

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

DIRECTIONS UNDER SECTIONS 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN RESPECT OF MR. KANAIYALAL BALDEVBHAI PATEL, MR. DIPAK PATEL, MR. ANANDKUMAR BALDEVBHAI PATEL AND M/S BHOOMI INDUSTRIES

1. The Securities and Exchange Board of India (hereinafter referred to as SEBI), vide an ad interim ex-parte Order dated May 28, 2009 (hereinafter referred to as the Order), amongst other directions, restrained Mr. Dipak Patel, Mr. Kanaiyalal Baldev Patel, Mr. Anandkumar Baldevbhai Patel and M/s. Bhoomi Industries from buying, selling or dealing in any securities, directly or indirectly, till further directions. Mr. Dipak Patel was also directed not to associate himself with any Foreign Institutional Investor, sub-account or any registered entity of SEBI, till further orders. Mr. Kanaiyalal Baldev Patel and Mr. Anandkumar Baldevbhai Patel were directed to deposit ₹1,12,68,659.35/- with the National Stock Exchange of India Limited (hereinafter referred to as NSE) within fifteen days from the date of the Order. Further, the Order also directed Passport Capital, LLC and its sub-account, Passport India Investment (Mauritius) Limited (hereinafter referred to as Passport) to conduct an internal enquiry and initiate appropriate action against their employee, Mr. Dipak Patel and to submit an 'action taken report' within thirty days of the Order. Thereafter, pursuant to an opportunity of hearing, SEBI confirmed the aforesaid directions, vide an Order dated February 9, 2010.

2. The investigation in the matter, which has since been completed, *prima facie* revealed that Mr. Dipak Patel had passed on confidential information about the dealings of Passport in the securities market to his cousins, Mr. Kanaiyalal Baldev Patel and Mr. Anandkumar Baldevbhai Patel and that Mr. Kanaiyalal Baldev Patel was found to have executed trades on the basis of information received from Mr. Dipak Patel and benefitted from the price fluctuations caused by the large buy-sell orders of Passport. The above acts are *prima facie* in contravention of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities market) Regulations, 2003 (hereinafter referred to as the PFUTP Regulations). Mr. Kanaiyalal Baldev Patel was also found to have transferred some of the sale proceeds to the bank accounts of M/s. Bhoomi Industries and Mr. Anandkumar Baldevbhai Patel. Further, the investigation revealed that Mr. Dipak Patel was found to have exchanged many telephone calls with Mr. Anandkumar Baldevbhai Patel during the relevant period and that the latter had passed on the information of the dealings of Passport received from Mr. Dipak Patel to Mr. Kanaiyalal Baldev Patel. Pursuant to the completion of the investigation, adjudication proceedings have been initiated against Mr. Dipak Patel, Mr. Kanaiyalal Baldev Patel and Mr. Anandkumar Baldevbhai Patel, under Section 15HA of the Securities and Exchange Board of India Act, 1992. I also note that Mr. Kanaiyalal Baldev Patel deposited ₹1,12,68,659.35/- with NSE, as directed in the Order. As the investigation in the matter has been completed and appropriate proceedings have been initiated or being continued and also since the circumstances which led to the issuance of the directions in the Order no longer exists, I am of the considered view that the direction restraining Mr. Dipak Patel, Mr. Kanaiyalal Baldev Patel, Mr. Anandkumar Baldevbhai Patel and M/s Bhoomi Industries from buying, selling or dealing in any securities, directly or indirectly and the direction restraining Mr. Dipak Patel from associating himself with any Foreign Institutional Investor, sub-account or any

registered entity of SEBI, issued vide the Order needs to be vacated. However, the proceedings initiated under Sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, vide the Order, would continue against them.

3. In view of the foregoing, I, in exercise of the powers conferred upon me under Section 19 of the Securities and Exchange Board of India Act, 1992 read with Sections 11(4) and 11B thereof, hereby revoke the directions issued vide the ad interim ex-parte Order dated May 28, 2009 against Mr. Dipak Patel, Mr. Kanaiyalal Baldev Patel, Mr. Anandkumar Baldevbhai Patel and M/s. Bhoomi Industries, with immediate effect. Notwithstanding the same, the proceedings initiated against them, under Sections 11(4) and 11B of the Securities and Exchange Board of India Act, 1992, vide the Order would continue and the same shall be considered in accordance with law after issuing show cause notices and after affording opportunity for making submissions.

4. Copies of this Order shall be served on the depositories to enable them to take necessary steps for ensuring due compliance with this Order.

DR. K.M. ABRAHAM

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA

PLACE: MUMBAI

DATE: MARCH 17, 2011