

**BEFORE THE ADJUDICATING OFFICER**  
**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**[ADJUDICATION ORDER NO. EAD/KS/MKG/AO/125/2017-18]**

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**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. Bela T. Jhaveri**  
**(PAN: AABPZ2800L)**

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

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**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**').

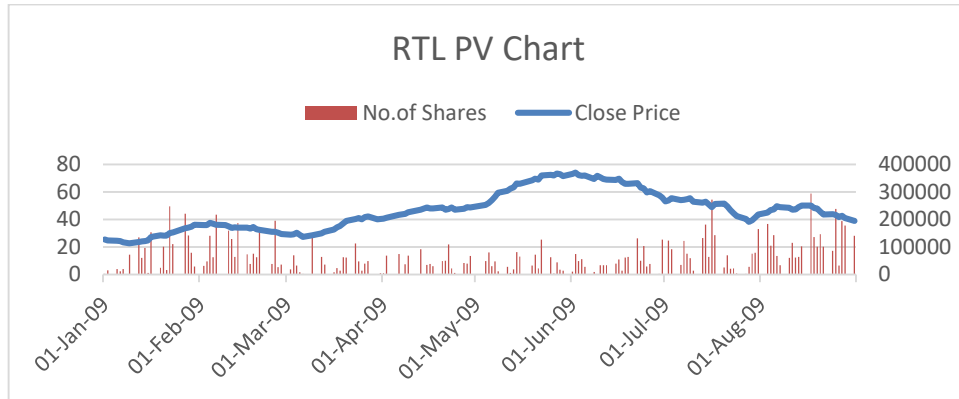
2. As per investigation report (hereinafter referred to as 'IR') price and Volume movement in aforesaid five scrips is given in Table – 1-

**Table – 1**

		<b>Riba Textiles Ltd.</b>	<b>Supertex Industries Ltd.</b>	<b>Bridge Securities Ltd.</b>	<b>Aarey Drugs and Pharmaceuticals Ltd.</b>	<b>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> <b>(28.5.2009)</b>	<b>64</b> <b>(5.8.2009)</b>	<b>18.94</b> <b>(31.8.2009)</b>	<b>52.3</b> <b>(18.8.2009)</b>	<b>60</b> <b>(11.8.2009)</b>
	<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

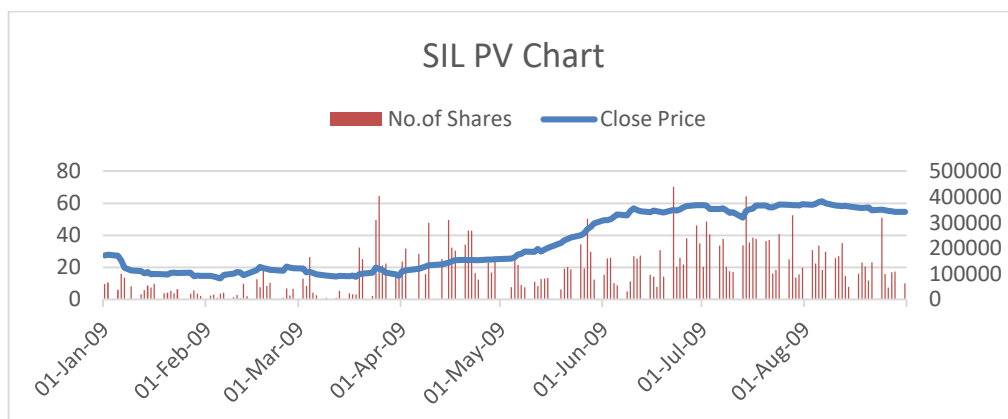
3. It was observed during investigation that a group of 25 connected entities were engaged in were involved in trading among themselves in aforesaid 5 scrips:

- 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:



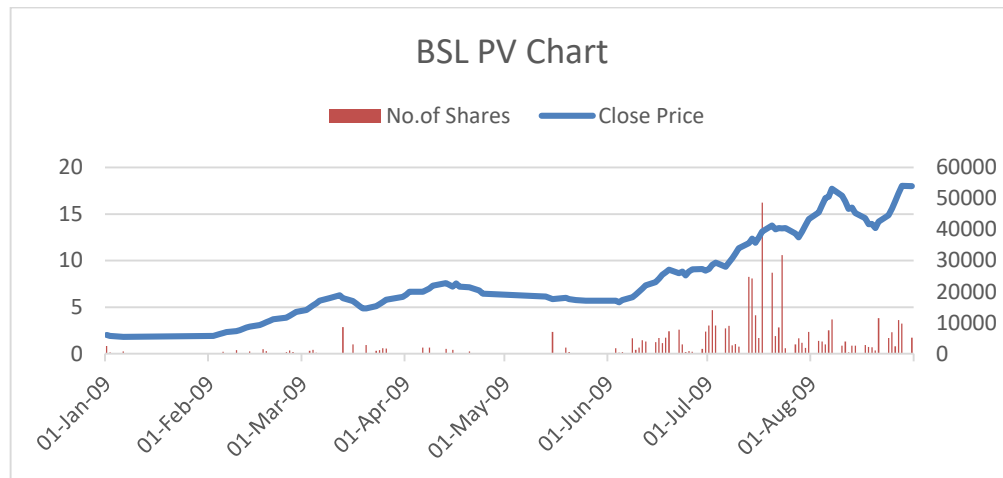
Further, the share price of RTL reached a high of Rs. 77.15 and a low of Rs. 20.45 during the IP. The stock closed at Rs. 39.00 at the end of IP compared to opening price of Rs. 25.75 at the beginning of the IP. The scrip of RTL was traded on 161 days during the IP and it was observed that the trades 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:



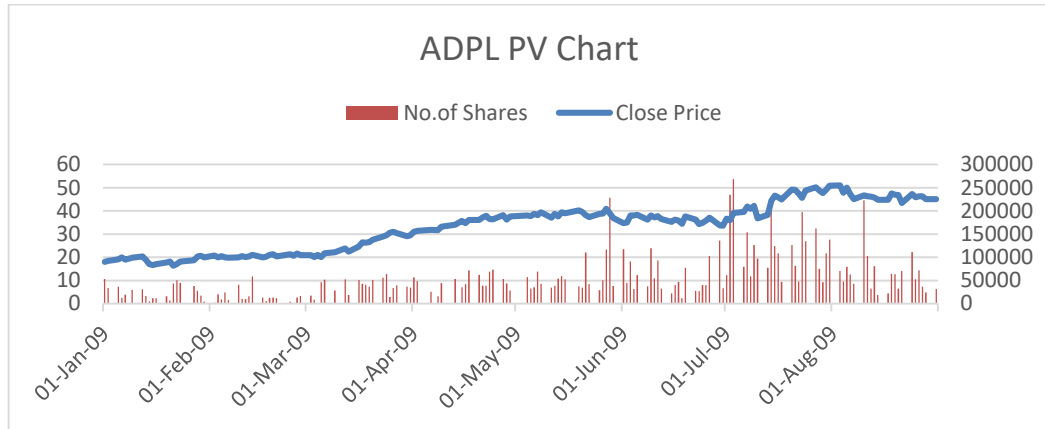
Further, the share price of SIL reached a high of Rs. 64.00 and a low of Rs. 12.50 during the IP. The stock closed at Rs. 54.60 at the end of IP compared to opening price of Rs. 26.50 at the beginning of the IP. The scrip of SIL was traded on 161 days during the IP and it was observed that the trades 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. I note that the face value of the shares of SIL increased to Rs. 10 from Re. 1 with effect from December 08, 2008.

- 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:



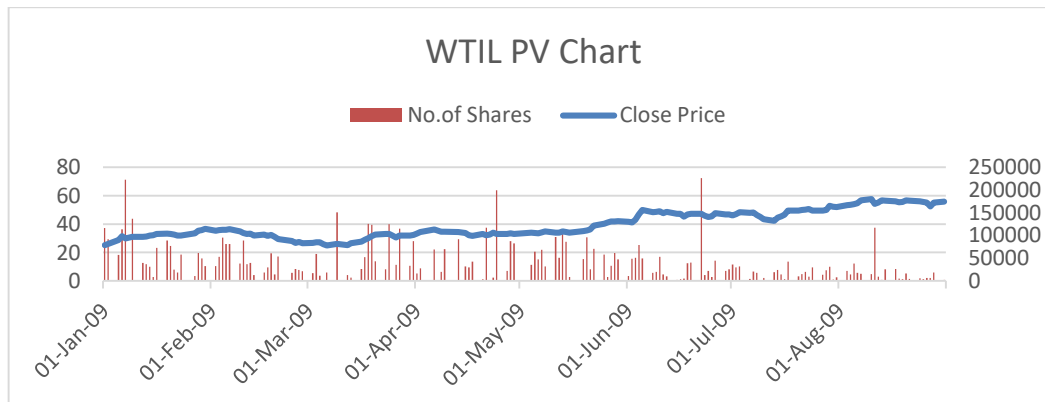
Further, the share price of BSL reached a high of Rs. 23.90 and a low of Rs. 15.10 during the IP. The stock closed at Rs. 18 at the end of IP compared to opening price of Rs. 2.00 at the beginning of the IP. The scrip of BSL was traded on 122 days during the IP and it was observed that the trades among 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**'). Ms. Bela Jhaveri (hereinafter referred to as '**the Noticee**') was observed to be part of the group and hence, the above adjudication proceedings were also initiated against her.

#### **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 15 HA 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/20294/2013 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 synchro nized trades among Group to total traded quantity (Market)</b>
Riba Textiles Ltd.	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
Supertex Industries Ltd.	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

Bridge Securities Ltd.	4,84,790	2,12,984	43.93	79,899	16.48	34,931	7.21	5,970	17.09	1.23
Aarey Drugs and Pharmaceuticals Ltd.	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
Winsome Textile Industries Ltd.	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>

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**

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	4,72,194	3,86,607	4,35,136	3,39,299	2,76,110	2,24,150	32,259
2.	Shailesh Somabhai Patel	14,41,673	8,45,739	11,18,544	7,34,356	4,57,331	3,47,138	29,067
3.	<b>Bela T Jhaveri</b>	1,27,100	66,923	62,981	47,749	50,000	47,749	
4.	Daxaben Vasantkumar Shah	2,500	2,000	2,500	2,000	0	1,999	
5.	Jagdish Bhagat	15,000	0	15,000	0	0	0	
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 Sevice)	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.	<b>Bela T Jhaveri</b>	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.	<b>Nikhilbhai Shah</b>	<b>8,05,765</b>	<b>6,48,825</b>	<b>10,18,524</b>	<b>6,29,016</b>	<b>3,84,412</b>	<b>3,13,808</b>	
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.	<b>Bela T Jhaveri</b>	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 Services)	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
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.	<b>Bela T Jhaveri</b>	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.	Dhavalkumar 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 Seviles)	7,42,133	3,17,409	6,30,162	2,33,327	99,915	10,472	40,200
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.	Dhavalkumar 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.	Jipal Pineshkumar Shah	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	08/07/09	14:45:13	Bela Jhaveri	14:45:10	Kumkum Stock Broker Pvt. Ltd.	14:45:13
Riba Textile	13/08/09	13:30:47	Bela Jhaveri	13:40:37	Manish Shah	13:30:42
Riba Textile	25/08/09	10:29:33	Bela Jhaveri	10:29:30	Manish Shah	10:29:32
Supertex Industries	15/07/09	15:25:41	Bela Jhaveri	15:25:35	Kumkum Stock Broker Pvt. Ltd.	15:25:41
Aarey Drugs and Pharmaceuticals Ltd.	08/07/09	15:14:52	Bela Jhaveri	15:14:47	Kumkum Stock Broker Pvt. Ltd.	15:14:51

**Reversal trades:**

**Table – 12**

<b>Seller</b>	<b>Date</b>	<b>Scrip</b>	<b>No. of shares</b>	<b>No. of Trades</b>	<b>Average Rate (Rs.)</b>	<b>Buyer</b>
<i>Bela Tushar Zaveri</i>	<i>12.8.2009, 24.8.2009</i>	<i>Supertex Industries</i>	<i>27,500</i>	<i>6</i>	<i>58.08</i>	<i>Manish Ratilal Shah</i>
<i>Manish Ratilal Shah</i>	<i>13.11.2009</i>	<i>Supertex Industries</i>	<i>60,000</i>	<i>Off Market</i>	<i>Off Market</i>	<i>Bela Tushar Zaveri</i>
<i>Kumkum Stock Broker Private Limited, Nikhilbhai Vinakantbhai Shah, Shailesh Somabhai Patel</i>	<i>8.7.2209 – 17.7.2009</i>	<i>Riba Textile</i>	<i>28,623</i>	<i>5</i>	<i>51.43</i>	<i>Bela Tushar Zaveri</i>
<i>Bela Tushar Zaveri</i>	<i>21.7.2009 – 12.8.2009</i>	<i>Riba Textile</i>	<i>45,749</i>	<i>4</i>	<i>48.18</i>	<i>Nitaben Shaileshbhai Patel, Shailesh Somabhai Patel, Kumkum Stock Broker Private Limited, Manish Ratilal Shah</i>

8. The SCN was sent via Speed Post Acknowledgement due (SPAD) and was duly delivered to the Noticee. The noticee was given 15 day time to reply to the SCN, however no reply was received. In the interest of natural justice, it was decided by the erstwhile Adjudicating Officer to provide an opportunity of personal hearing to the Noticee and hence vide hearing notice dated December 23, 2013, an opportunity of hearing was provided to the Noticee on January 08, 2014. The Noticee vide letter dated January 07, 2014 sought 30 days time to file reply. The Noticee failed to attend the scheduled hearing on January 08, 2014. Thereafter, the Noticee was granted final hearing in the matter on February 17, 2014 vide hearing notice dated January 17, 2014 however, the noticee again failed to avail of the same. As seen from records, no reply to the SCN received from the Noticee.
9. Subsequently, the Adjudication proceedings were transferred to Shri Suresh B Menon. Thereafter, the Noticee was intimated about the change in Adjudicating Officer vide hearing notice dated January 28, 2016, and granted final opportunity of hearing on February 08, 2016. However, the Noticee did not avail for the opportunity of hearing on the scheduled date i.e. February 08, 2016. Subsequently, the Adjudication proceedings were transferred to the undersigned. The Noticee was intimated about the change of Adjudicating Officer vide hearing notice dated December 26, 2017 and granted a final

opportunity of hearing on January 10, 2018. The aforesaid hearing notice was sent through Registered Post Acknowledgement due (RPAD) and Speed Post Acknowledgement due (SPAD) but could not be delivered. Subsequent to that the noticee was granted final opportunity of hearing on March 27, 2018 vide hearing notice dated March 07, 2018. The aforesaid hearing notice was duly affixed at last known address of the noticee i.e. *A 302, Saparn Flats, 100 Ft Road, Shyamal Char Rasta, Satellite, Ahmedabad- 380015*. In the aforesaid hearing notice the Noticee was also advised to submit additional documents, if any, in the matter at least one day before the date of hearing. However, 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.

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

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

11. 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?

12. 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;*



13. 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 – 13**

<b>S. No.</b>	<b>Name of the group entity</b>	<b>Basis of Connections</b>
1	Shailesh Somabhai Patel	Shailesh Patel, Nitaben Patel & Kapilaben Patel have common address viz. <i>A 14 Snehadri Apts, Ambawadi Shreyas Tekra, Ahmedabad, Gujarat, 380051.</i>
2	Nitaben Shaileshbhai Patel	Ronak Choksi introduced Nitaben Patel and Shailesh Patel <i>(KYC by Guinness Sec Ltd.)</i>
3	Kapilaben Somabhai Patel	Ronak Chokasi signed as witness to Shailesh Patel & Nitaben Patel <i>(KYC by 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 <i>(KYC by Brics Securities Ltd.)</i></p> <p>Kapilaben Patel and Nitaben Patel by one Samir Shah <i>(KYC by Comfort Securities Pvt. Ltd.)</i></p> <p>Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J <i>(KYC by Mangal Keshav Securities Ltd.)</i></p> <p>Shailesh Patel and Kapilaben Patel by one Prakash Kadiya <i>(KYC by MTL Share and Stock Brokers Ltd.)</i></p> <p>Nitaben Patel and Shailesh Patel by one Narayan Equity Broking and Advisory Ser Ltd. <i>(KYC by SMC Global Sec Ltd.)</i></p> <p>Nitaben Patel and Shailesh Patel by one Nitin Patil <i>(KYC by SSJ Finance and Sec Pvt. Ltd.)</i></p> <p>Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki <i>(KYC by Nirmal Bang Sec Ltd.)</i></p>

S. No.	Name of the group entity	Basis of Connections
		<p>Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (KYC by Nirmal Bang Sec Ltd.)</p> <p>Nitaben Patel and Shailesh Patel by one A.R. Patel (KYC by Anand Rath Share &amp; Stock Brokers Ltd.)</p>
5	Nikhilbhai Shah	Nikhilbhai Shah, Shaishil T. Jhaveri and Bela T Jhaveri are Directors of Kumkum Stock Brokers Pvt. Ltd. (KYC by Nirmal Bang Sec Pvt. Ltd.)
6	Shaishil T. Jhaveri	Manish Ratilal Shah & Nikhilbhai Shah have common Address - B-81, Pariseema Complex, C.G. Road, Ellisbridge Ahmedabad.
7	<b>Bela T Jhaveri</b>	Bela Jhaveri introduced to Nikhil Shah (KYC by SSJ Finance & Securities Pvt. Ltd.)
8	Kumkum Stock Broker Pvt. Ltd.	Shaishil Jhaveri introduced Manish Shah and Nikhil Shah (KYC by SPFL Sec Ltd.; Siddhi Shares Pvt. Ltd.)
9	Manish Ratilal Shah	<p>Common introducer:</p> <p>Shailesh Patel, Nitaben Patel, Nikhilbhai Shah and Shaishil Jhaveri by one Premal Shah (KYC by Brics Securities Ltd.)</p> <p>Bela Jhaveri and Nikhil Shah by one Hardik Shah (KYC by Religare Securities Ltd)</p> <p>Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J (KYC by Mangal Keshav Securities Ltd.)</p> <p>Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki (KYC by Nirmal Bang Sec Ltd.)</p> <p>Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (KYC by Nirmal Bang Sec Ltd.)</p>
10	Daxaben Vasantkumar Shah	<p>Nita B Bhavsar, Jipal Shah, Dhavalkumar Soni , C Shah Champaklal and Shailesh Somabhai Patel, have common contact number i.e. 9825011486 and email ID (KYCs by Emkay Share and Stock Brokers Ltd.)</p> <p>Dhavalkumar Hastimal Soni &amp; Hastimal Gulabchand Soni have common address viz. Mota Nagar Wada, At Kapadwanj, Nadiad, Gujarat 387620.</p>
11	Nita B Bhavsar	
12	Jipal Pineshkumar Shah	

S. No.	Name of the group entity	Basis of Connections
13	Dhavalkumar Hastimal Soni	Jipal Shah introduced Kapilaben Patel and Nita Bhavsar ( <i>KYC by Arcadia Share &amp; Stock Brokers Ltd.</i> )
14	Hastimal Gulabchand Soni	Daxaben Shah introduced Apexa Patel ( <i>KYC by Arcadia Share &amp; Stock Brokers Pvt. Ltd.</i> )
15	C Shah Champaklal	Common Introducer: Daxaben Shah, Jipal Shah and Nita Bhavsar by one Pranav Vora ( <i>KYC by ANS Pvt. Ltd.</i> )
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.
17	Jagdish Ramanlal Patel	Daxaben Shah introduced Apexa Patel ( <i>KYC by Arcadia Share &amp; Stock Brokers Pvt. Ltd.</i> )
18	Sonal Kiritbhai Patel	Jagdishbhai Patel introduced Sonal Kiritbhai Patel ( <i>KYC by Arcadia Share &amp; Stock Brokers Pvt. Ltd.</i> )  Common Introducer: Apexa Patel and Jagdish Patel by one Tejas Shah ( <i>KYC by SSJ Finance and Securities Pvt. Ltd.</i> )
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.

S. No.	Name of the group entity	Basis of Connections
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

14. 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. I also note that Shri Shailesh Patel, Ms. Nitaben Patel, Shri Nikhilbhai Shah and Shri Shaishil Jhaveri had a common introducer in their KYC while Shri Shailesh Patel, Ms. Nitaben Patel and Ms. Kapilaben Patel are connected through a common address. I observe that 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.). Further, 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 Shri Jipal Shah 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.

15. 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, and ADPL. In the IR, synchronized trades have been taken as those trades which have no order quantity and order price difference and where the order time difference is less than 60 seconds. 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 – 14**

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
ADPL	1870	46.18%	780.9	1557	37.02%	-360.35	420.55	33.95	20.6

### **Riba Textiles Limited**

16. 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 also note that the members of the group bought RTL shares on 154 days during the IP and sold RTL shares on 145 days during the IP. 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.

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

**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 (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.

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

**Table – 16**

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
Bela T. Jhaveri	127100	66923	62981	47749	50000	47749	
Rest of the group	6167544	3794991	5969896	3814165	2192477	2194728	101920
Total	6294644	3861914	6032877	3861914	2242477	2242477	101920

19. I note from the trade log/ IR that the Noticee's buy quantity were 1.13% of the total market trades in the scrip of RTL. The Noticee's buy quantity in RTL within the group was 66,923 shares, which was 1.73% of buy among the group. The Noticee's sell quantity was 0.56% of the total market quantity in the scrip during the IP. The Noticee's sell quantity amongst the group in the scrip was 47,749 shares, which was 1.24% of the sell amongst the group. I note that the Noticee entered into synchronized buy trades within the group for a quantity of 50,000 shares which was 2.22% 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 47,749 shares which was 2.13% 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.

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

**Table – 17**

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	5.20	63.00	7.75	19.00	-2.55	8.00	36.00	1997.80	0.39

From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 5.20 in the scrip. Further, the Noticee entered into 19 trades which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 7.75, which was

0.39% 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 0.73% of the (+) LTP impact of the group.

21. 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 – 18**

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (Rs.)	Buyer
Kumkum Stock Broker Private Limited	8/07/2009	Riba Textile	15000	1	54.90	Bela Tushar Zaveri
Shailesh Somabhai Patel	17/07/2009	Riba Textile	10744	3	50.75	Bela Tushar Zaveri
Bela Tushar Zaveri	12/08/2009	Riba Textile	4000	1	48.50	Kumkum Stock Broker Private Limited
Bela Tushar Zaveri	04/08/2009	Riba Textile	4000	1	46.70	Shailesh Somabhai Patel

From above, I note that the Noticee bought 15,000 shares in the scrip of RTL in 1 trade from M/s Kumkum Stock Broker Private Limited on July 08, 2009. Thereafter, the Noticee sold 4,000 shares to M/s Kumkum Stock Broker Private Limited on August 12, 2009. I also note that the Noticee bought 10,744 shares in the scrip of RTL in 3 trades from Shri Shailesh Somabhai Patel on July 17, 2009 and subsequently sold 4,000 shares to Shri Shailesh Somabhai Patel on August 04, 2009. I observe that there is a time difference of more than 1 month between the buy and sell transaction by the Noticee to M/s Kumkum Stock Broker Private Limited and time difference of more than 15 days between the buy and sell transaction by the Noticee to Shri Shailesh Somabhai Patel. In view of the same, it is very difficult to conclude that the Noticee had indulged in reversal trades in the scrip of RTL. No instances of self trades by the Noticee in the scrip are observed from the trade log.

22. 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:**

23. 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 also note that the members of the group bought SIL shares on 121 days during the IP and sold SIL shares on 132 days during the IP. 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.

24. 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.

25. 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
Bela T Jhaveri	137573	119778	116040	112030	77054	74350	
Rest of the group	10238922	5544426	10045314	5552174	2935749	2938453	39136
Total Group	1,03,76,495	56,64,204	1,01,61,354	56,64,204	30,12,803	30,12,803	39,136

26. I note from the trade log/ IR that the Noticee's buy quantity were 0.71% of the total market trades in the scrip of SIL. The Noticee's buy quantity in SIL within the group was 1,19,778 shares, which was 2.11% of buy among the group. The

Noticee's sell quantity was 0.6% of the total market quantity in the scrip during the IP. The Noticee's sell quantity amongst the group in the scrip was 1,12,030 shares, which was 1.97% of the sell amongst the group. I note that the Noticee entered into synchronized buy trades within the group for a quantity of 77,054 shares which was 2.55% 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 74,350 shares which was 2.46% 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.

27. 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	0.50	42.00	2.25	14.00	-1.75	8.00	20.00	2060.74	0.11

From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 0.50 in the scrip. Further, the Noticee entered into 14 trades which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 2.25, which was 0.24% 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 0.26% of the (+) LTP impact of the group.

28. 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 – 22**

<b>Seller</b>	<b>Date</b>	<b>Scrip</b>	<b>No. of shares</b>	<b>No. of Trades</b>	<b>Average Rate (Rs.)</b>	<b>Buyer</b>
Bela Tushar Zaveri	12.8.2009, 24.8.2009	Supertex Industries	27,500	6	58.08	Manish Ratilal Shah
Manish Ratilal Shah	13.11.2009	Supertex Industries	60,000	Off Market	Off Market	Bela Tushar Zaveri

From above, I note that the Noticee had sold 27,500 shares of RTL in 6 trades to a group entity Shri Manish Ratilal Shah in the month of August, 2009. Thereafter, the Noticee had received 60,000 shares back from Shri Manish Ratilal Shah in off market transaction on November 13, 2009. I note from the above that there was a time difference of more than 2 months between the said set of transactions. In view of the same, it is very difficult to conclude that the Noticee had indulged in reversal trades in the scrip of SIL. No instances of self trades by the Noticee in the scrip are observed from the trade log.

29. 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.

#### **Aarey Drugs and Pharmaceuticals Ltd.**

30. 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 also note that the members of the group bought ADPL shares on 157 days during the IP and sold ADPL shares on 159 days during the IP. 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.

31. 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.)
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.

32. 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
Bela T Jhaveri	9,500	9,500	9,500	0	9,500	0	
Rest of the group	45,80,197	24,77,023	44,29,711	24,86,523	8,36,684	8,46,184	74,240
Total	45,89,697	24,86,523	44,39,211	24,86,523	8,46,184	8,46,184	74,240

33. I note from the trade log/ IR that the Noticee's buy quantity were 0.11% of the total market trades in the scrip of ADPL. The Noticee's buy quantity in ADPL within the group was 9,500 shares, which was 0.21% of buy among the group. The Noticee's sell quantity was 0.11% 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 9,500 shares which was 1.12% of the total synchronized buy trades of the group. No instances of self trades by the Noticee in the scrip are observed from the trade log. From the above, I find that the Noticee has contributed in the volume created by the group in the scrip of ADPL.

34. 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		
ADPL	1.30	1.00	1.30	1.00	0.00	0.00	0.00	1616.2	0.08

From the above table, I observe that the trades of the Noticee had a net LTP impact of Rs. 1.30 in the scrip. Further, the Noticee entered into 1 trade which resulted in (+) LTP. The (+) LTP impact of such trades was Rs. 1.30, which was 0.08% 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 0.17% of the (+) LTP impact of the group.

35. No instances of self trades by the Noticee in the scrip are observed from the trade log.

36. 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.

37. 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.

38. 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.."*

39. I also note that sufficient opportunities were granted to the Noticee to submit his reply to the SCN and to appear for personal hearing. However, despite service of the SCN and hearing notices, none of the given opportunities were availed of by the Noticee. The Hon'ble SAT in the matter of Classic Credit Ltd. vs. SEBI [2007] 76 SCL 51 (SAT - MUM) inter alia held that – *“the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them”*. The Hon'ble SAT also made such proposition in case of Sanjay Kumar Tayal & Ors. vs. SEBI (in appeal No. 68/2013) decided on February 11, 2014 viz. *“.....appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices”*.

40. 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 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.*

41. 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.”*

42. 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 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**

43. 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. 3,00,000 (Rupees Three lakh only) on the Noticee viz. Ms. Bela T. Jhaveri 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.

44. 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.

45. 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 IV), 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)	

46. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticee viz. Ms. Bela T Jhaveri and also to the Securities and Exchange Board of India.

**Date: April 27, 2018**

**Place: Mumbai**

**K SARAVANAN  
GENERAL MANAGER &  
ADJUDICATING OFFICER**