BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. IVD-ID5/CT- SSP/AO/DRK-AKS/EAD3-574-576/118-120 -2014]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

Against:

Shri Shailesh Somabhai Patel
PAN No. ABCPP211M
Ms. Nitaben Shaileshbhai Patel
PAN No. AGXPP3551G
Ms. Kapilaben Somabhai Patel
PAN No. AYQPP7574A

FACTS IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') conducted an investigation into the trading 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**') during the period January 1, 2009 to August 31, 2009 (hereinafter referred to as '**Investigation Period'**). These scrips are listed on BSE Ltd. (hereinafter referred to as '**BSE**'). It is noted from the findings of the investigation report (hereinafter referred to as '**IR'**) and the table depicted below that price as well

as volume of all the five scrips increased significantly during the investigation period as compared to pre investigation period.

		Riba Textiles Ltd.	Supertex Industries Ltd.	Bridge Securities Ltd.	Aarey Drugs and Pharmaceuticals Ltd.	Winsome Textile Industries Ltd.
Pre Investigation Period (1.10.2008 – 31.12.2008)	**Open (1.10.2008)**	46.65	0.72	3.1	44.7	23
	High	46.8 (1.10.2008)	35 (15.12.2008)	3.1 (6.10.2008)	44.7 (1.10.2008)	23.6 (3.10.2012)
	Low	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)
	Close (31.12.2008)	**25.4**	**25.83**	**2.1**	**17.6**	**21.02**
	Average Volume	**8,858**	**63,035**	**458**	**7392**	**23,111**
Investigation Period (1.1.2009 – 31.8.2009)	**Open (1.1.2009)**	25.75	26.5	2	18.35	23.8
	High	77.15 (28.5.2009)	64 (5.8.2009)	18.94 (31.8.2009)	52.3 (18.8.2009)	60 (11.8.2009)
	Low	20.45 (12.1.2009)	12.5 (5.2.2009)	1.82 (6.1.2009)	15 (22.1.2009)	17.7 (1.1.2009)
	Close (31.8.2009)	**39**	**54.6**	**18**	**45.1**	**55.8**
	Average Volume	**69,934**	**120,633**	**3974**	**55174**	**42,249**
% change in Average Volume (Approx)		**789%**	**191%**	**867%**	**746%**	**183%**

APPOINTMENT OF ADJUDICATING OFFICER

2. I was appointed as Adjudicating Officer under Section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**'), read with Rule 3 of Securities and Exchange Board of India (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 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**') alleged to have been committed by Shri Shailesh Somabhai Patel (hereinafter referred to as

'**Shailesh**'), Ms. Nitaben Shaileshbhai Patel (hereinafter referred to as '**Nitaben**') and Ms. Kapilaben Somabhai Patel (hereinafter referred to as '**Kapilaben**') and the same was communicated vide proceedings of the Whole Time Member appointing Adjudicating Officer dated 12.04.2013.

SHOW CAUSE NOTICE, HEARING AND REPLY

3. Show Cause Notices No. A&E/EAD3/DRK-AKS/19761/2013 dated 07.08.2013, A&E/EAD3/DRK-AKS/19779/2013 dated 08.08.2013 and A&E/EAD3/DRK-AKS/19776/2013 dated 08.08.2013 (herein after referred to as **'SCN'**) were served on the noticees in terms of the provisions of Rule 4 of the Adjudication Rules requiring the noticees to show cause as to why an inquiry should not be held against the noticees and why penalty, if any, should not be imposed on the noticees under Section 15 HA of the SEBI Act. In the said SCN, it was alleged that the noticees in collusion with the group had executed circular trades, synchronised trades, reversal trades and self trades in the above mentioned five scrips which had resulted in creation of artificial volume in the said five scrips leading to false and misleading appearance of trading in the five scrips. Further, this has also artificially increased the price in the five scrips and hence is fraudulent in nature.

4. Noticees vide their letters dated 20.09.2013 which was recived via email requested for extension of time by two weeks to submit a reply to the SCN. Vide our letter dated 23.09.2013, noticees were given time till 04.10.2013 to submit a reply to the SCN. However, it is observed from records that no reply was received from the noticees. Therefore, vide personal hearing notices dated 05.11.2013, all the noticees were granted an opportunity of hearing on 25.11.2013 at 11:00 am at SEBI Bhavan, Mumbai. Noticees were also advised to submit a reply to the SCN by 20.11.2013. Proof of service of the notices by Speed Post Acknowledgement Due is on record. The noticees failed to attend the hearing without giving any reasons.

5. Final hearing notices dated 23.012.2013 were served on the noticees granting them an opportunity of hearing on 07.01.2014 at 03:00 pm at SEBI Bhavan, Mumbai. However, the said hearing was adjourned and the noticees vide hearing notices dated 17.01.2014 were advised to attend the hearing on 05.02.2014 at 03:30 pm - 04:00 pm at SEBI Bhavan, Mumbai.

6. At the time of hearing, Shailesh represented the other two noticees as they are part of the same family and he submitted that the noticees have traded majorly in 4 scrips during the investigation period through Kumkum Stock Broker Pvt. Ltd. (Proprietor - Shri Tushar Jhaveri) who is a sub broker of SSJ Finance and Securities Pvt. Ltd. Shailesh knows Shri Ketan Shah as they were friends and he had introduced him to Kumkum Stock Broker Pvt. Ltd. Shailesh undertook to submit a detailed reply to the SCN explaining the alleged trades. Further, he undertook to submit a copy of the KYC for all three and a brief background of all the noticees. However, it is observed from the records that we have neither received any detailed reply to the SCN nor any of documents which Shailesh undertook to submit at the time of hearing. Therefore, I am compelled to pass an order against the noticees based on the material made available on record.

CONSIDERATION OF EVIDENCE AND FINDINGS

7. I have taken into consideration the facts and circumstances of the case and the material made available on record.

8. It is observed from the IR that a group of 25 entities including the noticees were connected to each other by common address, common introducer or introduced by other group members, transferred shares in off market to each other etc. The name and linkages among various entities is given below:

S.No	PAN NO	Name	Linkages
1	ABCPP211M	Shailesh Somabhai Patel	Shailesh Patel, Nitaben Patel & Kapilaben Patel have common address viz. *A 14 Snehadri Apts, Ambawadi Shreyas Tekra, Ahmedabad, Gujarat, 380051*. Ronak Choksi introduced Nitaben Patel and Shailesh Patel *(KYC by*
2	AGXPP3551G	Nitaben Shaileshbhai Patel	

<table>
<tr><th>S.No</th><th>PAN NO</th><th>Name</th><th>Linkages</th></tr>
<tr><td>3</td><td>AYQPP7574A</td><td>Kapilaben Somabhai Patel</td><td rowspan="2">Guiness Sec Ltd.)

Ronak Chokasi signed as witness to Shailesh Patel & Nitaben Patel (KYC by Networth Stock Broking Ltd.)

Shailesh Somabhai Patel and Nitaben Shaileshbhai Patel received shares in preferential allotment in Winsome in the year 2008.

Common Introducer - The following set of entities had a common introducer:

Shailesh Patel, Nitaben Patel, Nikhilbhai Shah and Shaishil Jhaveri by one Premal Shah (KYC by Brics Securities Ltd.)

Kapilaben Patel and Nitaben Patel by one Samir Shah (KYC by Comfort Securities Pvt. Ltd.)

Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J (KYC by Mangal Keshav Securities Ltd.)

Shailesh Patel and Kapilaben Patel by one Prakash Kadiya (KYC by MTL Share and Stock Brokers Ltd.)

Nitaben Patel and Shailesh Patel by one Narayan Equity Broking and Advisory Ser Ltd. (KYC by SMC Global Sec Ltd.)

Nitaben Patel and Shailesh Patel by one Nitin Patil (KYC by SSJ Finance and Sec Pvt. Ltd.)

Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki (KYC by Nirmal Bang Sec Ltd.)

Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (KYC by Nirmal Bang Sec Ltd.)

Nitaben Patel and Shailesh Patel by one A.R. Patel (KYC by Anand Rathi Share & Stock Brokers Ltd.)</td></tr>
<tr><td>4</td><td>ADDPC2938D</td><td>Ronak Ashwin Choksi</td></tr>
<tr><td>5</td><td>ACIPS6166P</td><td>Nikhilbhai Shah</td><td rowspan="2">Nikhilbhai Shah, Shaishil T. Jhaveri and Bela T Jhaveri are Directors of Kumkum Stock Brokers Pvt. Ltd. (KYC by Nirmal Bang Sec Pvt. Ltd.)

Manish Ratilal Shah & Nikhilbhai Shah have common Address - B-81, Pariseema Complex, C.G. Road, Ellisbridge Ahmedabad.</td></tr>
<tr><td>6</td><td>AGQPJ8664F</td><td>Shaishil T. Jhaveri</td></tr>
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<tr><th>S.No</th><th>PAN NO</th><th>Name</th><th>Linkages</th></tr>
<tr><td>7</td><td>AABPZ2800L</td><td>Bela T Jhaveri</td><td rowspan="3">Bela Jhaveri introduced to Nikhil Shah (KYC by SSJ Finance & Securities Pvt. Ltd.)

Shaishil Jhaveri introduced Manish Shah and Nikhil Shah (KYC by SPFL Sec Ltd.; Siddhi Shares Pvt. Ltd.)

Common introducer:

Shailesh Patel, Nitaben Patel, Nikhilbhai Shah and Shaishil Jhaveri by one Premal Shah (KYC by Brics Securities Ltd.)

Bela Jhaveri and Nikhil Shah by one Hardik Shah (KYC by Religare Securities Ltd)

Shailesh Patel and Shaishil Jhaveri by one Macwan Joel J (KYC by Mangal Keshav Securities Ltd.)

Manish Shah, Nikhilbhai Shah and Shailesh Patel by one Ashish Dapki (KYC by Nirmal Bang Sec Ltd.)

Kumkum Stock Brokers Pvt. Ltd. and Nitaben Patel by one Ripple K Shah (KYC by Nirmal Bang Sec Ltd.)</td></tr>
<tr><td>8</td><td>AACCK6784E</td><td>Kumkum Stock Broker Pvt. Ltd.</td></tr>
<tr><td>9</td><td>AZMPS2291J</td><td>Manish Ratilal Shah</td></tr>
<tr><td>10</td><td>AKQP8635P</td><td>Daxaben Vasantkumar Shah</td><td rowspan="6">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.)

Dhavalkumar Hastimal Soni & Hastimal Gulabchand Soni have common address viz. Mota Nagar Wada, At Kapadwanj, Nadiad, Gujarat 387620.

Jipal Shah introduced Kapilaben Patel and Nita Bhavsar (KYC by Arcadia Share & Stock Brokers Ltd.)

Daxaben Shah introduced Apexa Patel (KYC by Arcadia Share & Stock Brokers Pvt. Ltd.)

Common Introducer:
Daxaben Shah, Jipal Shah and Nita Bhavsar by one Pranav Vora (KYC by ANS Pvt. Ltd.)</td></tr>
<tr><td>11</td><td>ANNPB8668D</td><td>Nita B Bhavsar</td></tr>
<tr><td>12</td><td>BMWPS2515R</td><td>Jipal Pineshkumar Shah</td></tr>
<tr><td>13</td><td>AURPS9165R</td><td>Dhavalkumar Hastimal Soni</td></tr>
<tr><td>14</td><td>AGMPS1204L</td><td>Hastimal Gulabchand Soni</td></tr>
<tr><td>15</td><td>AURPS4385B</td><td>C Shah Champaklal</td></tr>
<tr><td>16</td><td>AFXPP3167P</td><td>Apexa Jagdishbhai Patel</td><td>Apexa Jagdishbhai Patel & Jagdish Ramanlal Patel have common address viz. C/44, Greenwood Society, Opp:Sarvoday-2, Sola Road, Ahmedabad, 380061.</td></tr>
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S.No	PAN NO	Name	Linkages
17	AAWPP0600R	Jagdish Ramanlal Patel	Daxaben Shah introduced Apexa Patel *(KYC by Arcadia Share & Stock Brokers Pvt. Ltd.)* 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.)*
18	AOEPP2753D	Sonal Kiritbhai Patel	
19	AAACC2255N	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	AAAPA7605D	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	AFYPM7292R	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	ADPPB9428F	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	AAUPV2876R	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	AADCP2649G	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	AACPG5265H	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

9. Out of the above entities, several entities also entered into off market transactions with each other that indicates their connection. The off market transactions in the scrip of RTL (1,094,439 shares), SIL (2,646,181 shares) , ADPL (79,224 shares) and WTIL (178,196 shares) are summarized as follows:

Off market transfer of shares of	**Transferor and Transferee**
Riba Textiles Ltd.	1. Manish Ratilal Shah, Nitaben Shaileshbhai Patel & Shaishil T Jhaveri to Kumkum Stock Broker Private Ltd. 2. Nikhil V. Shah, Shaishil Jhaveri & Kumkum Stock Broker Private Ltd to Manish Ratilal Shah 3. Shaishil Jhaveri, Kapilaben Somabhai Patel & Shailesh Somabhai Patel to Nikhil V. Shah 4. Shaishil Jhaveri to Nita B Bhavsar 5. Nitaben Shaileshbhai Patel, Shailesh Somabhai Patel, Kumkum Stock Broker Private Ltd & Manish Ratilal Shah to Shaishil Jhaveri 6. Manish Ratilal Shah to Shailesh Somabhai Patel
Supertex Industries Ltd.	1. Jigish Ajit Vasa & Manish Ratilal Shah to Bela Tushar Zaveri 2. Shaishil Jhaveri to Jigish Ajit Vasa 3. Kumkum Stock Broker Private Ltd. to Jagdish Bhagat 4. Danish M Merchant & Amrita A. Agarwal to Kapilaben Somabhai Patel 5. Nikhil V. Shah, Shaishil Jhaveri & Manish Ratilal Shah to Kumkum Stock Broker Private Ltd] 6. Shaishil Jhaveri, Parameshwar Exports Pvt Ltd & Chase Marketing Pvt Ltd. to Manish Ratilal Shah 7. Shaishil T Jhaveri to Nikhilbhai Vinakantbhai Shah 8. Shailesh Somabhai Patel to Nita B Bhavsar 9. Manish Ratilal Shah to Nitaben Shaileshbhai Patel 10. Nikhil v. Shah to Shailesh Somabhai Patel 11. Nikhilbhai v. Shah & Shailesh Somabhai Patel to Shaishil T

Off market transfer of shares of	Transferor and Transferee
	Jhaveri 12. Amrita A. Agarwal to Kapilaben Somabhai Patel 13. Chase Marketing Pvt Ltd. to Nikhil V. Shah
Aarey Drugs and Pharmaceuticals Ltd.	1. Hastimal Gulabchand Soni to Dhavalkumar Hastimal Soni 2. Nitaben Shaileshbhai Patel & Shailesh Somabhai Patel to Nita B Bhavsar
Winsome Textile Industries Ltd.	1. Shaishil Jhaveri to Jigish Ajit Vasa 2. Shailesh Somabhai Patel to Kapilaben Somabhai Patel 3. Shaishil Jhaveri to Kumkum Stock Broker Private Ltd 4. Kapilaben Somabhai Patel to Nikhilbhai Vinakantbhai Shah 5. Shailesh Somabhai Patel to Nitaben Shaileshbhai Patel 6. Nitaben Shaileshbhai Patel & Shailesh Somabhai Patel to Shaishil Jhaveri

10. The trading activity of the group clients across 5 scrips during the investigation period is as follows:

Scrip	A Traded Quantity (Market)	B Total Buy of Group	C % of total buy of Group to total traded quantity (Market)	D Total Sale of Group	E % of total sale of group to total traded quantity (Market)	F Trade Amongst Group*	G % of trade amongst Group to total traded quantity (Market)	H Synchronised Trades among Group**	I % of synchronised trades to trade among Group	J % of synchronised trades among Group to total traded quantity (Market)
Riba Textiles Ltd.	11259446	6294644	55.91	6032877	53.58	3861914	34.30	2242477	58.07	19.92
Supertex Industries Ltd.	19421886	10376495	53.42	10161354	52.32	5664204	29.16	3012803	53.19	15.51

Bridge Securities Ltd.	484790	212984	43.93	79899	16.48	34931	7.21	5970	17.09	1.23
Aarey Drugs and Pharmaceuticals Ltd.	8883052	4589697	51.67	4439211	49.97	2486523	27.99	846184	34.03	9.53
Winsome Textile Industries Ltd.	6802131	3166851	46.56	3005482	44.18	1513285	22.25	419856	27.74	6.17
Total	**46851305**	**24640671**	**52.59**	**23718823**	**50.63**	**13560857**	**28.94**	**6527290**	**48.13**	**13.93**

RTL

11. It is observed from the IR that the noticees along with the group had executed synchronised trades, reversal trades and circular trades in the scrip of RTL while Shailesh has also executed self trades in the scrip of RTL. It is noted that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were executed on 119 days. The individual contribution of each entity in such trades is as mentioned below:

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchro-nised Trades amongst Group (Buy)	Synchro-nised Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	1441673	845739	1118544	734356	457331	347138	29067
2.	Nitaben Shaileshbhai Patel	1048915	781966	826339	644896	426129	387500	
3.	Kapilaben Somabhai Patel	136130	92504	95683	93180	65191	17400	

12. Instances of synchronised trades of noticees in the scrip of RTL within the group are as follows:

Shailesh:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
09/01/09	13:11:32	Kumkum Stock Broker	13:11:31	1,839	24.3	Shailesh Patel	13:11:13	5,000	24.3
16/01/09	14:54:04	Shailesh Patel	14:54:04	5,000	27.3	Kumkum Stock	14:53:54	5,000	27.3

						Broker			
23/01/09	11:27:49	Nitaben Patel	11:27:09	5,000	30.3	Shailesh Patel	11:27:49	250	30.3
11/02/09	14:52:27	Shailesh Patel	14:52:27	500	34.5	Manish Shah	14:52:22	500	34.5

Nitaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
16/01/09	13:04:02	Nitaben Patel	13:04:02	4,200	24.85	Kumkum Stock Broker	13:03:50	4,200	24.85
20/01/09	15:29:52	Nitaben Patel	15:29:51	5,000	28.55	Shaishil Jhaveri	15:29:38	5,000	28.55
28/01/09	15:18:23	Shaishil Jhaveri	15:18:17	17,000	35	Nitaben Patel	15:18:22	17,000	35
18/03/09	11:49:11	Kumkum Stock Broker	11:49:11	200	35.65	Nitaben Patel	11:49:06	200	35.65

Kapilaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
21/04/09	14:49:22	Kapilaben Patel	14:49:22	6,000	48.35	Kumkum Stock Broker	14:49:22	6,000	48.35
28/05/09	15:01:52	Kapilaben Patel	15:01:52	10,000	74	Shaishil Jhaveri	15:01:47	10,000	74
11/06/09	13:02:23	Kapilaben Patel	13:02:22	15,900	70.9	Nitaben Patel	13:02:01	15,700	70.9
12/06/09	13:28:32	Shailesh Patel	13:28:32	15,700	70	Kapilaben Patel	13:28:22	15,700	69.95

13. Instances of reversal trades of noticees in the scrip of RTL within the group are as follows:

Seller	Date	No. of shares	No. of Trades	Average Rate (₹)	Buyer
Kumkum Stock Broker, Nikhilbhai Shah, Shailesh Patel	08.07.2009 - 17.07.2009	28,623	5	51.43	Bela Jhaveri

Bela Jhaveri	21.07.2009 - 12.08.2009	45,749	4	48.18	Nitaben Patel, Shailesh Patel, Kumkum Stock Broker, Manish Shah

Sell Client	**Date**	**No. of shares**	**Market/Off market**	**Buy Client**
Kapilaben S Patel	27.5.2009	19,580	Market	Shaishil Jhaveri
Shaishil Jhaveri	28.5.2009	10,000	Market	Kapilaben S Patel

14. Instances of self trades of Shailesh in the scrip of RTL are as follows:

Trade Date	**Trade Time**	**Buy Client Name**	**Buy Order Time**	**Buy Order Qty**	**Buy Order Price**	**Sell Client Name**	**Sell Order Time**	**Sell Order Qty**	**Sell Order Price**
09/03/09	14:57:07	Shailesh Patel	14:57:06	500	28.6	Shailesh Patel	14:51:15	6,000*	28.6
09/03/09	14:54:33	Shailesh Patel	14:54:32	500	28.6	Shailesh Patel	14:51:15	6,000*	28.6
09/03/09	14:54:22	Shailesh Patel	14:54:22	1,000	28.6	Shailesh Patel	14:51:15	6,000*	28.6
09/03/09	14:53:57	Shailesh Patel	14:53:56	2,000	28.6	Shailesh Patel	14:51:15	6,000*	28.6
09/03/09	14:53:50	Shailesh Patel	14:27:16	2,000	28.6	Shailesh Patel	14:51:15	6,000*	28.6
23/03/09	14:40:41	Shailesh Patel	14:25:53	700	39.5	Shailesh Patel	14:40:40	1,000	39.5

* 1 sell order of 6,000 shares got traded in 5 buy orders.

15. Instance of circular trading executed by the noticees is given in the next page.

16. Thus, from the above it can be concluded that the noticees had executed synchronised trades, reversal trades and circular trades in the scrip of RTL while only Shailesh has executed self trades in the scrip of RTL.

SIL

17. It is observed from the IR that the noticees along with the group had executed synchronised trades, reversal trades and circular trades in the scrip of SIL while noticees 1 and 2 have also executed self trades in the scrip of SIL. It is noted that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were executed on 100 days. The individual contribution of each entity in such trades is as mentioned below:

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchro-nised Trades amongst Group (Buy)	Synchro-nised Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	1654186	1059781	1609353	1170919	548481	629470	30794
2.	Nitaben Shaileshbhai Patel	757767	510017	713569	541408	192367	258551	990
3.	Kapilaben Somabhai Patel	273665	223286	322139	238139	142931	155086	

18. Instances of synchronised trades of noticees in the scrip of SIL within the group are as follows:

Shailesh:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
25/03/09	14:58:45	Shaishil Jhaveri	14:58:32	10,000	20.5	Shailesh Patel	14:58:45	5,000	20.5
31/03/09	10:39:13	Kumkum Stock Broker	10:39:13	25,000	15.3	Shailesh Patel	10:39:10	25,000	15.3
02/04/09	15:10:45	Shailesh Patel	15:10:43	6,629	18.4	Kumkum Stock Broker	15:10:44	6,629	18.4
23/06/09	12:28:07	Kumkum Stock Broker	12:28:07	22,500	54.3	Shailesh Patel	12:28:03	22,500	54.3

Nitaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
19/06/09	15:20:23	Nitaben Patel	15:20:23	10,000	54.35	Kumkum Stock Broker	15:20:14	10,000	54.35
14/07/09	11:15:20	Kumkum Stock Broker	11:15:20	10,000	53.9	Nitaben Patel	11:15:18	10,000	53.9
14/07/09	15:28:59	Kumkum Stock Broker	15:28:58	15,000	55.15	Nitaben Patel	15:18:52	15,000	55.15
15/07/09	11:46:06	Nitaben Patel	11:46:03	9,000	55.95	Kumkum Stock Broker	11:46:05	9,000	55.95

Kapilaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
21/04/09	14:57:11	Kumkum Stock Broker	14:57:11	7,500	24.5	Kapilaben Patel	14:57:11	7,500	24.5
20/05/09	15:24:47	Kapilaben Patel	15:24:33	1,000	37	Kumkum Stock Broker	15:24:47	159	37
26/05/09	13:18:17	Shailesh Patel	13:18:17	25,000	42	Kapilaben Patel	13:17:40	23,509	42
11/06/09	12:55:48	Kapilaben Patel	12:55:48	25,000	55.25	Kumkum Stock Broker	12:55:22	25,000	55.25

19. Instances of reversal trades of Shailesh and Nitaben in the scrip of SIL within the group are as follows:

Sell Client	Date	Scrip	No. of shares	Market/Off market	Buy Client
Nikhilbhai Shah	29.6.2009	SIL	30,000	Market	Shailesh Somabhai Patel
Shailesh Somabhai Patel	30.6.2009	SIL	30,000	Market	Nikhilbhai Shah

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (₹)	Buyer
Shaishil Jhaveri, Kumkum Stock Broker, Manish Shah	20.04.2009-21.04.2009	SIL	82,143	25	24.59	Nitaben Patel
Nitaben Patel	21.04.2009-28.04.2009	SIL	80,987	16	24.29	Kumkum Stock Broker

20. Instances of self trades of Shailesh in the scrip of SIL are as follows:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
19.03.2009	13:42:59	Shailesh Patel	12:20:52	500	14	Shailesh Patel	13:42:58	10,000	14
02.04.2009	13:16:21	Shailesh Patel	13:16:11	25	18.5	Shailesh Patel	13:16:20	10,000	18.5
02.04.2009	13:16:21	Shailesh Patel	13:16:07	25	18.5	Shailesh Patel	13:16:20	10,000	18.5
16.04.2009	11:58:34	Shailesh Patel	11:58:33	250	23	Shailesh Patel	11:58:30	485	23

21. Self trades of Nitaben in the scrip of SIL are as follows:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
15.04.2009	10:04:22	Nitaben Patel	09:58:46	500	21.45	Nitaben Patel	10:04:21	1,000	22.4
15.04.2009	10:04:22	Nitaben Patel	09:58:21	500	20	Nitaben Patel	13:16:20	1,000	22.4

22. Thus, from the above it can be concluded that the noticees had executed synchronised trades in the scrip of SIL while Shailesh and Nitaben had also executed reversal and self trades in the scrip of SIL. From the available records self trades and reversal trades against Kapilaben could not be established. Further the instances of noticees circular trading in this scrip as per the available records could not establish circular trading as the time period between the transfer of shares is substantial (thus there was actual transfer of beneficial ownership) and further the circle / chain is also not complete.

ADPL

23. It is observed from the IR that the noticees along with the group had executed reversal trades and circular trades in the scrip of ADPL while Nitaben had also executed self trades in the scrip of ADPL. Additionally Nitaben and Kapilaben had also executed synchronised trades. It is noted that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were executed on 145 days. The individual contribution of each entity in such trades is as mentioned below:

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronised Trades amongst Group (Buy)	Synchronised Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	20000	19991	27000	7000	0	0	
2.	Nitaben Shaileshbhai Patel	203540	148239	193534	130588	10000	45170	10894
3.	Kapilaben Somabhai Patel	27600	27600	20000	10000	27600	10000	

24. Instances of synchronised trades of Nitaben and synchronised trades of Kapilaben in the scrip of ADPL within the group are as follows:

Nitaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
25/03/09	10:53:03	Ronak Choksi	10:53:02	500	30.3	Nitaben Patel	10:52:59	500	30.3
26/03/09	15:20:47	Ronak Choksi	15:20:47	100	31.2	Nitaben Patel	15:20:38	2,000	31.2
27/03/09	15:24:32	Ronak Choksi	15:24:32	3,500	35.6	Nitaben Patel	15:24:27	3,500	35.6
02/07/09	12:13:08	Nitaben Patel	12:13:08	35,500	37.25	Manish Shah	12:13:04	30,000	37.25

Kapilaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price

24/08/09	15:03:50	Kapilaben Patel	15:03:49	25,500	47.3	Manish Shah	15:03:48	25,000	47.3
24/08/09	15:04:26	Kapilaben Patel	15:04:24	2,600	47.3	Manish Shah	15:04:26	2,600	47.3
26/08/09	15:10:27	Kumkum Stock Broker	15:10:27	10,000	46.85	Kapilaben Patel	15;10;26	10,000	46.85

25. Self trades of Nitaben in the scrip of ADPL are as follows:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
01.01.2009	13:35:22	Nitaben Patel	13:35:21	5,000	18	Nitaben Patel	13:35:21	11,000	18
01.01.2009	13:35:27	Nitaben Patel	13:35:26	5,000	18	Nitaben Patel	13:35:26	11,000	18
01.01.2009	13:35:31	Nitaben Patel	13:35:31	3,000	18	Nitaben Patel	13:35:31	11,000	18

26. Thus, from the above it can be concluded that Nitaben and Kapilaben had executed synchronised trades in the scrip of ADPL and only Nitaben had executed self trades in the scrip of ADPL. There is no material made available on record to establish circular trades and reversal trades executed by the noticees in the scrip of ADPL. The instance of circular trade in the scrip of ADPL executed by Nitaben could not establish circular trading as the time period between the transfer of shares is substantial (thus there was actual transfer of beneficial ownership). It is observed from the IR that Shailesh has not executed synchronised trades in the scrip of ADPL.

<u>WTIL</u>

27. It is observed from the IR that the noticees along with the group had executed synchronised trades, reversal trades and circular trades in the scrip of WTIL while Shailesh and Nitaben had also executed self trades in the scrip of WTIL. It is noted that out of 161 days during which the scrip was traded during period of investigation, the trades amongst group were executed on 77 days. The individual contribution of each entity in such trades is as mentioned below:

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchronised Trades amongst Group (Buy)	Synchronised Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	762510	459036	701663	401967	142876	167328	38221
2.	Nitaben Shaileshbhai Patel	565826	414753	430543	274973	77072	65989	5000
3.	Kapilaben Somabhai Patel	92256	79853	51125	46489	25000	8989	

28. Instances of synchronised trades of noticees in the scrip of WTIL within the group are as follows:

Shailesh:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
12/01/09	14:34:32	Shailesh Patel	14:34:32	6,500	29.75	Kumkum Stock Broker	14:34:12	6,200	29.75
12/01/09	15:29:55	Shailesh Patel	15:29:54	1,000	31.55	Shaishil Jhaveri	15:29:45	1,000	31.55
09/02/09	10:47:04	Shailesh Patel	10:47:04	13,000	36.25	Shaishil Jhaveri	10:46:21	13,500	36.25
02/04/09	15:22:38	Nitaben Patel	15:22:38	500	34.95	Shailesh Patel	15:21:45	451	34.95

Nitaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
10/02/09	14:50:51	Nitaben Patel	14:50:23	5,000	35	Kumkum Stock Broker	14:50:51	500	35
19/03/09	12:57:51	Shailesh Patel	12:57:21	6,950	31.1	Nitaben Patel	12:57:23	6,900	31.2
02/04/09	15:22:38	Nitaben Patel	15:22:38	500	34.95	Shailesh Patel	15:21:45	451	34.95
14/05/09	11:33:10	Nitaben Patel	11:33:09	11,000	35.35	Shaishil Jhaveri	11:33:02	11,000	35.35

Kapilaben:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
21/04/09	14:35:18	Nitaben Patel	14:35:12	35,500	33.9	Kapilaben Patel	14:35:18	33,000	33.9
11/05/09	13:53:13	Kapilaben Patel	13:52:34	3,685	33.7	Kumkum Stock Broker	13:53:13	4,000	33.65
11/05/09	13:28:20	Kapilaben Patel	13:28:15	3,000	33.95	Kumkum Stock Broker	13:28:19	1,000	33.95
10/06/09	14:58:11	Kapilaben Patel	14:58:11	10,000	48.9	Shailesh Patel	14:58:08	10,000	48.9

29. Instances of self trades of Shailesh in the scrip of WTIL are as follows:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
13/01/09	11:13:12	Shailesh Patel	11:13:11	5,000	31.3	Shailesh Patel	11:12:38	5,000	31.3
13/01/09	11:10:00	Shailesh Patel	11:09:59	5,000	31.3	Shailesh Patel	11:09:02	5,000	31.3
20/02/09	15:23:33	Shailesh Patel	15:23:33	5,000	29.45	Shailesh Patel	15:23:12	5,000	29.45
20/02/09	15:23:10	Shailesh Patel	15:23:10	5,000	29.45	Shailesh Patel	15:23:04	5,000	29.45

30. Instances of self trades of Nitaben in the scrip of WTIL are as follows:

Trade Date	Trade Time	Buy Client Name	Buy Order Time	Buy Order Qty	Buy Order Price	Sell Client Name	Sell Order Time	Sell Order Qty	Sell Order Price
20/02/09	15:26:07	Nitaben Patel	15:26:06	500	29.45	Nitaben Patel	15:25:24	5,000	29.45
20/02/09	15:26:04	Nitaben Patel	15:26:03	500	29.45	Nitaben Patel	15:25:24	5,000	29.45
20/02/09	15:26:01	Nitaben Patel	15:26:00	1,000	29.45	Nitaben Patel	15:25:24	5,000	29.45
20/02/09	15:25:40	Nitaben Patel	15:25:40	2,500	29.45	Nitaben Patel	15:25:24	5,000	29.45

31. Instances of reversal trades of noticees in the scrip of WTIL within the group are as follows:

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (₹)	Buyer
Nitaben Patel	17.02.2009	WTIL	9,500	3	31.9	Kapilaben Patel
Kapilaben Patel	19.02.2009	WTIL	9,489	18	30.95	Shailesh Patel
Kapilaben Patel	21.04.2009	WTIL	33,000	1	33.9	Nitaben Patel
Shailesh Patel	22.04.2009	WTIL	18,500	Off Market	Off Market	Kapilaben Patel

Seller	Date	Scrip	No. of shares	No. of Trades	Average Rate (₹)	Buyer
Shailesh Patel	18.02.2009	WTIL	9,500	Off Market	Off Market	Nitaben Patel
Nitaben Patel	19.02.2009-20.02.2009	WTIL	5,651	13	29.74	Shailesh Patel

32. Thus, from the above it can be concluded that all the 3 noticees had executed synchronised and reversal trades in the scrip of WTIL while Shailesh and Nitaben had also executed self trades in the scrip of WTIL. The instance of circular trade in the scrip of WTIL executed by the noticees could not establish circular trading as the time period between the transfer of shares is substantial (thus there was actual transfer of beneficial ownership).

33. From the IR it is observed that the consolidated contribution of each noticee's in the aforementioned 4 scrips taken together is as follows:

Sr. No.	Client Name	Total Buy (Market)	Buy amongst Group	Total Sell (Market)	Sell amongst Group	Synchro-nised Trades amongst Group (Buy)	Synchro-nised Trades amongst Group (Sell)	Self Trades
1.	Shailesh Somabhai Patel	3878369	2384547	3456560	2314242	1148688	1143936	98082

2.	Nitaben Shaileshbhai Patel	2576048	1854975	2163985	1591865	705568	757210	16884
3.	Kapilaben Somabhai Patel	529651	423243	488947	387808	260722	191475	0

34. Further analysis of the aforesaid trades amongst Group is as follows:

Sr. No.	Client Name	No. of Days traded amongst group	No. of Trades amongst group	LTP Difference (%)
1.	Shailesh Somabhai Patel	125	2271	-4.88 to 8.82
2.	Nitaben Shaileshbhai Patel	97	1706	-4.88 to 14.73
3.	Kapilaben Somabhai Patel	33	178	-1.01 to 3.97

35. The price impact of trades of the Group is as follows :

Scrip	No. of trades with + LTP	% of trades with + LTP	Impact of trades with + LTP (₹)	No. of trades with - LTP	% of trades with - LTP	Impact of trades with – LTP (₹)	Net LTP impact (₹)	Sum of NHP Diff (Market) (₹)	Sum of NHP Diff (Group) (₹)
Riba Textiles Ltd.	1992	57.71%	1064.4	1773	46.60%	-441.45	622.95	51.4	38.55
Supertex Industries Ltd.	3479	43.69%	856.17	4998	52.29%	-715.13	141.04	37.5	10.35
Aarey Drugs and Pharmaceuticals Ltd.	1870	46.18%	780.9	1557	37.02%	-360.35	420.55	33.95	20.6
Winsome Textile Industries Ltd.	1375	44.96%	520.55	1059	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 scrips.

36. 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.."

37. Hon'ble SAT in *M/s Marwadi Shares and Financial Ltd.* V *SEBI* decided on 26.07.2012 has held that:

"....Self trades, by their very nature, are fictitious....Such transactions executed for and on behalf of the clients will fall within the definition of suspicious transactions having no economic rationale or bona fide purpose..."

38. Further, Hon'ble SAT in *M/s. Octant Industries Ltd.*V *SEBI* decided on 15.01.2014 has held that :

"..a large number of reverse trades could not have taken place through the mechanism of the system. These have obviously been manipulated. Reverse trades are fictitious in nature and are only meant to increase volumes on the screen of the trading system as there is hardly any change of beneficial ownership in the traded shares..."

39. Regarding circular trade, Hon'ble SAT in *Monika Jain.*V *Adjudicating Officer, SEBI* decided on 11.02.2011 has observed that:

"..A circular trade is a fictitious trade which is executed on the trading screen of the exchange which does not result in the transfer of beneficial ownership in the traded scrip. Such trades only create false or misleading appearance of trading in the securities market and thereby lure the lay investors to jump in the fray.."

40. It can be observed from the order log trade log that trades executed by the noticees were not of one instance but aforesaid transactions were repeatedly carried out over a period of time within the group. It is pertinent to note that such trading patterns lead to price fluctuation and creates false appearance of trading in securities market and thereby tending to mislead the gullible investors.

41. The violations of the noticees in the 4 scrips can be depicted in the tabular form as follows:

Scrip Name	**Synchronised Trades**	**Reversal Trades**	**Self Trades**	**Circular Trades**
Riba Textiles Ltd.	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel Kapilaben Somabhai Patel	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel Kapilaben Somabhai Patel	Shailesh Somabhai Patel	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel Kapilaben Somabhai Patel
Supertex Industries Ltd	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel Kapilaben Somabhai Patel	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel	Shailesh Somabhai Patel Nitaben Shaileshbhai Patel	NA
Aarey Drugs and Pharmaceuticals Ltd	Nitaben Shaileshbhai Patel Kapilaben Somabhai Patel	NA	Nitaben Shaileshbhai Patel	NA
Winsome Textile Industries Ltd.	Shailesh Somabhai Patel Nitaben Shaileshbhai	Shailesh Somabhai Patel Nitaben Shaileshbhai	Shailesh Somabhai Patel Nitaben Shaileshbhai	NA

	Patel Kapilaben Somabhai Patel	Patel Kapilaben Somabhai Patel	Patel	

42. In view of the above facts and circumstances it can be concluded that the noticees had violated Regulations 3 (a), (b), (c), (d), 4 (1), (2), (a), (b), (e) and (g) of PFUTP Regulations in the aforementioned 4 scrips as discussed above. The text of the said provisions are as follows:

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

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;

43. The said violations attract penalty under Section 15HA of the SEBI Act which provides that:

"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."

44. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, 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

45. The IR has not quantified any gain or unfair advantage accrued to the noticees as a result of noticees trading in the aforesaid 4 scrips. 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 noticees violation.

46. In view of the abovementioned conclusion and after considering the factors under Section 15J of the SEBI Act, I hereby impose a penalty of ₹ 12,00,000/- (Rupees Twelve Lakh only) on Shri Shailesh Somabhai Patel, a penalty of ₹ 7,00,000/- (Rupees Seven Lakh only) on Ms. Nitaben Shaileshbahi Patel and a penalty of ₹ 3,00,000/- (Rupees Three Lakh only) on

Ms. Kapilaben Somabhai Patel under Section 15HA of the Securities and Exchange Board of India Act, 1992 which is appropriate in the facts and circumstances of the case.

47. It is further, observed from the IR that during the period 19.08.2008 to 31.12.2008, WTIL came out with an issue of 75,00,000 convertible warrants convertible into equity shares on preferential basis with an exercise price of ₹ 24 to the financial investors belonging to non-promoter group including the Shailesh, Nitaben and members of the Promoters' group.

48. A sharp rise was observed during the period December 31, 2008 to January 7, 2009 wherein the price of the scrip increased at BSE from ₹ 14.02 (opening price on December 31, 2008), touched a intra day high of ₹ 34.40 on January 7, 2009 in six trading days with an average daily volume of 1,15,292 shares.

49. A group of connected / related entities viz. Shailesh, Nitaben, Kapilaben, Shri Ronak Ashwin Choksi (Parshvanath Investment Services), Shri Shaishil T Jhaveri, Kumkum Stock Brokers Pvt. Ltd. and Shri Manish Ratilal Shah (herein after referred to as '**Shailesh Somabhai Patel group**') were found to be dealing through various stock brokers during the period of examination and altogether purchased 16,75,069 shares @ ₹ 30.09 and sold 14,50,501 shares @ ₹ 30.89, accounting for 36.14% and 31.29% of the total market volume respectively. Out of this Shailesh Somabhai Patel group, 2 entities viz. Shailesh and Nitaben are preferential allottees of convertible warrants.

50. Further, on analyzing the trading among Shailesh Somabhai Patel group it was observed that Shailesh Somabhai Patel group had entered into trades with each other mainly during the period December 31, 2008 to March 20, 2009 and accounted for around 24% of the total traded volumes during the said period.

51. They entered into trades with each other mainly during the period January 12, 2009 to February 27, 2009, when the scrip was in trade-to-trade segment. Also, out of 53 trading days during the period December 31, 2008 to March 20,

2009, they entered into trades among themselves on 39 trading days, out of which on 23 trading days their trades accounted for more than 20% of the total market volume during the respective days.

52. It was observed that during the sharp price rise patch i.e. during the period December 31, 2008 to January 7, 2009 when the price of the scrip moved from ₹ 14.02 to ₹ 34.40 in first trades as well as through intra-day movement in 6 trading days, entities of Shailesh Somabhai Patel group appeared in maximum number of instances and appeared to have contributed to the price rise as well as supported the price of the scrip.

53. In view of the above, it can be concluded that the said Shailesh Somabhai Patel group including the noticees had traded in the scrip of WTIL to support the price / volume of the scrip. Thus, the noticees had violated Regulations 3 (a), (b), (c) (d), 4 (1), 4(2) (a) and (e) of SEBI (PFUTP) Regulations, 2003. The text of the said provisions has already been provided above.

54. The said violations attract penalty under Section 15HA of the SEBI Act. The text of the said provision has already been provided above.

55. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, 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

    d. the repetitive nature of the default

56. 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 noticees violation. However, IR has quantified the profit accrued to the Shailesh Somabhai Patel group when they were supporting the price / volume in the scrip of WTIL which is ₹ 11,60,400/-.

57. In view of the abovementioned conclusion and after considering the factors under Section 15J of the SEBI Act, I hereby impose a penalty of ₹ 3,00,000/- each (Rupees Three Lakh only) on all the noticees under Section 15HA of the Securities and Exchange Board of India Act, 1992 which is appropriate in the facts and circumstances of the case.

ORDER

58. In exercise of the powers conferred under Section 15 I of the Securities and Exchange Board of India Act, 1992, and Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose a consolidated penalty of ₹ 15,00,000/- (Rupees Fifteen Lakh only) on Shri Shailesh Somabhai Patel (PAN No. ABCPP211M), a consolidated penalty of ₹ 10,00,000/- (Rupees Ten Lakh only) on Ms. Nitaben Shaileshbhai Patel (PAN No. AGXPP3551G) and a consolidated penalty of ₹ 6,00,000/- (Rupees Six Lakh only) on Ms. Kapilaben Somabhai Patel (PAN No. AYQPP7574A) in terms of the provisions of Section 15HA of the Securities and Exchange Board of India Act 1992 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. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations committed by the noticee.

59. The penalty shall be paid by way of Demand Draft drawn in favour of “SEBI – Penalties Remittable to Government of India” payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to Chief General Manager- IVD, Securities and Exchange Board of India, Plot No. C4-A, ‘G’ Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

60. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this order are being sent to Shri Shailesh

Somabhai Patel, Ms. Nitaben Shaileshbhai Patel both residing at A/14, Shehadri Appt, Shreyas Tekra, Ambawadi, Ahmedabad- 3800153 and Ms. Kapilaben Somabhai Patel residing at A/14, Snehadi, Manek Bag, Ahmedabad- 380015 and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai

Date: 11.08.2014

D. RAVI KUMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER