(hereinafter referred to as '**ADPL**') and Winsome Textile Industries Ltd. (hereinafter referred to as '**WTIL**') for the period January 1, 2009 to August 31, 2009 (hereinafter referred to as '**Investigation Period or IP**'). The above mentioned stocks are listed on the Bombay Stock Exchange (hereinafter referred to as '**BSE**').

2. As per investigation report (hereinafter referred to as 'IR') price and Volume movement in aforesaid five scrips is given in Table – 1-

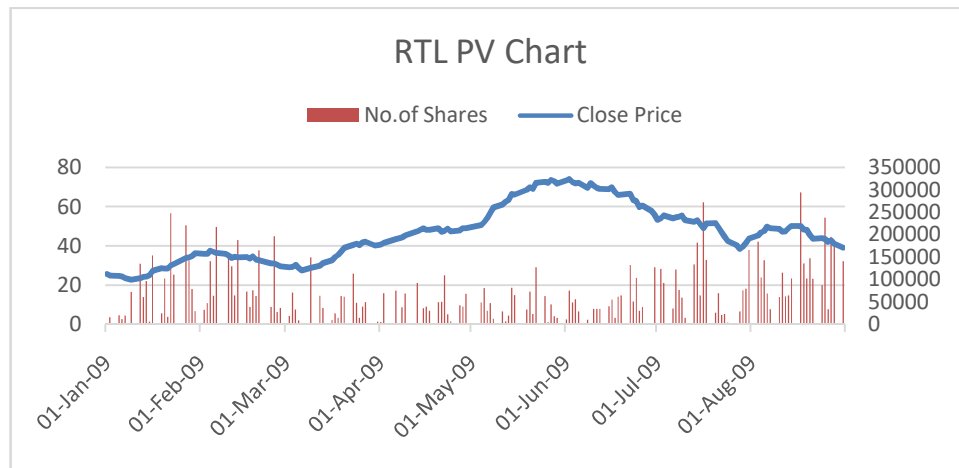
**Table – 1**

		<b>Riba Textiles Ltd.</b>	<b>Supertex Industries Ltd.*</b>	<b>Bridge Securities Ltd.</b>	<b>Aarey and Pharmaceuticals Ltd.</b>	<b>Drugs Winsome Textile Industries Ltd.</b>
<b>Pre Investigation Period (1.10.2008 – 31.12.2008)</b>	<b>Open (1.10.2008)</b>	46.65	0.72	3.1	44.7	23
	<b>High</b>	46.8 (1.10.2008)	35 (15.12.2008)	3.1 (6.10.2008)	44.7 (1.10.2008)	23.6 (3.10.2012)
	<b>Low</b>	20.5 (25.11.2008)	0.45 (23,24,27 Oct)	1.91 (21.11.2008)	15.15 (5.12.2008)	10.65 (13.10.2008)
	<b>Close (31.12.2008)</b>	<b>25.4</b>	<b>25.83</b>	<b>2.1</b>	<b>17.6</b>	<b>21.02</b>
	<b>Average Volume</b>	<b>8,858</b>	<b>63,035</b>	<b>458</b>	<b>7392</b>	<b>23,111</b>
<b>Investigation Period (1.1.2009 – 31.8.2009)</b>	<b>Open (1.1.2009)</b>	25.75	26.5	2	18.35	23.8
	<b>High</b>	<b>77.15</b> (28.5.2009)	<b>64</b> (5.8.2009)	<b>18.94</b> (31.8.2009)	<b>52.3</b> (18.8.2009)	<b>60</b> (11.8.2009)
	<b>Low</b>	20.45 (12.1.2009)	12.5 (5.2.2009)	1.82 (6.1.2009)	15 (22.1.2009)	17.7 (1.1.2009)
	<b>Close (31.8.2009)</b>	39	54.6	18	45.1	55.8
	<b>Average Volume</b>	<b>69,934</b>	<b>120,633</b>	<b>3974</b>	<b>55174</b>	<b>42,249</b>
<b>Post Investigation Period (1.9.2009 – 30.11.2009)</b>	<b>Open (1.9.2009)</b>	38.15	54.15	18.4	46.75	55.9
	<b>High</b>	38.5 (1.1.2009)	64 (4.9.2009)	23.9 (30.9.2009)	52 (21.10.2009)	66 (23.9.2009)
	<b>Low</b>	13.59 (1.10.2009)	3.25 (27, 30 Nov)	15.1 (15.10.2009)	40.25 (30.10.2009)	3.06 (27.11.2009)
	<b>Close (30.11.2009)</b>	14.3	3.4	19.1	47	3.34
	<b>Average Volume</b>	56,824	5,53,659	6603	63654	94,753

\*

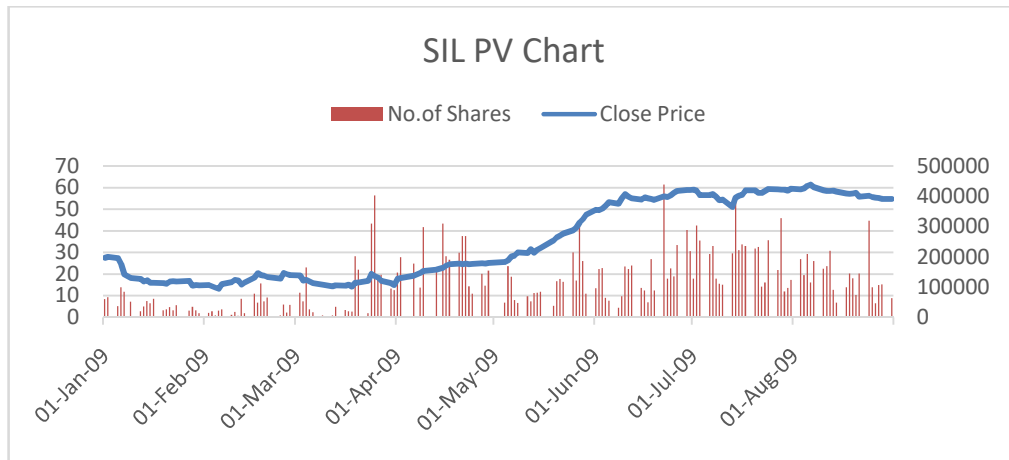
3. It was observed during investigation that a group of 25 connected entities were engaged in were involved in trading among themselves in aforesaid 5 scrips:

- a) In case of RTL, the average volume during the IP increased to 69,934 shares from 8,858 shares in the immediate quarter before the start of IP as below:



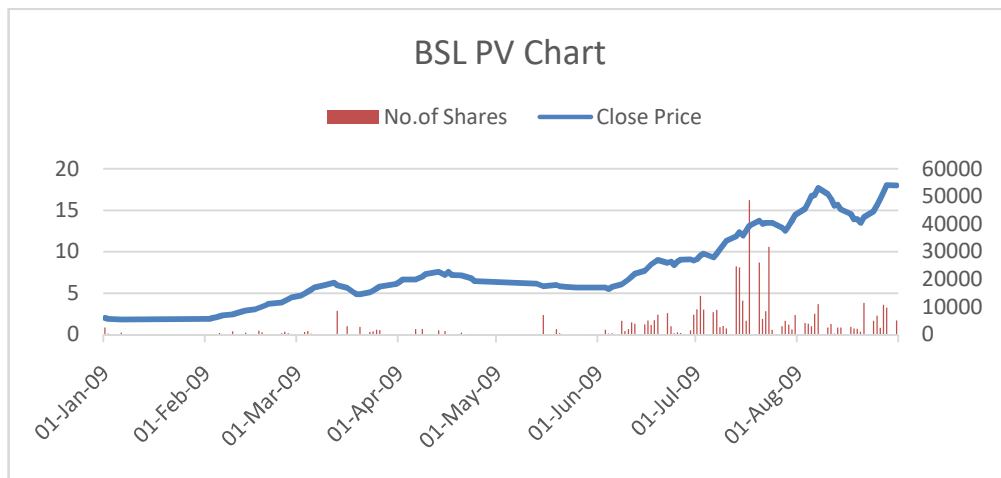
Further, the share price of RTL reached a high of Rs. 77.15 and a low of Rs. 20.45 during the IP. The stock closed at Rs. 39.00 at the end of IP compared to opening price of Rs. 25.75 at the beginning of the IP. The scrip of RTL was traded on 161 days during the IP and it was observed that the trades among the group were made on 119 days. It was observed that the group contributed a significant proportion in volume and price of the scrip of RTL during the IP.

- b) In the scrip of SIL, the average volume during the IP increased to 1,20,633 shares from 63,035 shares in the immediate quarter before the start of IP as below:



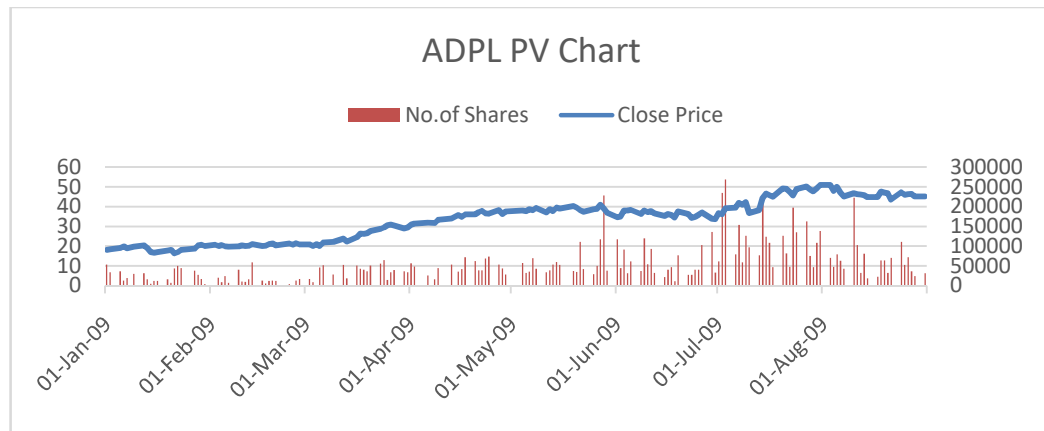
Further, the share price of SIL reached a high of Rs. 64.00 and a low of Rs. 12.50 during the IP. The stock closed at Rs. 54.60 at the end of IP compared to opening price of Rs. 26.50 at the beginning of the IP. The scrip of SIL was traded on 161 days during the IP and it was observed that the trades among the group were made on 100 days. It was observed that the group contributed a significant proportion in volume and price of the scrip of SIL during the IP.

- c) In the scrip of BSL, the average volume during the IP increased to 3,974 shares from 458 shares in the immediate quarter before the start of IP as below:



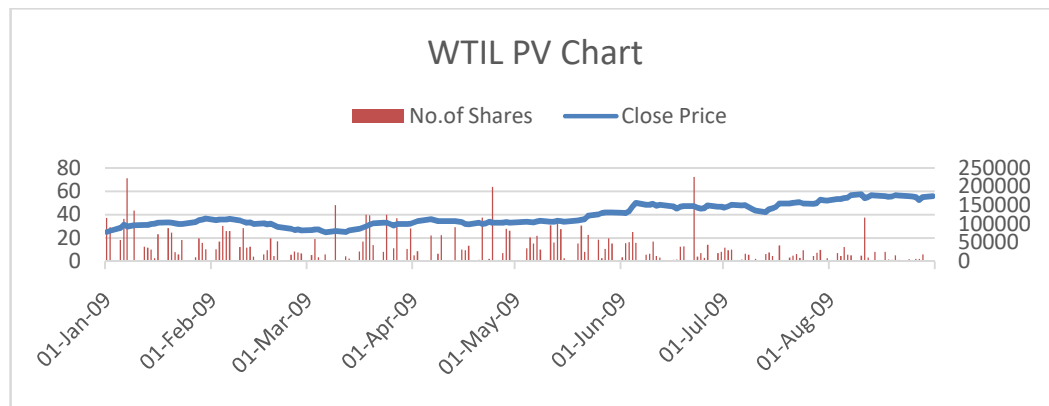
Further, the share price of BSL reached a high of Rs. 23.90 and a low of Rs. 15.10 during the IP. The stock closed at Rs. 18 at the end of IP compared to opening price of Rs. 2.00 at the beginning of the IP. The scrip of BSL was traded on 122 days during the IP and it was observed that the trades among the group were made on 8 days. It was observed that the group contributed a significant proportion in volume and price of the scrip of BSL during the IP.

- d) In the scrip of ADPL, the average volume during the IP increased to 55,714 shares from 7,392 shares in the immediate quarter before the start of IP as below:



Further, the share price of ADPL reached a high of Rs. 52.30 and a low of Rs. 15.00 during the IP. The stock closed at Rs. 45.10 at the end of IP compared to opening price of Rs. 18.35 at the beginning of the IP. The scrip of ADPL was traded on 161 days during the IP and it was observed that the trades among the group were made on 145 days. It was observed that the group contributed a significant proportion in volume and price of the scrip of ADPL during the IP.

- e) In the scrip of WTIL, the average volume during the IP increased to 42,249 shares from 23,111 shares in the immediate quarter before the start of IP as below:



Further, the share price of WTIL reached a high of Rs. 60.00 and a low of Rs. 17.70 during the IP. The stock closed at Rs. 55.80 at the end of IP compared to opening price of Rs. 23.80 at the beginning of the IP. The scrip of WTIL was traded on 161 days during the IP and it was observed that the trades among the group were made on 77 days. It was observed that the group contributed a significant proportion in volume and price of the scrip of WTIL during the IP.

4. SEBI observed from investigation that the trades by the group created artificial volume in the above 5 scrips leading to false and misleading appearance of trading in the said scrips and also contributed to artificial price rise in the said scrip, which were deemed to be fraudulent. In view of the same, SEBI initiated adjudication proceedings against the members of the group under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') for the violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'). Shri Jipal Pineshkumar Shah (hereinafter referred to as '**the Noticee**') was observed to be part of the group and hence, the above adjudication proceedings were also initiated against him.

## **APPOINTMENT OF ADJUDICATING OFFICER**

5. SEBI appointed Shri D. Ravikumar as Adjudicating Officer vide communication order dated April 12, 2013 under Section 15-I of the SEBI Act, read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15HA of the SEBI Act, the alleged violation of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of the PFUTP Regulations by the Noticee. Pursuant to transfer of Shri D. Ravikumar, Shri Suresh B. Menon was appointed as Adjudicating Officer by the Competent Authority vide appointment order dated June 22, 2015. Thereafter, the current proceedings have been transferred to the undersigned which was intimated vide communique dated November 27, 2017.

## **SHOW CAUSE NOTICE, REPLY AND HEARING**

6. A Show Cause Notice No. A&E/EAD3/DRK-AKS/20306/2013 dated August 14, 2013 (herein after referred to as '**SCN**') was issued to the Noticee by the erstwhile AO under Rule 4 (1) of the AO Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon her under section 15HA of SEBI Act for the alleged violation of PFUTP Regulations.
7. The details in respect of violation/ non-compliance by the Noticee as observed from the SCN are as given below:
- a) *The IR observed that during the investigation period at the BSE, a group of 25 entities including the Noticee connected to each other by common address, common introducer or introduced by other group members, transferred shares in off market to each other etc. were noted to be engaged in synchronized / reversal / circular / self-trades in the aforesaid scrip. Basis of connection was provided to the Noticee as Annexure – 2 to the SCN. The details of trading activity of the group clients in the scrip during the investigation period is given below:*

**Table – 2**

<b>Scrip</b>	<b>A Traded Quantity (Market)</b>	<b>B Total Buy of Group</b>	<b>C % of total buy of Group to total traded quantity (Market)</b>	<b>D Total Sale of Group</b>	<b>E % of total sale of group to total traded quantity (Market)</b>	<b>F Trade Amongst Group</b>	<b>G % of trade amongst Group to total traded quantity (Market)</b>	<b>H Synchroni zed Trades among Group*</b>	<b>I % of synchr onized trades to trade among Group</b>	<b>J % of synchr onized trades among Group to total traded quantity (Market)</b>
<i>Riba Textiles Ltd.</i>	1,12,59,446	62,94,644	55.91	60,32,877	53.58	38,61,914	34.30	22,42,477	58.07	19.92
<i>Supertex Industries Ltd.</i>	1,94,21,886	1,03,76,495	53.42	1,01,61,354	52.32	56,64,204	29.16	30,12,803	53.19	15.51
<i>Bridge Securities Ltd.</i>	4,84,790	2,12,984	43.93	79,899	16.48	34,931	7.21	5,970	17.09	1.23
<i>Aarey Drugs and Pharmaceuticals Ltd.</i>	88,83,052	45,89,697	51.67	44,39,211	49.97	24,86,523	27.99	8,46,184	34.03	9.53
<i>Winsome Textile Industries Ltd.</i>	68,02,131	31,66,851	46.56	30,05,482	44.18	15,13,285	22.25	4,19,856	27.74	6.17
<b>Total</b>	<b>4,68,51,305</b>	<b>2,46,40,671</b>	<b>52.59</b>	<b>2,37,18,823</b>	<b>50.63</b>	<b>1,35,60,857</b>	<b>28.94</b>	<b>65,27,290</b>	<b>48.13</b>	<b>13.93</b>

\*Synchronized Trades – Order time diff < 60 sec, Order quantity and order price diff – Nil

*It is noted from the above that synchronized trades of the group were in the range of 17.09% to 58.07% of the trades amongst group.*

**RTL**

- b) The group entered into circular / synchronized / reversal of trades / self trades in the scrip of Riba Textiles Ltd. It is observed from IR that out of 161 days during which the scrip was traded during the investigation period, the trades amongst group were executed for 119 days.*

**Table – 3**

<b>Sr. No.</b>	<b>Client Name</b>	<b>Total Buy (Market)</b>	<b>Buy amongst Group</b>	<b>Total Sell (Market)</b>	<b>Sell amongst Group</b>	<b>Synchronized Trades amongst Group (Buy)</b>	<b>Synchronized Trades amongst Group (Sell)</b>	<b>Self Trades</b>
1.	<i>Nikhilbhai Shah</i>	4,72,194	3,86,607	4,35,136	3,39,299	2,76,110	2,24,150	32,259
2.	<i>Shailesh Somabhai Patel</i>	14,41,673	8,45,739	11,18,544	7,34,356	4,57,331	3,47,138	29,067
3.	<i>Bela T Jhaveri</i>	1,27,100	66,923	62,981	47,749	50,000	47,749	
4.	<i>Daxaben Vasantkumar Shah</i>	2,500	2,000	2,500	2,000	0	1,999	
5.	<i>Jagdish Bhagat</i>	15,000	0	15,000	0	0	0	



Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
6.	Jipal Pineshkumar Shah	5,000	5,000	5,000	5000	0	4,999	
7.	Kapilaben Somabhai Patel	1,36,130	92,504	95,683	93,180	65,191	17,400	
8.	Kumkum Stock Broker Pvt. Ltd.	16,03,320	7,60,989	17,24,773	7,98,644	4,04,211	5,55,064	294
9.	Manish Ratilal Shah	4,89,763	3,49,914	5,51,521	4,59,290	2,64,946	3,13,726	
10.	Nita B Bhavsar	9,001	9,000	9,001	9,000	0	8,999	
11.	Nitaben Shaileshbhai Patel	10,48,915	7,81,966	8,26,339	6,44,896	4,26,129	3,87,500	
12.	Ronak Ashwin Choksi (Parshavnath Investment Seviles)	1,50,834	24,500	1,58,332	47,820	13,000	222	11,500
13.	Shaishil T Jhaveri	7,93,214	5,36,772	10,28,067	6,80,680	2,85,559	3,33,531	28,800
	<b>Total</b>	<b>62,94,644</b>	<b>38,61,914</b>	<b>60,32,877</b>	<b>38,61,914</b>	<b>22,42,477</b>	<b>22,42,477</b>	<b>1,01,920</b>

### SIL

- c) The group entered into circular / synchronized / reversal of trades / self trades in the scrip of Supertex Industries Ltd. It is observed from IR that out of 161 days during which the scrip was traded during the investigation period, the trades amongst group were executed for 100 days.

**Table – 4**

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	16,54,186	10,59,781	16,09,353	1170919	5,48,481	6,29,470	30,794
2.	Amrita Agrawala	6,000	1,000	9,920	4,573	0	79	
3.	Amrit L Gandhi	3,28,299	72,260	34,055	0	19,012	0	
4.	Apexa Jagdishbhai Patel	5,000	0	5,000	5,000	0	0	
5.	Bela T Jhaveri	1,37,573	1,19,778	1,16,040	1,12,030	77,054	74,350	
6.	Chase Marketing Pvt. Ltd.	6,730	0	71,294	0	0	0	
7.	Danish Merchant	0	0	1,95,000	436	0	0	
8.	Daxaben Vasantkumar Shah	14,300	10,587	14,300	14,300	4,825	6,975	
9.	Jagdish Bhagat	1,67,526	46,770	3,57,026	1,75,879	33,000	3,752	2,129
10.	Jigish Vasa	3,000	500	3,000	0	0	0	
11.	Jipal Pineshkumar Shah	35,000	21,000	35,000	35,000	15,000	9,200	
12.	Kapilaben Somabhai Patel	2,73,665	2,23,286	3,22,139	238139	142,931	1,55,086	
13.	Kumkum Stock Broker Pvt. Ltd.	34,60,933	15,14,887	34,78,806	15,61,370	8,11,469	10,26,753	3,329
14.	Manish Ratilal Shah	11,00,928	6,59,944	10,95,955	4,74,016	3,84,586	2,51,440	1,000

15.	Nikhilbhai Shah	8,05,765	6,48,825	10,18,524	6,29,016	3,84,412	3,13,808	
16.	Nita B Bhavsar	38,200	29,200	38,200	38,200	10,000	16,475	
17.	Nitaben Shaileshbhai Patel	7,57,767	5,10,017	7,13,569	5,41,408	1,92,367	2,58,551	990
18.	Parameshwar Exports Private Limited	3,83,750	44,860	3,120	0	749	0	
19.	Ronak Ashwin Choksi(Parshavnath Investment Seviles)	2,17,500	1,52,715	71,571	32,576	22,000	450	
20.	Shaishil T Jhaveri	9,80,373	5,48,794	9,69,482	6,31,342	3,66,917	2,66,414	894
	<b>Total</b>	<b>1,03,76,495</b>	<b>56,64,204</b>	<b>1,01,61,354</b>	<b>56,64,204</b>	<b>30,12,803</b>	<b>30,12,803</b>	<b>39,136</b>

### **BSL**

- d) The group entered into circular / synchronized / reversal of trades / self trades in the scrip of Bridge Securities Ltd. It is observed from IR that out of 122 days during which the scrip was traded during the investigation period, the trades amongst group were executed on 8 days.

**Table – 5**

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
1	Apexa Jagdishbhai Patel	16,783	4,972	11,617	11,592	0	4,490	
2	Daxaben Vasantkumar Shah	28,494	5,207	13,793	1,522	1,200	0	
3	Dhaval Kumar Hastimal	5,155	500	0	0	0	0	
4	Hastimal Gulabchand Soni	7,725	0	0	0	0	0	
5	Jipal Pineshkumar Shah	36,897	6,945	23,139	7,000	280	0	
6	Nita B Bhavsar	99,430	13,807	22,004	5,521	4,490	0	2,071
7	Sonal Kiritbhai Patel	18,500	3,500	9,346	9,296	0	1,480	
	<b>Total</b>	<b>2,12,984</b>	<b>34,931</b>	<b>79,899</b>	<b>34,931</b>	<b>5,970</b>	<b>5,970</b>	<b>2,071</b>

### **ADPL**

- e) The group entered into circular / synchronized / reversal of trades / self trades in the scrip of Aarey Drugs and Pharmaceuticals Ltd. It is observed from IR that out of 161 days during which the scrip was traded during the investigation period, the trades amongst group were executed for 145 days.

**Table – 6**

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
1.	Nikhilbhai Shah	1,73,500	1,39,236	1,73,500	1,62,553	1,05,000	88,395	

2.	Shailesh Somabhai Patel	20,000	19,991	27,000	7,000	0	0	
3.	Apexa Jagdishbhai Patel	2,05,760	1,02,757	1,31,413	87,256	16,303	32,357	
4.	Bela T Jhaveri	9,500	9,500	9,500	0	9,500	0	
5.	C Shah Champaklal	3,47,228	2,29,128	3,47,228	2,43,027	88,145	63,114	
6.	Daxaben Vasantkumar Shah	10,60,704	3,91,010	9,95,277	4,14,989	1,15,733	1,16,360	33,025
7.	Dhaval Kumar Hastimal	1,27,374	71,225	1,23,719	1,03,699	14,838	26,360	
8.	Hastimal Gulabchand Soni	1,000	0	1,000	0	0	0	
9.	Jagdish Ramanlal Patel	69,550	44,495	36,700	22,000	15,640	8,950	
10.	Jipal Pineshkumar Shah	7,47,656	4,36,600	7,21,614	4,03,839	1,24,369	1,19,862	3,215
11.	Kapilaben Somabhai Patel	27,600	27,600	20,000	10,000	27,600	10,000	
12.	Kumkum Stock Broker Pvt. Ltd.	1,39,680	1,08,182	1,51,240	1,24,209	97,400	82,450	
13.	Manish Ratilal Shah	85,419	33,419	85,419	76,270	5,000	42,600	
14.	Nita B Bhavsar	10,53,691	5,40,787	11,47,652	4,99,561	1,58,541	1,33,186	25,278
15.	Nitaben Shaileshbhai Patel	2,03,540	1,48,239	1,93,534	1,30,588	10,000	45,170	10,894
16.	Ronak Ashwin Choksi(Parshavnath Investment Seviles)	96,750	85,935	92,210	70,527	58,115	0	
17.	Shaishil T Jhaveri	87,107	50,961	85,010	85,010	0	73,000	
18.	Sonal Kiritbhai Patel	1,33,638	47,458	97,195	45,995	0	4380	1,828
	<b>Total</b>	<b>45,89,697</b>	<b>24,86,523</b>	<b>44,39,211</b>	<b>24,86,523</b>	<b>8,46,184</b>	<b>8,46,184</b>	<b>74,240</b>

### WTIL

- f) The group entered into circular / synchronized / reversal of trades / self trades in the scrip of Winsome Textiles Industries Ltd. It is observed from IR that out of 161 days during which the scrip was traded during the investigation period, the trades amongst group were executed for 77 days.

**Table – 7**

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
1	Kapilaben Somabhai Patel	92256	79853	51125	46489	25000	8989	
2	Kumkum Stock Broker Pvt. Ltd.	1049984	298314	1092408	425612	118592	77917	647
3	Manish Ratilal Shah	111326	42151	109878	90103	4251	22319	
4	Nikhilbhai Shah	20785	20200	27785	2585	17700	0	
5	Nitaben Shaileshbhai Patel	565826	414753	430543	274973	77072	65989	5000
6	Ronak Ashwin Choksi(Parshavnath Investment Seviles)	277049	54259	308049	82404	6800	9800	28700
7	Shailesh Somabhai Patel	762510	459036	701663	401967	142876	167328	38221

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
8	Shaishil T Jhaveri	287115	144719	284031	189152	27565	67514	
	<b>Total</b>	<b>3166851</b>	<b>1513285</b>	<b>3005482</b>	<b>1513285</b>	<b>419856</b>	<b>419856</b>	<b>72568</b>

g) The consolidated contribution of each client of the group in five scrips taken together is as follows:

**Table – 8**

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchroniz ed Trades amongst Group (Buy)	Synchroniz ed Trades amongst Group (Sell)	Self Trades
1.	Nikhilbhai Shah	14,72,244	11,94,868	16,54,945	11,33,453	7,83,222	6,26,353	32,259
2.	Shailesh Somabhai Patel	38,78,369	23,84,547	34,56,560	23,14,242	11,48,688	11,43,936	98,082
3.	Amrita Agrawala	6,000	1,000	9,920	4,573	0	79	0
4.	Amrit L Gandhi	3,28,299	72,260	34,055	0	19,012	0	
5.	Apexa Jagdishbhai Patel	2,27,543	1,07,729	1,48,030	1,03,848	16,303	36,847	0
6.	Bela T Jhaveri	2,74,173	1,96,201	1,88,521	1,59,779	1,36,554	1,22,099	0
7.	C Shah Champaklal	3,47,228	2,29,128	3,47,228	2,43,027	88,145	63,114	0
8.	Chase Marketing Pvt. Ltd.	6,730	0	71,294	0	0	0	0
9.	Danish Merchant	0	0	1,95,000	436	0	0	0
10.	Daxaben Vasantkumar Shah	11,05,998	4,08,804	10,25,870	4,32,811	1,21,758	1,25,334	33,025
11.	Dhaval Kumar Hastimal	1,32,529	71,725	1,23,719	1,03,699	14,838	26,360	0
12.	Hastimal Gulabchand Soni	8,725	0	1,000	0	0	0	0
13.	Jagdish Bhagat	1,82,526	46,770	3,72,026	1,75,879	33,000	3,752	2,129
14.	Jagdish Ramanlal Patel	69,550	44,495	36,700	22,000	15,640	8,950	0
15.	Jigish Vasa	3,000	500	3,000	0	0	0	0
16.	Jipal Pineshkumar Shah	8,24,553	4,69,545	7,84,753	4,50,839	1,39,649	1,34,061	3,215
17.	Kapilaben Somabhai Patel	5,29,651	4,23,243	4,88,947	3,87,808	2,60,722	1,91,475	0
18.	Kumkum Stock Broker Pvt. Ltd.	62,53,917	26,82,372	64,47,227	29,09,835	14,31,672	17,42,184	4,270
19.	Manish Ratilal Shah	17,87,436	10,85,428	18,42,773	10,99,679	6,58,783	6,30,085	1,000
20.	Nita B Bhavsar	12,00,322	5,92,794	12,16,857	5,52,282	1,73,031	1,58,660	27,349
21.	Nitaben Shaileshbhai Patel	25,76,048	18,54,975	21,63,985	15,91,865	7,05,568	7,57,210	16,884
22.	Parameshwar Exports Private Limited	3,83,750	44,860	3,120	0	749	0	0
23.	Ronak Ashwin Choksi(Parshavnath Investment Sevice)	7,42,133	3,17,409	6,30,162	2,33,327	99,915	10,472	40,200

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
24.	Shaishil T Jhaveri	21,47,809	12,81,246	23,66,590	15,86,184	6,80,041	7,40,459	29,694
25.	Sonal Kiritbhai Patel	1,52,138	50,958	1,06,541	55,291	0	5,860	1,828
	<b>Total</b>	<b>2,46,40,671</b>	<b>1,35,60,857</b>	<b>2,37,18,823</b>	<b>1,35,60,857</b>	<b>65,27,290</b>	<b>65,27,290</b>	<b>2,89,935</b>

h) Further analysis of the aforesaid trades amongst group of the remaining clients is as follows:

**Table – 9**

Sr. No.	Client Name	No. of Days traded amongst group	No. of Trades amongst group	LTP Difference (%)
1.	Nikhilbhai Shah	50	669	-3.25 to 7.35
2.	Shailesh Somabhai Patel	125	2,271	-4.88 to 8.82
3.	Amrit L Gandhi	15	95	-0.52 to 2.32
4.	Apexa Jagdishbhai Patel	40	170	-6.7 to 3.35
5.	<b>Bela T Jhaveri</b>	16	97	-0.79 to 3.28
6.	C Shah Champaklal	49	424	-2.26 to 7.14
7.	Daxaben Vasantkumar Shah	132	779	-7.14 to 9.8
8.	Dhaval Kumar Hastimal	29	156	-1.64 to 2.57
9.	Jagdish Bhagat	27	450	-2.37 to 2.32
10.	Jagdish Ramanlal Patel	13	33	-1.36 to 1.5
11.	<b>Jipal Pineshkumar Shah</b>	94	938	-6.53 to 7.35
12.	Kapilaben Somabhai Patel	33	178	-1.01 to 3.97
13.	Kumkum Stock Broker Pvt. Ltd.	141	2,882	-4.41 to 14.73
14.	Manish Ratilal Shah	60	604	-3.25 to 10.22
15.	Nita B Bhavsar	129	1,120	-8.71 to 10.76
16.	Nitaben Shaileshbhai Patel	97	1,706	-4.88 to 14.73
17.	Parameshwar Exports Private Limited	17	94	-3.84 to 1.7
18.	Ronak Ashwin Choksi (Parshavnath Investment Services)	43	736	-3.04 to 4.51
19.	Shaishil T Jhaveri	106	1,363	-3.65 to 10.22
20.	Sonal Kiritbhai Patel	27	105	-6.93 to 7.06

i) Price impact of trades of the group is as follows:

**Table – 10**

Scrip	No. of trades with + LTP	% of trades with + LTP	Impact of trades with + LTP (Rs.)	No. of trades with - LTP	% of trades with - LTP	Impact of trades with - LTP (Rs.)	Net LTP impact (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
Riba Textiles Ltd.	1,992	57.71%	1,064.4	1,773	46.60%	-441.45	622.95	51.4	38.55
Supertex Industries Ltd.	3,479	43.69%	856.17	4,998	52.29%	-715.13	141.04	37.5	10.35

Bridge Securities Ltd.	90	25.64%	30.58	86	28.67%	-22.54	8.04	16.94	3.49
Aarey Drugs and Pharmaceuticals Ltd.	1,870	46.18%	780.9	1,557	37.02%	-360.35	420.55	33.95	20.6
Winsome Textile Industries Ltd.	1,375	44.96%	520.55	1,059	38.38%	-235	285.55	36.2	6

It is noted from the above that the trades of the group resulted in increase in price of the scrip.

- j) Some of the instances of synchronized trades, reversal trades and self trades of the noticee are given below

**Synchronized trades:**

**Table – 11**

Scrip Name	Trade Date	Trade Time	Buy Client Name	Buy Order Time	Sell Client Name	Sell Order Time
Riba Textile	03/07/09	13:38:11	Jipal Shah	13:37:57	Nikhilbhai Shah	13:38:10
Supertex Industries	02/07/09	14:13:53	Jipal Shah	14:13:52	Manish Shah	14:13:22
Supertex Industries	06/07/09	15:13:42	Jipal Shah	15:12:58	Kumkum Stock Broker Private Ltd	15:13:36
Aarey Drugs and Pharmaceuticals Ltd.	05/03/09	10:14:39	Jipal Shah	10:14:34	Nita Bhavsar	10:14:39
Aarey Drugs and Pharmaceuticals Ltd.	01/04/09	14:44:39	Jipal Shah	14:44:37	Nita Bhavsar	14:44:39

**Reversal trades:**

**Table – 12**

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (Rs.)	Buyer
Jipal Pineshkumar Shah	14-07-2009 - 23-07-2009	Bridge Securities	7,000	5	13.57	Dhavalkumar Hastimal Soni, Sonal Kiritbhai Patel, Apexa Jagdishbhai Patel, Nita Bankesh Bhavsar
Sonal Kiritbhai Patel, Apexa Jagdishbhai Patel	21-08-2009 – 27-08-2009	Bridge Securities	6,945	19	14.28	Jipal Pineshkumar Shah

**Self Trades:**

**Table – 13**

Scrip Name	Trade Date	Trade Quantity	Buy Client Name	Sell Client Name
Aarey Drugs and Pharmaceuticals Ltd.	09/04/09	50	Jipal Shah	Jipal Shah
Aarey Drugs and Pharmaceuticals Ltd.	09/04/09	77	Jipal Shah	Jipal Shah
Aarey Drugs and Pharmaceuticals Ltd.	17/04/09	1,000	Jipal Shah	Jipal Shah
Aarey Drugs and Pharmaceuticals Ltd	05/06/09	50	Jipal Shah	Jipal Shah

Aarey Drugs and Pharmaceuticals Ltd	08/07/09	2,000	Jipal Shah	Jipal Shah
-------------------------------------	----------	-------	------------	------------

8. The SCN was sent via Registered Post Acknowledgement Due ('RPAD') and was duly delivered to the Noticee. The Noticee vide letter dated August 29, 2013 *inter alia* made following submissions-

- a. *From 22 August 2013 I am suffering from some body problem and the symptoms of the same are as under. I am suffering from fever, joint pain, swelling of joints, stiffness of joints, muscular pain, headache, weakness, and nausea, vomiting and rash.*
- b. *For above problem I had contact my MBBS family Doctor and they had given some medicines for 2-3 Days, But after that I was not feel good so my Doctor had advice me to consult some M.D Doctor and they had advice me for some reports of my Blood, urine and etc.*
- c. *After some various Tests and reports of the same Doctor had told me, "You are suffering from Chikungunya and you have to take rest at least for 5 to 6 week.*
- d. *As per Doctor's Advice I am on Bed rest for 5 to 6 Weeks from 27<sup>th</sup> Aug 2013.*

**Past Correspondence in the Same:-**

- a. *I had already given satisfied reply to the investigating Officer of SEBI.*
- b. *I hope that the reply is satisfied by you in the same matter.*

**Commitments:-**

- a. *If you will be not satisfied by my past correspondence I will give you point wise reply to your above reference notice.*
- b. *After 5-6 week if I will be physically fit I will contact my consultant for the same matter and I will give you reply for the same notice.*

**Facts:**

- a. *I am a retail investor and I used to buy I sell I trade I invest in different scrips. During the above investigation period of said 5 companies, I traded in other scrip also*
- b. *I am an investor and have carried out trading and investment in equity shares of different companies at the relevant time through brokers.*
- c. *There is no co-relation with any person that shown in your notice.*
- d. *According to me I had not violated any regulation of SEBI act like 3 (a),(b),(c),(d), 4 (1), 4 (2) (a),(b),(e) and (g) and others.*
- e. *I say that I was I am an independent and distinct person and met my obligation at all times*

**Needs and requirements:-**

- a. *I request you to provide me all the documents I materials for the said 5 scrips investigations for the said period as follows.*
  - i. *Copy of investigation report*
  - ii. *Copy of order Log and Trade Log*
  - iii. *Copy of Documents I Information relied upon by SEBI to infer relation I connection with other entities.*
  - iv. *Copy of all correspondence done by me in past.*
  - v. *Copy of order passed by investigating officer in the same matter- if any.*

**Prayer:-**

- a. *In these physical circumstances, of my own you are requested not to issue any show cause notice in the same matter till up to further correspondence and personal hearing to submit necessary*

*documents in the said matters.*

- b. As per my best knowledge I had not violated any regulation of the SEBI so you are again requested not to issue any show cause notice.*
- c. I hope you will understand my situation and grant me some healthy time for 2 months to give me reply in the same matter and for natural justice.*

9. Vide aforesaid letter the noticee also sought copies of certain documents and same was provided to the noticee vide September 07, 2013. The noticee vide letter dated October 03, 2013 made additional submissions and submitted following:

*According to my letter dated 29-08-2013 your good office had send me some papers with above reference letter. But after receiving papers i was shocked because i had only shouted for investigation report and my old corresponds with investigating officer. Your good office has send me relevant Portion of investigation report but not send me my old corresponds with investigating officer. By the same letter i was also shocked to ref number 1) **Adjudication Proceedings - IPO of RDB Rasyans Ltd.** 1 had never done any activities in the same as well as in your notice dated August 14-2013 Ref No: - A&E/EAD3/DRK-AKS/20306/ 2013 the same was not in question. Anyway please look into the matter and remove it from your records and drop the same from against me. I had also check the proceeding of the Whole Time Member appointing Adjudicating officer dated 12 April 2013 there is no comment about the IPO of ROB Rasyans Ltd. I hope you will be satisfied by this to remove the Proceeding of IPO of RDB Rasyans Ltd from my case.*

*My detail answer for your notice dated August 14-2013 RefNo: - A&E/EAD3/DRK-AKS/20306/ 2013 is as under.*

<i>1. Securities And Exchange Board of India appointed you as Adjudicating Officer under Section 15 I of the SEBI Act,1992 to inquire into and adjudge under Section 15 IIA of the SEBI Act the violations of Regulations 3 (a), (b), (c), (d), 4(1), 4(2) (a), (b), (e), and (g) of SEBI Regulation 2003 and alleged to have been committed by me with respect to my trading in five scrips viz. Riba Textiles Ltd., Supertex Industries Ltd, Bridge Securities Ltd, Aarey Drugs and Pharmaceuticals Ltd and Winsome Textile Industries Ltd.</i>	<i>1. According to your charges of (PFUTP Regulations) i had never traded in stock market in fraudulent manner and i had not done any unfairtrade practice in Securities market. I am an individual Investor / Trader in the Stock market and I always trade by my knowledge personally and funds / Finance available with me time to time.</i>
---	---



<p>2. SEBI conducted an investigation into trading in the five scrips on Bombay Stock Exchange Limited during the period January 1,2009 to August 31,2009 and observed that a group of connected entities were involved in trading amongst themselves in aforesaid scrips.</p>	<p>2. I had traded in the same period to four scrip. I had already given detailed reply to investigating officer time to time. I was / am not connected with any group or any entities those who connected with any group for trading at Bombay Stock Exchange Limited.</p>
<p>3. You had noted from the findings of the investigation report and the table of the same was given in your notice as Para 3 for the price as well as volume of all the five scrips increased significantly during the investigation period as compared to Pre Investigation period.</p>	<p>3. In this regards i want to draw your attention to above number 1 &amp; 2 of my reply. I had already stat that I am an individual investor / Trader in the stock market doing activities of the same according to my knowledge and funds available with me time to time so the increase of volume and price in any scrip for any period is not affected / connected to me.</p>
<p>4. According to Investigation report it is observed that during the investigation period at Bombay Stock Exchange Limited, a group of 25 entities including me connected to each other by common address, common introducer or introduced by other group members, transferred shares in off market to each other etc. (As per Annexure -2) and also noted to be engaged in synchronized / reversal / circular / self trades in the aforesaid live scrips. The details of trading activity of the group clients across five scrips during the investigation period is given in Para 4 of your notice. It is also noted from your table that synchronized trades of the group were in the range of 17.09 % to 58.07 % of the trades amongst group.</p>	<p>4. I had already write earlier in the same reply that i am an individual investor / trader at Bombay Stock Exchange Limited doing stock market activities by my knowledge and availability of fund time to time with me so i am not connected with any group or any entities of group. I want to stat that the SUBBROKER of any broker has introduce many persons and who they are i don't know. I was / is not engaged in any synchronized / reversal / circular / self trades at any time out of five scrips.</p>
<p>5. <b>RIBA TEXTILES LTD</b> The observation from investigation report and summary of the said scrip w as shown in your notice in Para 5 as per annexure 3.</p>	<p>5. I had buy 5000 shares from market out of total buy 62, 94.644 shares during the investigation period and i had sell 5000 shares out of total sell 60, 32,887 shares. At the time of buying the share i don't know who was seller for the same and in same manner at time of selling i don't know who was buyer of the same. In this way it is not prove that i was / am connected to</p>

<p>6. <b>SUPERTEX INDUSTRIES LTD.</b> The observation from investigation report and summary of the said scrip was shown in your notice in Para 6 as per annexure 4.</p> <p>7. <b>BRIDGE SECURITIES LTD.</b> The observation from investigation report and summary of the said scrip was shown in your notice in Para 7 as per annexure 5.</p> <p>8. <b>AAREY DRUGS AND PHARMACEURTICALS LTD.</b> The observation from investigation report and summary of the said scrip was shown in your notice in Para 8 as per annexure 6.</p> <p>9. <b>WINSOME TEXTILES INDUSTRIES LTD.</b> The observation from investigationreport and summary of the saidscrip was shown in your notice inPara 9 as per annexure 7.</p>	<p>any group. From buying of some little quantity and selling of the same it is not prove that i had done fraudulent and unfair trade practice relating to securities market so i had not violated <b>PFUTP Regulations</b>.</p> <p>6. <b>SUPERTEX INDUSTRIES L t d .</b> During the investigation period total buy of 1,03,76,495 shares according to your annexure out of that my buying was 35,000 shares and in the same manner out of total sell of 1,01,61,354 i had sell 35000 shares that was purchased by me. The quantity is so little in figure as well as in percentage of total buy and total sell. Please look at the figures and you decide in which way i had done fraudulent and unfair trade practice relating to securities market so i had not violated <b>PFUTP Regulations</b>.</p> <p>7. <b>BRIDGE SECURITIES LTD.</b> My clarification for the said scrip as such as the above both scrip viz Riba Textile Limited &amp; Supertex Industries Limited.</p> <p>8. <b>AAREY DRUGS AND PHARMACEURTICALS LTD.</b> I had done some huge trades in this scrip to recover my capital loss and profit loss in other scrips but i was also failing to do so by this scrip. But it is true that i had done trading activities in the said scrip naturally without any bad intension and only to survive me. I had not done any trade in this scrip with any group entities. I had done trades in the said scrip by my personal / individual knowledge and by market news.</p> <p>10. <b>WINSOME TEXTILES INDUSTRIES LTD.</b> I had truly admit that i had never done any trade in the said scrip and it is also shown by your annexure no 7.</p>
---	---

**Reply for Serial No 10 (Consolidated Contribution) No 11 Analysis of the aforesaid trades No 12 Price impact of the trades and No 13 some of the instances of synchronized trades, reversal trades and self trades.**

Dear Sir,

*I had stated earlier in the said reply that i am an individual trader / little investor doing stock market activities by my own knowledge and also with funds / finance available with me personally. I am unable to understand the hard words of stock market like consolidated contribution, analysis of trades, price impact of the trades and also of instance of synchronized trades, reversal trades and self trades. What are the definitions of all these things and how it is executed that i don't know? As i am not aware of these things please act with me by broadminded view .*

*It is alleged basis of the findings of the investigation report in Para 14 that during the investigation period i had collusion with the group and executed circular trades, synchronized trades, reversal trades and self trades in the above mentioned five scrip which has resulted in creation of artificial volume in the said five scrip leading to false and misleading appearance of trading in the five scrip and further that it has also artificially increase the price in the five scrips and hence is fraudulent in nature. But these all allegations were / are not true in my case personally because i had repeatedly stated that i was / am an Individual trader / Investor doing activity in stock market by my knowledge and funds / Finance available with me time to time and i again want to stat that i had done all trades in four scrips out of Five scrips by without any bad intension and only with my knowledge and also to earn some little amount from this huge stock market.*

*From your notice in your Para no. 15 it is alleged that my action has led to the violation of Regulations 3 (a), (b), (c) (d), 4 (1), 4 (2) (a), (b), (e) and (g) of SEBI Regulations , 2003. I am going to deny all these deny all these allegations because I had not done any unfair activities which were led to my action to violate the same Regulations of SEBI 2003.*

*When i had not violated any Regulations of SEBI 2003 according to me the penalty under section 15 HA of the SEBI Act is not in question.*

*I want to draw your kind attention on **Adjudication Proceedings - IPO of RDB Rasyans Ltd.** I believe that there is some big mistake done by investigating officer or by your good office due to some same type of name like pattern of my name. That's why i want to draw your kind attention on both things Adjudicating Proceeding of IPO of RDB Rasyans Ltd. and adjudicating proceedings of said five scrips were mixed or not? And if it was please remove my name from both things.*

*I hope you will be satisfied by my reply as per my knowledge. Please ignore me if i had used some hard words in my reply. I hope you will give me natural justice and drop all these charges against me imposed by SEBI. Because i am an individual trader / Little Investor doing stock market activities by my knowledge and funds and finance available with me time to time.*

10. In the interest of natural justice, it was decided by the erstwhile Adjudication officer to provide an opportunity of personal hearing to the Noticee and hence vide hearing notice dated November 05, 2013, an opportunity of hearing was provided to the Noticee on November 25, 2013. The Noticee vide letter dated November 22, 2013 appointed Ms. Rinku Valanju, Advocate as her Authorized Representative ('AR'). The Noticee / AR failed to attend the scheduled hearing on November 26, 2013 without providing any reason for the same. Thereafter, the Noticee was granted final hearing in the matter on January 06, 2014 vide hearing notice dated December 23, 2013 however the said hearing was adjourned. Further, vide hearing notice dated January 17, 2014 another opportunity of hearing was granted on February 04, 2014. Meanwhile, the noticee vide letter dated January 29, 2014 submitted additional reply to the SCN and *inter alia* submitted the following:

a) *I note that my name is included in the above notice on account of my trades in Riba Textiles Ltd., Supertex industries Ltd Bridge Securities Ltd Aarey Drugs and Pharmaceuticals Ltd., Winsome Textile Industries Ltd. during the period January 01, 2009 to August 31, 2009 on BSE. It is pertinent to mention that I have not earned out any trade in the scrip of Winsome Textile Industries Ltd.*

*While on the subject, I bring to your kind notice that*

- i. *I am an investor and have carried out trading and investment in equity shares of different companies also at the relevant time.*
- ii. *I am not a SEBI registered intermediary and I respectfully submit that for the purpose of Regulation 3 (a), (b), (c), (d), 4(1), 4 (2) (a), (b) (e), and (g) of SEBI (PFUTP). I do not come under SEBI's ambit, purview, compass and jurisdiction; The SCN is therefore misconceived and misdirected against me.*
- iii. *There is a great delay in issuing SCN. which delay is not even explained and thus it has caused prejudice to me.*
- iv. *I say that I was / am an independent and distinct person and met my obligations in terms of shares and money at all times I am not part of any group as a alleged or otherwise.*

b) OBSERVATIONS / EXPLANATIONS:

- i. During the investigation period of 8 months my buy/ sell volume in the Riba Textiles Ltd., Supertex Industries Ltd., Bridge Securities Ltd Aarey Drugs and Pharmaceuticals Ltd was not much
- ii. I am wrongly bunched, lumped and connected with the other parties of the group My connection is not even established with the alleged group entities.
- iii. SEBI has not specified my trades with which counter party is considered synchronized / objectionable.
- iv. In the SCN, LTP difference Table 11 is alleged group entity wise consolidated table for 5 alleged scrips and LTP difference Table 12 is scrip wise consolidated table for all alleged group entities I say that there is no entity wise scrip wise breakup of the LTP difference related trades/ transactions provided in the SCN hence it is not possible to identify ascertain exactly my role, participation and involvement in the alleged price manipulative activity.
- v. No trades nad been allegedly carried out in the scrip of Winsome Textile industries Ltd by me Hence it can not be said that I carried out circular/ synchronized /reversal/ self trades in the said scrip
- vi. No off market transfers/ transactions have allegedly taken place in my account (reference Annexure II of SCN) in either of the 5 scrips
- vii. As per Investigation report, there is no connection of mine with any company / Director / Promoter
- viii. Scrip wise Analysis:

Name of the Company	Mkt Volume	Group Mkt Volume	Noticees Group Volume	Group Synchron ized Volume	Noticee's Synchroniz ed Volume	% Vis a vis Group	% Vis a vis Mkt	Noticee' s self trades	% Vis a vis Group	% Vis a vis Mkt
Riba Textiles Ltd.	11259446	12327521	10000	4484954	4999	0.04	0.04	None		
Supertex Industries Ltd.	19421886	20537849	56000	6025606	24200	0.11	0.12	None		

Bridge Securities Ltd.	484790	292883	13945	11940	280	0.09	0.06	None		
Aarey Drugs and Pharmaceuticals Ltd.	8883052	9028908	839989	1692368	244231	2.70	2.75	3215	0.036	0.036
Winsome Textile Industries Ltd.	6802131	4680136	None	839712	None			None		

**Note:** Market volume is taken from the table at page no 3 of SCN and the same is also verified from BSE website – Archives

*It is observed from SCN that total group volume (buy+ sell) is greater than total market volume during the investigation period in the scrip of Riba Textiles Ltd., Supertex Industries Ltd. Aarey Drugs and Pharmaceuticals Ltd which cannot be the case and there appears to be some error in the data.*

- ix. *The below mentioned table shows my trading the alleged scrips in terms of number of days during investigation period*

Name of the Company	Investigation Period (no of days)	Group traded during Investigation Period (no of days)	Noticee traded during Investigation Period (no of days)
Riba Textiles Ltd	161	119	2
Supertex Industries Ltd	161	100	6
Bridge Securities Ltd	122	8	5
Aarey Drugs And Pharmaceuticals Ltd	16 <sup>1</sup>	145	87
Winsome Textiles Industries Ltd	161	77	0

*On observing the trade data, my trades are stray random, not continuous on everyday. If I am a part of the alleged group then my trades would have been throughout the investigation period.*

c) *Scrip wise Submissions:*

i. *Riba Textiles Ltd.*

Noticee's Buy Volume	Noticee's Sell Volume	Gross Volume	Net Volume
5000	5000	10000	0

*I say that my purchase/ sale transactions in the scrip of Riba Textiles were delivery based and only on 2 days (buy transaction on 03.07 2009 and sell transactions on 07.07.2009) out of 161 days of investigation*

*My total volume in this scrip was only 10.000 shares ( 0.09% of mkt volume) hence my trading in the scrip could not have led to false and misleading appearance of trading in the scrip and resulted into creation of artificial volume as alleged.*

*I have incurred a loss of about Rs 3750 in my trading in this scrip.*

*I have purchased shares at Rs 55.50 and sold the said shares (after 2 days) at Rs 54.75 hence my one stray buy / sell trade cannot be said to have contributed to alleged price rise*

*I say that the investigation period of this scrip is from January 2009 to August 2009 and the price had risen to Rs. 77.15 in May 2009 and the price was around Rs. 54 when I traded in the scrip in the month of July Hence it cannot be said that I have contributed to price rise in the scrip*

Analysis of Trades (Riba Textile Ltd)			
	No. of shares	% Vis-a-Vis group	% Vis-a-Vis Mkt
Mkt Volume	11259446		-
Group Volume	12327521		(109%) Error in data*
Noticee's Group Volume	10000	0.08	0.09
Group Synchronized Volume	4484954		
Noticee's Synchronized Volume	4999	0.04	0.04
Noticee's Self Trades	None		

*\*Group Volume can not be market volume.*

*I say that my sale volume of 4.999 shares with one Manish Shah is considered synchronized/ objectionable however my entire buy volume of 36897 shares is considered normal I say that I am not connected with Manish Shah in any manner and there is no connection even established between me and said Manish Shah in the SCN. Hence it cannot be said that I have carried out synchronized / reversal or circular trades in the scrip*

*Further as per table on pg no 4 my alleged buy synchronized volume is Zero However as per table of synchronized trades on page 11 of SCN, my buy volume of 5000 shares is alleged to be synchronized. Hence it appears that there is some error in the SCN.*

*My alleged synchronized volume is only 0.04% of total market volume which is negligible and my remaining 99.96 % volume is considered normal by SEBI.*

*Admittedly there is no self trade*

ii. *Supertex Industries Ltd.*

Noticee's Buy Volume	Noticee's Sell Volume	Gross Volume	Net Volume
35000	35000	70000	0

*I say that my purchase/ sell transactions in the scrip of Supertex Industries Ltd. were delivery based and only on 6 days out of 161 days of Investigation period.*

*My total volume in this scrip was only 70000 shares (0.36% of mkt volume) hence my trading in the scrip could not have led to false and misleading appearance of trading in the scrip and resulted into creation of artificial volume as alleged*

*I say that the investigation period of this scrip is from January 2009 to August 2009 and I traded in the scrip in the month of July and August. . I have carried out very few trades and that too at the fag end of the Investigation period.*

Hence it can not be said that I have contributed to price rise/ manipulation in the scrip

<b>Analysis of Trades (Supertex Industries Limited)</b>			
	No. of Shares	% Visa-Vis group	% Visa-Vis Mkt
Mkt Volume	19421886		
Group Volume	20537849		(105.75%) Error in data*
Noticee's Group Volume	56000	0.27	0.29
Group Synchronized Volume	6025606	-	-
Noticee's Synchronized Volume	24200	0.12	0.12
Noticee's Self Trades	None	-	

\*Group Volume can not be market volume.

I say that my buy volume of 15000 shares and sale volume of 9200 shares is considered synchronized/ objectionable From the annexure given by SEBI it appears that the counter parties to my purchase trades are Mr Manish Shah (5000 shares), some Kumkum stock Broker Pvt Ltd (16000) and sale trades are Mr Manish shah (5000 shares), some Kumkum stock Broker Pvt Ltd (20296) and Mr. Shailesh Patel (9704 shares). I say that SEBI has provided counterparty details to my trades however it has not specified that my trades with which counter party is considered synchronized / objectionable I say that I am not connected with any of the counter parties viz Mr Manish Shah, Kumkum stock Broker Pvt Ltd, Mr. Nikhilbhai Shah, Mr Shaishil Jhaven and Mr Shailesh Patel in any manner and there is no connection even established between me and counter parties to my trades in the SCN

I say that my buy volume of 15000 shares and sale volume of 9200 shares with one Manish Shah is considered synchronized/ objectionable I say that I am not connected with Manish Shah in any manner and there is no connection even established between me and said Manish Shah in the SCN.

My alleged synchronized volume is only 0.12% of total market volume which is negligible and my remaining 99.88 % volume is considered normal by SEBI

Admittedly there is no self trade.

iii. **Bridge Securities Limited**

Noticee's Buy Volume	Noticee's Sell Volume	Gross Volume	Net Volume
36879	23139	60036	13758

I say that my purchase/ sell transactions in the scrip of Bridge Securities Ltd. were delivery based and only on 5 days out of investigation period of 122 days. Further alleged group itself has traded only for 8 days out of investigation period of 122 days.

My total volume in this scrip was only 60,036 shares (12.38% of mkt volume) hence my trading in the scrip could not have led to false and misleading appearance of trading in the scrip and resulted into creation of artificial volume as alleged.

I say that the investigation period of this scrip is from January 2009 to August 2009 and I traded in the scrip in the month of July and August I have carried out very few trades and that too at the fag end of the Investigation period. Hence it cannot be said that I have contributed to price rise/ manipulation in the scrip



<b>Analysis of Trades (Bridge Securities Limited)</b>			
	No. of Shares	% Visa-Vis group	% Visa-Vis Mkt
Mkt Volume	484790		-
Total Group Volume	292883	-	60.41
Noticee's Group Volume	13945	4.76	2.88
Group Synchronized Volume	11940		-
Noticee's Synchronized Volume	280	0.1	0.06
Noticee's Self Trades	None		

\*Group Volume can not be market volume.

I say that my buy volume of 280 shares is considered synchronized/ objectionable however my entire sale volume of 23139 shares is considered normal. From the annexure given by SEBI it appears that the counter parties' to my purchase trades are Ms Apexa Jagdish Patel (2701 shares) Ms. Sonal Kiritbhai Shah (4244) I say that SFBI has provided counterparty details to my trades however it has not specified that my trades with which counter party is considered synchronized / objectionable I say that I am not connected with any of the counter parties viz Ms Apexa Jagdish Patel and Ms Sonal Kiritbhai Shah, in any manner and there is no connection even established between me and counter parties to my trades in the SCN.

I say that my buy volume of 280 shares (0.06%) with one Sonal Kiritbhai Patel is considered synchronized / objectionable and remaining (99.94%) volume is considered normal. I say that my entire sale volume of 23139 shares is considered normal I say that I am not connected with her in any manner and there is no connection even established between me and her in the SCN.

I say that the investigation period of this scrip is from January 2009 to August 2009 and I have carried out trades in the scrip in the month of July 2009 and August 2009 and out of which my trades in only 280 shares are considered objectionable If I was connected entity as alleged I would have traded in the scrip throughout which is not the case here. I have carried out very few trades and that too at the fag end of the Investigation period Hence it cannot be said that I have contributed to price rise/ manipulation in the scrip.

My alleged synchronized volume is only 0.06% of total market volume which is negligible.

With regard to alleged reversal trades in this scrip (2nd table on page 11 of SCN). I say that there is an error in analyzing trade data / order data on part of AO as my purchase trades (7000 shares, 5 trades) of 7 days (14.07.2009 to 21.07.2009) with 4 different counter parties are alleged to be reversed after one month that too over a period of 7 days. 19 trades and with two parties The noticee is unable to even comprehend the charge in this regard. I say that considering such delivery based trades as reversal trades is fallacious and therefore erroneous.

Admittedly there is no self trade.

iv. Aarey Drugs and Pharmachetical Ltd.

Noticee's Buy Volume	Noticee's Sell Volume	Gross Volume	Net Volume
747656	721614	1469270	26042

I say that my purchase/ sale transactions in the scrip of Aarey Drugs and Pharmaceuticals Ltd. were delivery based and I have met with all my obligations qua broker in time. My trades in the scrip have resulted into net delivery of about 26.042 shares hence my trading in the scrip could not have led to false and misleading appearance and resulted into creation of artificial volume as alleged.

I have carried out trades at ruling market prices and hence it cannot be said that I have contributed to alleged price rise in the scrip Further it is not even shown/ explained in SCN that my which trades in the alleged scrip are considered at higher LTP Price.

<b>Analysis of Trades (Aarey Drugs and Pharmaceuticals Ltd.)</b>			
	No. of Shares	% Visa-Vis group	% Visa-Vis Mkt
Mkt Volume	8883052	-	*
Total Group Volume	9028908	-	(101.64%) Error in data*
Noticee's Group Volume	839989	9.30	9.46
Group Synchronized Volume	1692368	-	-
Noticee's Synchronized Volume	244231	2.70	2.75
Noticee's Self Trades	3215	-	0.04

\*Group Volume can not be market volume.

I say that my buy volume of 124369 shares and sale volume of 119862 shares is considered synchronized/ objectionable. From the annexure given by SEBI it appears that the counter parties' to my purchase trades are Ms Apexa Jagdish Patel (19352 shares) Ms Sonal Kiritbhai Patel (5634) Mr Champaklal Shah (146149) Ms. Daxaben Shah (60494). Dhavalkumar Hastimal ( 39564), Mr. Jagdish Patel ( 8165), Mr. Nikhilbhai Shah (3200), Nita Bhavsar (15000), Mr. Ronak Ashwin Choksi (1546) and Mr Shaishil Jhaveri ( 8010) and sale trades are Ms. Apexa Jagdish Patel (46423 shares). Ms Sonal Kiritbhai Patel (18677), Mr Champaklal Shah (74689), Ms. Daxaben Shah (67751), Dhavalkumar Hastimal (15698), Mr Jagdish Patel (15500). Mr. Nikhilbhai Shah (15000), Ms. Nita Bhavsar (131456) Mr. Ronak Ashwin Choksi (3000) and Mr. Shaishil Jhaveri (5000). I say that SEBI has provided counterparty details to my trades however it has not specified that my trades with which counter party is considered synchronized / objectionable I say that I am not connected with any of the counter parties' viz. Ms Apexa Jagdisti Patel. Ms. Sonal Kiritbhai Patel, Mr Champaklal Shah Ms. Daxaben Shah Mr Dhavalkumar Hastimal, Mr Jagdish Patel. Mr. Nikhilbhai Shah. Ms. Nita Bhavsar. Mr. Ronak Ashwin Choksi and Mr. Shaishil Jhaveri in any manner and there is no connection even established between me and counter parties to my trades in the SCN.

My total volume in the scrip is 16.54% of the mkt volume I say that my buy volume of 1,24,369 shares and sell volume of 1 19,862 shares is considered synchronized/ objectionable . I say that I am not connected with anyone in any manner and there is no connection even established between me and alleged group entities in the SCN. Hence it cannot be said that I have carried out synchronized / reversal or circular trades in the scrip.

My alleged synchronized volume is only 2 75% of total market volume which is negligible and remaining 97 25% is considered normal by SEBI.

Further it is alleged that my trades in 3 215 shares have resulted into self trades and are considered objectionable. I have not carried out any self / fraudulent trades as alleged I had carried transactions in the normal course of business through various brokers. It is pertinent to mention that the alleged self trades are orders that have matched in my different trading accounts with different brokers In the absence of not providing of order log I cannot verify the total order quantity keyed- in, whether there was any order modification, cancellation or deletion, and whether full or partial quantity got matched is not provided and made not known to me However from the trade logs it is evident that there was a substantial difference in the buy and sell order quantity which is shown in the table below.

Date	Buy Order Qty	Sell Order Qty	Difference in the Qty
09.04.2009	50	4000	3950
09 04.2009	80	100	20
17.04 2009	1000	6000	5000

05.06 2009	50	5000	4950
08.07.2009	2000	10000	8000

d) *I submit that the very basis of formation of Group of connected entities is faulty, flawed, erroneous and unwarranted. I was not part of any group as wrongly suggested in the SCN. There was no intention, action or motive on my part to act in any group as alleged or otherwise.*

i. *SEBI has sought to be established my connection with certain persons on the basis of telephone number/ email id presumably mentioned in K7C documents of mine. It is pertinent to note that the phone number 9825011486 alleged to have been mine does not belong to me. I am not even aware as to who filled in/ provided the said number in KYC to the broker The Broker had not provided me the KYC etc documents at the time of account opening - otherwise I could have raised an objection for the same at the relevant time The Broker has neither verified nor confirmed the same from / to me. The inference drawn by SEBI on this count is without any cogent basis or without any logic. My transactions were independent, separate genuine and bonafide and had nothing to do with the manipulation etc: as alleged in the order or otherwise.*

**e) TYPE AND NATURE OF TRANSACTIONS AND DELAINGS:**

- i. *I have not carried out any self trades in Riba Textile Ltd., Supertex Industries Ltd and Bridge Securities Ltd scrips. My volume was independent, standalone and of delivery" mtra- day nature I have traded in the scrip as per my own conviction, anticipation, strategy and risk appetite I have met my settlement obligations I have traded in other scrips also at the relevant time*
- ii. *On analyzing trade data furnished, it appears that there are differences in buy / sale order input time, quantity and revealed quantity. Further the prices that were keyed-in (for buy and sale) were different from LTP prevailing at the particular time The counter end parties to my trades are all different and are varying*
- iii. *I have not indulged in any price manipulation activity by way of trading at LTP variation I clarify that my orders were keyed- in within permissible price limits and impact to the price rise of scrip was normal and not manipulative as alleged or otherwise My trades have not caused any material or significant impact on price If there are few trades at above LTP and few trades below LTP but the trades were within permissible circuit limits.*
- iv. *I say that there is no one way influence of my trades that influenced price I submit that a desperate buyer may offei to buy at a higher price than the ruling market price and a desperate seller may accept little lower price than the prevailing price, the objective in both cases being to ensure 100% execution of trade (and need not price manipulation as wrongly suggested). Further my trades in the alleged scrips were mainly during months of July and August i.e at the end of the Investigation period*
- v. *I say that my trades had no influence on the market price and hence I could not be a party who could manipulate the price or rig the price I had no objective to manipulate the price and I have not caused any harm to any market participant by my trades.*
- vi. *I have not carried out any fraudulent trades as alleged I had carried transactions in the normal course of trading I nave not carried out any self/ reverse / circular/ synchronized trades as alleged or otherwise*
- vii. *I was not aware of the counter parties to my trades at the relevant time, (further complete and full*

order data of mine and counter parties have not been provided). I had no contemporaneous knowledge of counter orders (time, quantity, price etc), and of counter brokers and of their end clients My trading was of delivery based. I was not connected directly or indirectly to the alleged group entities.

- viii. *My trades were as per my strategy position financial capacity and circumstances There was no any common strategy prior meeting of minds and none is reflected even in the SCN*
- ix. *I clarify that the alleged group's volume can not be thrust upon me. I submit that I was a separate entity and can not be linked, connected or related to anyone. Without prejudice to the above I submit that the purported consolidated contribution to LTP difference: -6.53 to 7.35 do not mean anything adverse or negative. Such trades could have been the outcome of some entry / exit strategy or the normal trading or value investing bottom fishing, square-off trade etc. Buying first trade at higher than previous closing market price is not against any trading regulation. Further the quantity of such trades was miniscule, were stray / erratic trades and may have been carried out in line with dynamic market conditions on as is where is and what is there is basis reflecting on the trading screen at the relevant time. I do not accept the inference that the intention was to increase the price of the scrip in case of trades involving small quantities of shares The order data having not been supplied and market picture then (screen shot in moving condition) (depth, top 5 orders keyed-in etc.) prevailing having not been furnished, I cannot comment further. On account of not making available the complete, full and perfect data, I cannot be called upon to explain the case and this is in violation of principles of natural justice.*
- x. *I have not indulged into group trades or self trades or created artificial volume or price manipulation as alleged. My trades were genuine, bonafide and in the normal course of trading and not fraudulent in nature as alleged.*
- xi. *I say that my transactions were separate, independent and I am not connected with anyone in respect of my commercial dealings / trading pattern My nature, pattern, character, style of trading is different from that of others.*
- xii. *I say that inferences drawn against me are general, bald cryptic sweeping, roving and on tlie basis of conjunctures and surmises The bunching of trading date of all 5 scrips together has caused prejudice to me.*
- xiii. *In view of the above, I state that I have not violated provisions of Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of SEBI PFUTP Regulations 2003.*

f) Mitigating Factors:

- (i) I have not traded in the scrips of Winsome Textile Industries Ltd. at all. Further my volume in other scrips is negligible
- (ii) There is no off-market dealing in the said scrip by me
- (iii) I have carried out trades in the alleged scrips on very few days that to April 2009 onwards I have not traded throughout the Investigation period of January 2009 to August 2009..
- (iv) I am not connected with any company / Director / Promoter.
- (v) I have not violated any substantive provision of law

- (vi) I am not guilty of conduct which is contumacious or dishonest or acted in conscious disregard of law. I have not acted in defiance of law.
- (vii) I have not viewed the regulatory proceedings in a non-chalant manner.

g) Conclusion

- i. My trades were in the ordinary course of trading / investment business. The findings are therefore de hors consideration of my personal trading / investment strategy and pattern. There is no concrete material to suggest that I acted in collusion or in concert with anyone I deny that my trades have resulted in creation of artificial volume in the said five scrips or misled anyone or artificially increased the price. I with respect do not accept the adverse inferences / conclusions against me as they do not have any substantive basis in law and are contrary to facts.

There is no correct appreciation of material that has been relied upon by SEBI. The SCN is therefore misconceived qua me.

- ii. In view of what is stated above, I emphatically submit that there is no lapse or wrongdoing on my part as alleged or otherwise. My trades could not be said to have contributed to any false or misleading appearance of trading in the said scrips Further, my volume of trading was delivery based/ intra day and hence genuine and not artificial as sought to be suggested There was no element of fraud in my trading in the said scrips as alleged or otherwise

h) Prayers:

- i. In the circumstances, the charges as leveled against me be dropped and I be discharged. I therefore request you not to hold any inquiry against me in terms of Rule 4 of SEBI in the interest of justice and equity.
- ii. I crave leave to file additional documents and make further submissions, if required.

11. On scheduled date of hearing, the AR attended the hearing and made submissions as under:

- All the entities have no connection with the Promoters/ Directors of the companies and with the alleged group of entities.
- The entities have done trading only for few days during the entire investigation period and that too in miniscule quantity which will have no effect on the market equilibrium. Further, the entities have traded

towards the fag end of the investigation period when the prices of the scrips were already high.

- Total market volume in the scrips of Riba Textiles Ltd., Supertex Industries Ltd. and Aarey Drugs & Pharmaceuticals Ltd. is less than the Group's volume.
- The reversal trades are over a period of time and that too more than 2 people are involved.

12. The AR also sought a number of voluminous documents during the course of hearing. It was suggested that the AR go for inspection and obtain relevant documents from the operational department. The AR was also advised to submit a copy of KYC of the Noticee. The AR undertook to submit a brief profile of the Noticee and any further submissions on or before February 28, 2014. The AR submitted profile of the Noticee vide letter dated March 13, 2014. Subsequently, the Adjudication proceedings were transferred to Shri Suresh B Menon. The Noticee was intimated about the change in Adjudicating Officer vide letter dated July 02, 2015 and advised to submit additional documents, if any, or indicate about another opportunity of hearing in the matter latest by July 20, 2015. Thereafter, an opportunity of hearing on February 08, 2016 was granted to the Noticee in the matter vide letter dated January 28, 2016. However, the Noticee did not avail of the opportunity of hearing on the scheduled date. Subsequently, the Adjudication proceedings were transferred to the undersigned. The Noticee was intimated about the change in Adjudicating Officer vide hearing notice dated December 26, 2017 and granted a final opportunity of hearing on January 10, 2018. The Noticee was also advised to submit additional documents, if any, in the matter at least one day before the date of hearing. The Noticee did not submit any additional documents in the matter and also failed to avail of the opportunity of hearing on the scheduled date.

13. In view of the above, I now proceed further in the matter based on available records in the matter.

### **CONSIDERATION OF EVIDENCE AND FINDINGS**

14. I have perused the written submissions of the Noticee and the documents available on record. The issues that arise for consideration in the present case are :

(a) Whether the Noticee has violated Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations by indulging in manipulative trades.

(b) If yes, then do the violations, if any, on the part of the Noticee attract any monetary penalty under Section 15HA of the SEBI Act?

(c) If yes, then what would be the monetary penalty that can be imposed upon the Noticee, taking into consideration the factors mentioned in Section 15J of the SEBI Act read with Rule 5(2) of the AO Rules?

15. Before moving forward, it is pertinent to refer to the relevant provisions of the Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations:

#### ***3. Prohibition of certain dealings in securities***

*No person shall directly or indirectly—*

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

*(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*

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

*(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

**4. Prohibition of manipulative, fraudulent and unfair trade practices**

*(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*

*(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*

*(a) indulging in an act which creates false or misleading appearance of trading in the securities market;*

*(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;*

*(e) any act or omission amounting to manipulation of the price of a security;*

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

16. Before proceeding further, it would be appropriate to recapitulate the relevant facts of the case. It is observed from the IR that a group of 25 entities including the Noticee were connected to each other by common address, common introducer or introduced by other group members, transferred shares in off market to each other. The name and linkages among various entities is given below:

**Table – 14**

S.N o.	Name of the group entity	Basis of Connections
1	Shailesh Somabhai Patel	Shailesh Patel, Nitaben Patel & Kapilaben Patel have common address viz. A 14 Snehadri Apts, Ambawadi Shreyas Tekra, Ahmedabad, Gujarat, 380051.
2	Nitaben Shaileshbhai	Ronak Choksi introduced Nitaben Patel and Shailesh Patel (KYC by Guinness



S.N o.	Name of the group entity	Basis of Connections
	Patel	<i>Sec Ltd.)</i>
3	Kapilaben Somabhai Patel	Ronak Chokasi signed as witness to Shailesh Patel & Nitaben Patel (KYC by <i>Networth Stock Broking Ltd.)</i>
4	Ronak Ashwin Choksi	<p>Shailesh Somabhai Patel and Nitaben Shaileshbhai Patel received shares in preferential allotment in Winsome in the year 2008.</p> <p>Common Introducer - The following set of entities had a common introducer:</p> <p>Shailesh Patel, Nitaben Patel, Nikhilbhai Shah and Shaishil Jhaveri by one Premal Shah (KYC by <i>Brics Securities Ltd.)</i></p> <p>Kapilaben Patel and Nitaben Patel by one Samir Shah (KYC by <i>Comfort Securities Pvt. Ltd.)</i></p> <p>Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J (KYC by <i>Mangal Keshav Securities Ltd.)</i></p> <p>Shailesh Patel and Kapilaben Patel by one Prakash Kadiya (KYC by <i>MTL Share and Stock Brokers Ltd.)</i></p> <p>Nitaben Patel and Shailesh Patel by one Narayan Equity Broking and Advisory Ser Ltd. (KYC by <i>SMC Global Sec Ltd.)</i></p> <p>Nitaben Patel and Shailesh Patel by one Nitin Patil (KYC by <i>SSJ Finance and Sec Pvt. Ltd.)</i></p> <p>Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki (KYC by <i>Nirmal Bang Sec Ltd.)</i></p> <p>Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (KYC by <i>Nirmal Bang Sec Ltd.)</i></p> <p>Nitaben Patel and Shailesh Patel by one A.R. Patel (KYC by <i>Anand Rath Share &amp; Stock Brokers Ltd.)</i></p>
5	Nikhilbhai Shah	Nikhilbhai Shah, Shaishil T. Jhaveri and Bela T Jhaveri are Directors of Kumkum Stock Brokers Pvt. Ltd. (KYC by <i>Nirmal Bang Sec Pvt. Ltd.)</i>
6	Shaishil T. Jhaveri	Manish Ratilal Shah & Nikhilbhai Shah have common Address - B-81, Pariseema Complex, C.G. Road, Ellisbridge Ahmedabad.

S.N o.	Name of the group entity	Basis of Connections
7	Bela T Jhaveri	Bela Jhaveri introduced to Nikhil Shah ( <i>KYC by SSJ Finance &amp; Securities Pvt. Ltd.</i> )
8	Kumkum Stock Broker Pvt. Ltd.	Shaishil Jhaveri introduced Manish Shah and Nikhil Shah ( <i>KYC by SPFL Sec Ltd.; Siddhi Shares Pvt. Ltd.</i> )
9	Manish Ratilal Shah	<p>Common introducer:</p> <p>Shailesh Patel, Nitaben Patel, Nikhilbhai Shah and Shaishil Jhaveri by one Premal Shah (<i>KYC by Brics Securities Ltd.</i>)</p> <p>Bela Jhaveri and Nikhil Shah by one Hardik Shah (<i>KYC by Religare Securities Ltd</i>)</p> <p>Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J (<i>KYC by Mangal Keshav Securities Ltd.</i>)</p> <p>Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki (<i>KYC by Nirmal Bang Sec Ltd.</i>)</p> <p>Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (<i>KYC by Nirmal Bang Sec Ltd.</i>)</p>
10	Daxaben Vasantkumar Shah	Nita B Bhavsar, Jipal Shah, Dhavalkumar Soni , C Shah Champaklal and Shailesh Somabhai Patel, have common contact number i.e. 9825011486 and email ID ( <i>KYCs by Emkay Share and Stock Brokers Ltd.</i> )
11	Nita B Bhavsar	<p>Dhavalkumar Hastimal Soni &amp; Hastimal Gulabchand Soni have common address viz. Mota Nagar Wada, At Kapadwanj, Nadiad, Gujarat 387620.</p> <p>Jipal Shah introduced Kapilaben Patel and Nita Bhavsar (<i>KYC by Arcadia Share &amp; Stock Brokers Ltd.</i>)</p> <p>Daxaben Shah introduced Apexa Patel (<i>KYC by Arcadia Share &amp; Stock Brokers Pvt. Ltd.</i>)</p> <p>Common Introducer: Daxaben Shah, Jipal Shah and Nita Bhavsar by one Pranav Vora (<i>KYC by ANS Pvt. Ltd.</i>)</p>
12	Jipal Pineshkumar Shah	
13	Dhavalkumar Hastimal Soni	
14	Hastimal Gulabchand Soni	
15	C Shah Champaklal	
16	Apexa Jagdishbhai Patel	Apexa Jagdishbhai Patel & Jagdish Ramanlal Patel have common address viz. C/44, Greenwood Society, Opp: Sarvoday-2, Sola Road, Ahmedabad, 380061.

S.N o.	Name of the group entity	Basis of Connections
17	Jagdish Ramanlal Patel	Daxaben Shah introduced Apexa Patel(KYC by Arcadia Share & Stock Brokers Pvt. Ltd.)
18	Sonal Kiritbhai Patel	Jagdishbhai Patel introduced Sonal Kiritbhai Patel(KYC by Arcadia Share & Stock Brokers Pvt. Ltd.)  Common Introducer: Apexa Patel and Jagdish Patel by one Tejas Shah (KYC by SSJ Finance and Securities Pvt. Ltd.)
19	Chase Marketing Pvt. Ltd	The email id is given as supertex@vsnl.com. Further, it received shares in preferential allotment from Supertex Industries Ltd. It transferred 350,000 shares of Supertex to Manish Ratilal Shah and 500,000 shares of Supertex to Nikhil V Shah in off market.
20	Amrita Agrawala	She received shares in preferential allotment from Supertex Industries Ltd. She transferred 300,000 shares of Supertex to Kapilaben Somabhai Patel in off market. As stated in her reply dated 15.1.2013, she had transaction with Kapilaben Somabhai Patel. It was a friendly loan.
21	Danish Merchant	He received shares in preferential allotment from Supertex Industries Ltd. He transferred 150,000 shares of Supertex to Kapilaben Somabhai Patel in off market. Letters dated 14.1.2013 from Amrit L Gandhi and Danish Merchant requesting for one month time are identical letters and signed by common person, indicates connection between the two entities
22	Jagdish Bhagat	He received shares in preferential allotment from Supertex Industries Ltd. Further, he received 10,000 shares of Supertex from Kumkum Stock Broker Pvt. Ltd in off market.
23	Jigish Vasa	He transferred 55,000 shares of Supertex to Bela Tushar Zaveri in off market. Further, he received 30,000 shares of Supertex and 59,200 shares of Winsome from Shaishil Jhaveri in off market.
24	Parameshwar Exports Pvt Ltd	It received shares in preferential allotment from Supertex Industries Ltd. It transferred 300,000 shares to Manish Ratilal Shah in off market.
25	Amrit L Gandhi	He received shares in preferential allotment from Supertex Industries Ltd. Letters dated 14.1.2013 from Amrit L Gandhi and Danish Merchant requesting for one month time are identical letters and signed by common person, indicates connection between the two entities

17.I note from the above table that The Noticee, Shri Nikhilbhai Shah and Shri Shaishil T. Jhaveri are directors of Kumkum Stock Brokers Pvt. Ltd. Further, Shri Shailesh Patel, Ms. Nitaben Patel, Shri Nikhilbhai Shah and Shri Shaishil

Jhaveri had a common introducer in their KYC. I also note that Shri Shailesh Patel, Ms. Nitaben Patel and Ms. Kapilaben Patel are connected through a common address while Ronak Choksi is introducer of Nitaben Patel and Shailesh Patel (KYC by Guinness Securities Ltd.) and he has also signed as witness in the KYC forms of Nitaben Patel and Shailesh Patel filed with another broker Network Stock Broking Ltd. I observe that Shri Manish Shah, Shri Nikhilbhai Shah and Shri Shailesh Patel had a common introducer in KYC. I also note that Ms. Amrita Agrawala, Shri Danish Merchant, Shri Jagdish Bhagat, Shri Jigish Vasa, M/s Chase Marketing Private Limited and M/s Parameshwar Exports Pvt Ltd. had off market transactions with other members of the group. Apart from above, there are other connections between the group members that have been brought out in above table. Sonal Kiritbhai Patel is connected to the other entities of the group on the basis of introducer Shri Jagdishbhai Patel. The introducer Shri Jagdishbhai Patel is connected to Ms. Apexa Jagdishbhai Patel on the basis of common address. The introducer of Apexa Jagdishbhai Patel in KYC documents is Ms. Daxaben Shah, who in turn is connected to **the Noticee** and Ms. Nita Bhavsar on the basis of a common introducer. Ms. Nita Bhavsar, Shri Jipal Shah, Shri Dhavalkumar Soni, Shri C Shah Champaklal and Shri Shailesh Patel have common contact number and email ID in their KYC documents. In view of the same, I am satisfied that the various members of the group were either directly or indirectly connected with the group and therefore I find that Noticee's contention that he was not connected with the group has no merit.

18. I note from the SCN that the Noticee in collusion with the group was alleged to have executed circular trades, synchronized trades, reversal trades and self trades in four scrips viz. RTL, SIL, BSL and ADPL. Such trades had allegedly resulted in creation of artificial volume in the said three scrips leading to false and misleading appearance of trading in the said scrips. Further, this had allegedly artificially increased the price in the said three

scrips and hence is fraudulent in nature. I observe from the IR that the price impact of trades of the group is as follows:

**Table – 15**

Scrip	No. of Group's trades with + LTP	% of Total trades with + LTP	Impact of Group's trades with + LTP (Rs.)	No. of Group's trades with - LTP	% of Total trades with - LTP	Impact of Group's trades with - LTP (Rs.)	Net LTP impact of the Group (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
RTL	1992	57.71%	1064.4	1773	46.60%	-441.45	622.95	51.4	38.55
SIL	3479	43.69%	856.17	4998	52.29%	-715.13	141.04	37.5	10.35
BSL	90	25.64%	30.58	86	28.67%	-22.54	8.04	16.94	3.49
ADPL	1870	46.18%	780.9	1557	37.02%	-360.35	420.55	33.95	20.6

### **Riba Textiles Limited**

19. I note from the IR that the total traded quantity in scrip of RTL during the investigation period was 1,12,59,446 and that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were made on 119 days. I observe that the total market buy of the group was 62,94,644 shares out of total market trades of 1,12,59,446 shares, thereby, contributing 55.91% of the total market buy trades in the scrip during IP. I also observe that the total sell quantity of the group was 60,32,877 shares out of the total market trades of 1,12,59,446 shares, thereby, contributing 53.59% of the total market sell trades in the scrip during IP. Thus, I find that the group was responsible for a significant proportion of the total trades executed in the scrip of RTL during the IP. Further, the group members traded amongst themselves for a total quantity of 38,61,914 shares, which is 34.30% of the total market trades in the scrip during the IP. Moreover, trading of 22,42,477 shares was synchronized among the group entities amounting to 58.07% of the trades amongst the group and 19.92% of the total market trades. From the above, I conclude that the trading by the group in the scrip of RTL has resulted in increase in volume of trades in RTL during the IP.

20. I also note that the group had a significant contribution towards price impact of the trades in the scrip as below:

**Table – 16**

Scrip	No. of Group's trades with + LTP	% of Total trades with + LTP	Impact of Group's trades with + LTP (Rs.)	No. of Group's trades with - LTP	% of Total trades with - LTP	Impact of Group's trades with - LTP (Rs.)	Net LTP impact (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
RTL	1992	57.71%	1064.4	1773	46.60%	-441.45	622.95	51.4	38.55

I note from above that the trades of the group contributed to a net LTP impact of Rs. 622.95. Further, I observe from the IR / trade log that the group had executed 1992 trades with (+)LTP out of total 3452 (+)LTP trades during the IP, thereby, contributing 57.71% of the total trades with (+) LTP during the IP. I note that contribution of the group in rupees terms during IP towards (+) LTP was Rs. 1064.40 out of the total cumulative (+) LTP of Rs. 1616.20, thereby, contributing 65.86% of total (+) LTP during the IP. In view of the same, I conclude that the group was responsible for a significant proportion of trades which had a price impact on the scrip of RTL.

21. I observe from the IR and the trade log, the following was volume of trade of the Noticee in the scrip:

**Table – 17**

Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
Jipal Pineshkumar Shah	5000	5000	5000	5000	0	4999	
Rest of the group	6289644	3856914	6027877	3856914	2242477	2237478	101920
Total	6294644	3861914	6032877	3861914	2242477	2242477	101920

22. I note from the trade log/ IR that the Noticee's buy quantity were 0.044% of the total market volume in the scrip of RTL. The Noticee's buy quantity in RTL within the group was 5,000 shares, which was 0.13% of buy among the group. The Noticee's sell quantity was 0.044% of the total market quantity in the scrip during the IP. The Noticee's sell quantity amongst the group in the scrip was 5,000 shares, which was 0.13% of the sell amongst the group. I note

that the Noticee had synchronized sell trades within the group for a quantity of 4,999 shares which was 0.22% of the total synchronized sell trades of the group. From the above, I find that the Noticee has contributed in the volume created by the group in the scrip of RTL.

23. From the trade log, I observe that the LTP contribution of the Noticee in the scrip is as below:

**Table – 18**

Scrip Name	All Trades		LTP diff > 0		LTP diff < 0		LTP diff = 0	Total Market Positive LTP	% of Pos LTP to Tot Mkt Pos LTP
	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	No of trades		
RTL	3.80	1.00	3.80	1.00	0.00	0.00	0.00	1997.80	0.19

From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 3.80 in the scrip. Further, the Noticee entered into 1 trade which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 3.80, which was 0.19% of the total market (+) LTP. As noted earlier, the group had a total (+) LTP impact of Rs. 1064.40 during the IP and the contribution of the Noticee in (+) LTP was 0.36% of the (+) LTP impact of the group.

24. In view of the above, I conclude that the group has indulged in trades in the scrip of RTL that has resulted in creation of artificial volume in the scrip of RTL leading to false and misleading appearance of trading in the scrip. Further, this has also artificially increased the price in the scrip and hence is fraudulent in nature. The Noticee as a part of group has contributed to volume creation and price manipulation in the scrip of RTL.

**Supertex Industries Limited:**

25. I note from the IR that the total traded quantity in scrip of SIL during the investigation period was 1,94,21,886 and that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were made on 100 days. I observe that the total market buy of the group was 1,03,76,495 shares out of total market trades of 1,94,21,886 shares, thereby, contributing 53.42% of the total market buy trades in the scrip during IP. I also observe that the total sell quantity of the group was 1,01,61,354 shares out of the total market trades of 1,94,21,886 shares, thereby, contributing 52.32% of the total market sell trades in the scrip during IP. Thus, I find that the group was responsible for a significant proportion of the total trades executed in the scrip of SIL during the IP. Further, the group members traded amongst themselves for a total quantity of 56,64,204 shares, which is 29.16% of the total market trades in the scrip during the IP. Moreover, trading of 30,12,803 shares was synchronized among the group entities amounting to 53.19% of the trades amongst the group and 15.51% of the total market trades. From the above, I conclude that the trading by the group in the scrip of SIL has resulted in increase in volume of trades in SIL during the IP.

26. I also note that the group had a significant contribution towards price impact of the trades in the scrip as below:

**Table – 19**

Scrip	No. of Group's trades with + LTP	% of Total trades with + LTP	Impact of Group's trades with + LTP (Rs.)	No. of Group's trades with - LTP	% of Total trades with - LTP	Impact of Group's trades with - LTP (Rs.)	Net LTP impact (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
SIL	3479	43.69%	856.17	4998	52.29%	-715.13	141.04	37.5	10.35

I note from above that the trades of the group contributed to a net LTP impact of Rs. 141.04. Further, I observe from the IR / trade log that the group had 3479 trades with (+) LTP out of total 7963 (+) LTP trades during the IP, thereby, contributing 43.69% of the total trades with (+) LTP during the IP. I note that contribution of the group in rupees terms during IP towards (+) LTP



was Rs. 856.17 out of the total cumulative (+) LTP of Rs. 2060.74, thereby, contributing 41.55% of total (+) LTP during the IP. In view of the same, I conclude that the group was responsible for a significant proportion of trades which had a price impact on the scrip of SIL.

27. I observe from the IR and the trade log, the following was volume of trade of the Noticee in the scrip:

**Table – 20**

Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
Jipal Pineshkumar Shah	35000	21000	35000	35000	15000	9200	
Rest of the group	10341495	5643204	10126354	5629204	2997803	3003603	39136
Total Group	10376495	5664204	10161354	5664204	3012803	3012803	39136

28. I note from the trade log/ IR that the Noticee's buy quantity were 0.18% of the total market trades in the scrip of SIL. The Noticee's buy quantity in SIL within the group was 21,000 shares, which was 0.37% of buy among the group. The Noticee's sell quantity was 0.18% of the total market quantity in the scrip during the IP. The Noticee's sell quantity amongst the group in the scrip was 35,000 shares, which was 0.62% of the sell amongst the group. I note that the Noticee entered into synchronized buy trades within the group for a quantity of 15,000 shares which was 0.50% of the total synchronized buy trades of the group. I also note that the Noticee had synchronized sell trades within the group for a quantity of 9,200 shares which was 0.30% of the total synchronized sell trades of the group. From the above, I find that the Noticee had contributed in the volume created by the group in the scrip of SIL.

29. From the trade log, I observe that the LTP contribution of the Noticee in the scrip is as below:

**Table – 21**

Scrip Name	All Trades		LTP diff > 0		LTP diff < 0		LTP diff = 0	Total Market Positive LTP	% of Pos LTP to Tot Mkt Pos LTP
	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	No of trades		
SIL	1.00	12.00	1.00	4.00	0.00	0.00	8.00	2060.74	0.05

From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 1.0 in the scrip. Further, the Noticee entered into 4 trades which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 1.00, which was 0.05% of the total market (+) LTP. As noted earlier, the group had a total (+) LTP impact of Rs. 856.17 during the IP and the contribution of the Noticee in (+) LTP was 0.12% of the (+) LTP impact of the group.

30. In view of the above, I conclude that the group has indulged in trades in the scrip of SIL that has resulted in creation of artificial volume in the scrip of SIL leading to false and misleading appearance of trading in the scrip. Further, this has also artificially increased the price in the scrip and hence is fraudulent in nature. The Noticee as a part of group has contributed to volume creation and price manipulation in the scrip of SIL.

#### **Bridge Securities Limited:**

31. I note from the IR that the total traded quantity in scrip of BSL during the investigation period was 4,84,790 and that out of 122 days during which the scrip was traded during period of investigation, the trades amongst group were made on 8 days. I observe that the total market buy of the group was 2,12,984 shares out of total market trades of 4,84,790 shares, thereby, contributing 43.93% of the total market buy trades in the scrip during IP. I also observe that the total sell quantity of the group was 79,899 shares out of the total market trades of 4,84,790 shares, thereby, contributing 16.48% of the total market sell trades in the scrip during IP. Thus, I find that the group was responsible for a significant proportion of the total trades executed in the scrip

of BSL during the IP. Further, the group members traded amongst themselves and were responsible for 34,931 trades, which is 7.21% of the total market trades in the scrip during the IP. Moreover, 5,970 trades were synchronised among the group entities amounting to 17.09% of the group trades and 1.23% of the total market trades. From the above, I conclude that the trading by the group in the scrip of BSL has resulted in increase in volume of trades in BSL during the IP.

32. I also note that the group had a significant contribution towards price impact of the trades in the scrip as below:

**Table – 22**

Scrip	No. of trades with + LTP	% of trades with + LTP	Impact of trades with + LTP (Rs.)	No. of trades with - LTP	% of trades with - LTP	Impact of trades with – LTP (Rs.)	Net LTP impact (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
BSL	90	25.64%	30.58	86	28.67%	-22.54	8.04	16.94	3.49

I note from above that the trades of the group contributed to a net LTP impact of Rs. 8.04. Further, I observe that the group contributed a significant percentage in the number of trades for both positive LTP as well as negative LTP.

33. I observe from the IR and the trade log, the following was volume of trade of the Noticee in the scrip:

**Table – 23**

Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
Jipal Pineshkumar Shah	36897	6945	23139	7000	280	0	
Rest of the group	176087	27986	56760	27931	5690	5970	2071
<b>Total</b>	<b>2,12,984</b>	<b>34,931</b>	<b>79,899</b>	<b>34,931</b>	<b>5,970</b>	<b>5,970</b>	<b>2,071</b>

34. I note from the trade log/ IR that the Noticee's buy quantity were 7.61% of the total market trades in the scrip of BSL. The Noticee's buy quantity in SIL within the group was 6,945 shares, which was 19.88% of buy among the group. The Noticee's sell quantity was 4.77% of the total market quantity in the scrip during the IP. The Noticee's sell quantity amongst the group in the scrip was 7,000 shares, which was 20.03% of the sell amongst the group. I note that the Noticee entered into synchronized buy trades within the group for a quantity of 280 shares which was 4.7% of the total synchronized buy trades of the group. From the above, I find that the Noticee had contributed substantially in the volume created by the group in the scrip of SIL.

35. From the trade log, I observe that the LTP contribution of the Noticee in the scrip is as below:

**Table – 24**

Scrip Name	All Trades		LTP diff > 0		LTP diff < 0		LTP diff = 0	Total Market Positive LTP	% of Pos LTP to Tot Mkt Pos LTP
	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	No of trades		
BSL	2.19	61.00	4.30	10.00	-2.11	11.00	40.00	95.20	4.52

36. From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 2.19 in the scrip. Further, the Noticee entered into 10 trades which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 10.00, which was 4.52% of the total market (+) LTP. As noted earlier, the group had a total (+) LTP impact of Rs. 30.58 during the IP and the contribution of the Noticee in (+) LTP was 14.06% of the (+) LTP impact of the group. I also note from the trade log that the noticee has contributed to Rs. 0.56 towards NHP in the scrip during IP.

37. It was also alleged in the SCN that the Noticee had indulged in reversal trades in the scrip with the group. The following instances were alleged to be reversal trades in the SCN:

**Table – 25**

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (Rs.)	Buyer
Jipal Pineshkumar Shah	7/14/2009	Bridge Securities	500	1	12.45	Dhaval Kumar Hastimal Soni
Jipal Pineshkumar Shah	7/23/2009	Bridge Securities	1500	1	13.75	Nita Bankesh Bhavsar
Jipal Pineshkumar Shah	7/23/2009	Bridge Securities	1500	1	13.75	Nita Bankesh Bhavsar
Jipal Pineshkumar Shah	7/23/2009	Bridge Securities	1500	1	13.95	Sonal Kiritbhai Patel
Jipal Pineshkumar Shah	7/23/2009	Bridge Securities	2000	1	13.95	Apexa Jagdishbhai Patel
Sonal Kiritbhai Patel	8/21/2009	Bridge Securities	1034	3	13.55	Jipal Pineshkumar Shah
Sonal Kiritbhai Patel	8/25/2009	Bridge Securities	2000	4	14.84	Jipal Pineshkumar Shah
Sonal Kiritbhai Patel	8/27/2009	Bridge Securities	1210	2	16.45	Jipal Pineshkumar Shah
Apexa Jagdishbhai Patel	8/21/2009	Bridge Securities	2651	9	13.55	Jipal Pineshkumar Shah
Sonal Kiritbhai Patel	8/27/2009	Bridge Securities	50	1	16.42	Jipal Pineshkumar Shah

In this respect, I note that the Noticee had sold 500 shares to Shri Dhaval Kumar Hastimal Soni on July 14, 2009, 3,000 shares to Ms. Nita Bankesh Bhavsar, 1,500 shares to Ms. Sonal Kiritbhai Patel and 2,000 shares to Ms. Apexa Jagdishbhai Patel on July 23, 2009. Thereafter, the Noticee has purchased cumulative 4,244 shares in 19 trades from Ms. Sonal Kiritbhai Shah during 3 trading days viz. August 21, 2009, August 25, 2009 and August 27, 2009. The Noticee has also purchased cumulative 2,701 shares from Ms. Apexa Jagdishbhai Patel on August 21, 2009. Thus, there was nearly a gap of one month between the above “buy” and “sell” transactions by the Noticee. I also note that four entities were counterparties during the selling of shares by the Noticee and while two entities are identified as counterparties during buying of shares by the Noticee. In view of the same, it is very difficult to conclude that the Noticee had indulged in reversal trades in the scrip of BSL. No instances of self trades by the Noticee in the scrip are observed from the trade log.

38. In view of the above, I conclude that the group has indulged in trades in the scrip of BSL that has resulted in creation of artificial volume in the scrip of BSL leading to false and misleading appearance of trading in the scrip. Further, this has also artificially increased the price in the scrip and hence is fraudulent in nature.

**Aarey Drugs and Pharmaceuticals Ltd.**

39. I note from the IR that the total traded quantity in scrip of ADPL during the investigation period was 88,83,052 and that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were made on 145 days. I observe that the total market buy of the group was 45,89,697 shares out of total market trades of 88,83,052 shares, thereby, contributing 51.67% of the total market buy trades in the scrip during IP. I also observe that the total sell quantity of the group was 44,39,211 shares out of the total market trades of 88,83,052 shares, thereby, contributing 49.97% of the total market sell trades in the scrip during IP. Thus, I find that the group was responsible for nearly half of the total trades executed in the scrip of ADPL during the IP. Further, the group members traded amongst themselves and were responsible for 24,86,523 trades, which is 27.99% of the total market trades in the scrip during the IP. Moreover, 8,46,184 trades were synchronized among the group entities amounting to 34.03% of the group trades and 9.52% of the total market trades. From the above, I conclude that the trading by the group in the scrip of ADPL has resulted in increase in volume of trades in ADPL during the IP.

40. I also note that the group had a significant contribution towards price impact of the trades in the scrip as below:

**Table – 26**

Scrip	No. of trades with + LTP	% of trades with + LTP	Impact of trades with + LTP (Rs.)	No. of trades with - LTP	% of trades with - LTP	Impact of trades with – LTP (Rs.)	Net LTP impact (Rs.)	Sum of NHP Diff (Market) (Rs.)	Sum of NHP Diff (Group) (Rs.)
ADPL	1870	46.18%	780.9	1557	37.02%	-360.35	420.55	33.95	20.6

I note from above that the trades of the group contributed to a net LTP impact of Rs. 420.55. Further, I observe from the IR / trade log that the group had 1870 trades with (+) LTP out of total 4049 (+) LTP trades during the IP, thereby, contributing 46.18% of the total trades with (+) LTP during the IP. I note that contribution of the group in rupees terms during IP towards (+) LTP was Rs. 780.90 out of the total cumulative (+) LTP of Rs. 1616.20, thereby, contributing 48.32% of total (+) LTP during the IP. In view of the same, I conclude that the group was responsible for a significant proportion of trades which had a price impact on the scrip of ADPL.

41. I observe from the IR and the trade log, the following was volume of trade of the Noticee in the scrip:

**Table – 27**

Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronized Trades amongst Group (Buy)	Synchronized Trades amongst Group (Sell)	Self Trades
Jipal Pineshkumar Shah	7,47,656	4,36,600	7,21,614	4,03,839	1,24,369	1,19,862	3,215
Rest of the group	38,42,041	20,49,923	37,17,597	20,82,684	7,21,815	7,26,322	71,025
Total	45,89,697	24,86,523	44,39,211	24,86,523	8,46,184	8,46,184	74,240

42. I note from the trade log/ IR that the Noticee's buy quantity were 8.42% of the total market trades in the scrip of ADPL. The Noticee's buy quantity in ADPL within the group was 7,47,656 shares, which was 16.23% of buy among the group. The Noticee's sell quantity was 8.12% of the total market quantity in the scrip during the IP. I note that the Noticee entered into synchronized buy trades within the group for a quantity of 1,24,369 shares which was 14.70% of

the total synchronized buy trades of the group. I also note that the Noticee entered into synchronized sell trades within the group for a quantity of 1,19,862 shares which was 14.17% of the total synchronized sell trades of the group. From the above, I find that the Noticee has contributed substantially in the volume created by the group in the scrip of ADPL. I also note from the IR that noticee has entered into self trades for a quantity of 3,215 shares which was 0.036% of total market volume in the scrip during IP.

43. From the trade log, I observe that the LTP contribution of the Noticee in the scrip is as below:

**Table – 28**

Scrip Name	All Trades		LTP diff > 0		LTP diff < 0		LTP diff = 0	Total Market Positive LTP	% of Pos LTP to Tot Mkt Pos LTP
	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	LTP impact in Rs.	No of trades	No of trades		
ADPL	77.35	1105.00	122.75	311.00	-45.40	187.00	607.00	1616.2	7.59

44. From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 77.35 in the scrip. Further, the Noticee entered into 311 trades which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 122.75, which was 7.59% of the total market (+) LTP. As noted earlier, the group had a total (+) LTP impact of Rs. 780.90 during the IP and the contribution of the Noticee in (+) LTP was 15.72% of the (+) LTP impact of the group. I also note from the trade log that the noticee has contributed to Rs. 6.70 towards NHP in the scrip during IP.

45. In view of the above, I conclude that the group has indulged in trades in the scrip of ADPL that has resulted in creation of artificial volume in the scrip of ADPL leading to false and misleading appearance of trading in the scrip. Further, this has also artificially increased the price in the scrip and hence is fraudulent in nature. The Noticee as a part of group has contributed to volume creation and price manipulation in the scrip of ADPL.



46. It was alleged in the SCN that the Noticee had indulged in circular trades in the scrips. However, I am of the view that it is difficult to establish circular trades by the Noticee from the material available on record.

47. At this juncture, I would like to quote the order of the Hon'ble Securities Appellate Tribunal (herein after referred to as 'SAT') in *Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI dated 16.01.2012* wherein it was held as follows:

*"..It is an admitted position that it is difficult to get direct evidence with regard to synchronization of trades for the purpose of upsetting the market equilibrium or to manipulate the market. It is only on the basis of circumstantial evidence that such a connection can be proved.....*

*A large number of trades were executed among the group entities within a minute of placing the order. This cannot happen without prior meeting of minds among the connected entities. From the details of the trades executed and having regard to the trading system, we do not think that such large number of trades could match between the same parties unless the trading system was being abused.."*

48. In view of the above facts and circumstances, it can be concluded that the Noticee had violated Regulations 3 (a), (b), (c), (d), 4 (1), (2), (a), (b), (e) and (g) of PFUTP Regulations in the scrip of RTL, SIL, BSL and ADPL as discussed above. The said violations attract penalty under Section 15HA of the SEBI Act which provides that:

***SEBI Act, 1992***

*15HA. Penalty for fraudulent and unfair trade practices.- If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

49. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the factors relevantly as stipulated in Section 15J of the SEBI Act which reads as under:

***“Factors to be taken into account by the adjudicating officer.***

*Section 15J - While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

*(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

*(b) the amount of loss caused to an investor or group of investors as a result of the default;*

*(c) the repetitive nature of the default.*

*Explanation.—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”*

50. The IR has not quantified any gain or unfair advantage accrued to the Noticee as a result of notice's trading in the scrip of RTL, SIL, BSL and ADPL. Further, there is no material made available on record to assess the disproportionate gain or unfair advantage and amount of loss caused to an investor or group of investors as a result of notice's violation.

**ORDER**

51. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of Rs.6,00,000 (Rupees Six Lakhs only) on the Noticee viz. Shri Jipal Pineshkumar Shah under the provisions of Section 15HA of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

52. The amount of penalty shall be paid either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No. 31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order.

53. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to "The Division Chief, Enforcement Department (EFD1-DRA II), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C -4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai -400 051":

1. Case Name:	
2. Name of payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction no.:	
6. Bank details in which payment is made:	
7. Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

54. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee viz. ShriJipal Pineshkumar Shahand also to the Securities and Exchange Board of India.

**Date: April 27, 2018**

**Place: Mumbai**

**K SARAVANAN**

**GENERAL MANAGER&**

**ADJUDICATING OFFICER**