SECURITIES AND EXCHANGE BOARD OF INDIA

DIRECTIONS UNDER SECTION 11 (4) (b) READ WITH SECTION 11 AND 11B OF SECURITIES AND EXCHANGE BOARD OF INDIA, ACT, 1992, AND REGULATIONS 11 AND 13 OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES RELATING TO SECURITIES MARKET) REGULATIONS, 2003, AGAINST 1)SHRI MAHESH KUMAR PATEL, 2) SMT JYOTIBEN M PATEL, 3) SHRI GAUTAM PATEL, 4) M/S. AARUSHI CONSULTANCY, 5) SHRI RAJNI M PATEL, 6) SMT HEENA R PATEL, 7) SHRI NILESH PATEL, 8) M/S. RADHE INVESTMENT, 9) SHRI PRAVIN RAIYANI, 10) SHRI HIREN RATHOD, 11) SHRI PARSOTTAM P KUNDANANI, PARTNER OF ERSTWHILE M/S. MEGA SECURITIES, 12) SHRI RAJESH MODI, 13) SHRI PRAFUL H PATEL AND 14) M/S. KISHORE CORPORATION IN THE MATTER OF SWORD AND SHIELD PHARMA LIMITED.

BACKGROUND

1. Sword and Shield Pharma Limited (hereinafter referred to as SSPL or The Company) was incorporated as a public limited company on 28th February 1995 and had obtained the certificate of commencement of business on 7th March 1995. The company was incorporated with the objective of manufacturing and marketing of pharmaceutical formulations. The company was promoted by 1) Shri Pravinbhai Patel, 2) Shri Jitendrabhai Patel, 3) Shri Pankaj Patel and 4) Smt Jyotsna Patel. The company was listed at The Stock Exchange, Mumbai, (hereinafter referred to as BSE) and The Stock Exchange, Ahmedabad (hereinafter referred to as ASE).

2. Unusual price and volume spurt was noticed in the scrip of SSPL between the period of 3rd May 2001 and 6th July 2001. At BSE, the price of the scrip increased from Rs. 14.85 to Rs. 37.85 during the said period, representing an increase of 154.88%, despite a fall in Sensex from 3494 to 3305. Also, the volumes in the scrip increased from 52,525 to 1,64,446, again an increase of 213.08%.

3. Due to this unusual rise in price and volumes in the scrip, not supported by company's fundamentals, BSE imposed a 25% Special Purpose Margin from 11.05.01 and 50% Special Purpose Margin with effect from 22.05.01. In addition, the circuit filter in the scrip was reduced from 8% to 4% with effect from 21.05.01.

4. Based on the above unusual movements in the scrip of SSPL, an investigation was conducted by SEBI, into the dealings of the various brokers and their clients in the scrip. During the investigation, it was found that a handful of clients had dealt in the scrip of SSPL with a view to jack up the prices through continuous buying and selling in the scrip mostly among themselves.

5. Based on the investigation conducted by SEBI as mentioned above, 1)Shri Mahesh Kumar Patel, 2) Smt Jyotiben M Patel, 3) Shri Gautam Patel, 4) M/s. Aarushi Consultancy, 5) Shri Rajni M Patel, 6) Smt Heena R Patel, 7) Shri Nilesh Patel, 8) M/s Radhe Investment, 9) Shri Pravin Rayani, 10) Shri Hiren Rathod, 11) Shri Parsottam Kundanani, Partner of erstwhile M/s. Mega Securities, 12) Shri Rajesh Modi, 13) Shri Praful H Patel and 14) M/s. Kishore Corporation were charged for violating the provisions of Regulations 4 (a), (b) (c) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995.

SHOW CAUSE NOTICE, REPLY AND HEARING

6. Pursuant to the investigation, a notice dated 24.01.05 was issued to 1) Shri Mahesh Kumar Patel, 2) Smt Jyotiben M Patel, 3) Shri Gautam Patel, 4) M/s. Aarushi Consultancy (Proprietary concern of Shri Mahesh Kumar Patel), 5) Shri Rajni M Patel, 6)Smt Heena Rajnibhai Patel, 7) Shri Nilesh Patel, 8) M/s. Radhe Investment (Proprietor Shri Paresh Kishore Zalawadia), 9) Shri Pravin Rayani, 10) Shri Hiren Rathod, 11) Shri Parsottam P Kundanani, Partner of erstwhile M/s. Mega Securities, 12) Shri Rajesh Modi, 13) Shri Praful H Patel and 14) M/s. Kishore Corporation (Proprietor Shri Kishore Vithaldas Thakkar) asking them to show cause as to why suitable directions including directions restraining them from buying, selling or dealing in securities for a specified period under Section 11(4)(b) read with Section 11 and 11B of the SEBI Act, 1992 and Regulations 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, should not be issued against them, for violating the provisions of Regulations 4 (a), (b) (c) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. It was also mentioned that if they failed to submit any reply within the stipulated period of 21 days, then it would be presumed that they had no explanations to offer in the matter and SEBI would be constrained to pass such orders specified in terms of the aforesaid Act and Regulations. The documents relied upon in support of the allegations contained in the show cause notice were also annexed with the notice.

7. Some of the noticees have also been known by other names as noticed by the investigation and the details are: Shri Mahesh Kumar Patel alias Shri Mayur Patel, Smt Jyotiben M Patel alias Smt Jyotika M Hadwani, Shri Gautam Patel alias Gautam Vaghasia and Shri Rajni M Patel alias Shri Rajni Padaliya.

8. The noticees were inter-connected clients and were known to each other. Smt Jyotiben Patel is the wife of Shri Mahesh Patel and M/s. Aarushi Consultancy is the proprietorship concern of Shri Mahesh Patel. Shri Gautam Patel shares the address with Shri Mahesh Patel. Besides, as per the submissions of other entities, Shri Gautam Patel is a relative of Shri Mahesh Patel and was aiding Shri Mahesh Patel in manipulation in the scrip of SSPL. Shri Rajni Patel is the director of M/s Paragon Investments Pvt. Ltd. Smt Heena Patel is the wife of Shri Rajni Patel. M/s. Radhe Investment has been introduced by Shri Rajni Patel. Besides, M/s. Radhe Investment bears the same address as that of M/s. Paragon Investment, wherein Shri Rajni Patel is a Director. Shri Nilesh Patel was introduced by Shri Rajni Patel Shri Rajesh Modi introduced Paragon Investment, Smt Heena R Patel and M/s. Radhe Investment to different brokers. Shri Pravin D Raiyani had introduced Shri Praful Patel and Shri Hiren Rathod. Besides, Shri Hiren Rathod was the employee of Shri Pravin Raiyani. M/s Kishore Corporation and M/s. Mega Securities primarily acted as financiers to some of these entities. M/s. Kishore Corporation even had off market transactions with Shri Gautam Patel. M/s. Mega Securities have submitted that Shri Mahesh Patel was known to them, as Smt Meeraben Gajera (one of the partners of M/s Mega Securuties), had sold her office premises to Shri Mahesh Patel in 1995. The inter-se relationship is further demonstrated by the details of securities and fund transfers between these entities in the succeeding paragraphs.

9. The noticees submitted their reply to the show cause notice on the dates as detailed below (where the replies have not been dated, the date of receipt have been mentioned):

Table 1 – Date of Reply/ Receipt

Noticee	Date of Reply/receipt	
Shri Mahesh Kumar Patel	12/02/05	Reply
Smt Jyotiben M Patel	14/02/05	Reply
Shri Gautam Patel	14/02/05	Reply
M/s Aarushi Consultancy	11/02/05	Reply

Shri Rajni M Patel	23/02/05	Receipt
Smt Heena R Patel	23/02/05	Receipt
M/s Mega Securities	01/03/05	Reply
M/s Kishore Corporation	No reply	
M/s Radhe Investment	23/02/05	Receipt
Shri Pravin Rayani	06/02/05	Reply
Shri Praful H Patel	10/09/05	Reply
Shri Hiren Rathod	06/02/05	Reply
Shri Rajesh Modi	No reply	
Shri Nilesh Patel	23/02/05	Reply

10. Subsequently, a hearing was offered to the noticees before me on 13.04.06. At the time of hearing, 1) Shri Rajni M Patel, 2) Smt Heena R Patel, represented by Shri Rajni M Patel, 3) Shri Pravin Raiyani, 4) Shri Bharat Mithani, Authorised Representative, M/s. Mega Securities, 5) Shri Paras Zalawadia, Proprietor, M/s. Radhe Investments and 6) Shri Rajesh Modi appeared before me and made their submissions. All the other noticees failed to turn up before me, despite the notice of hearing having been served upon them well in advance.

ISSUES FOR CONSIDERATION:

11. I have gone through the charges made out in the show cause notice dated 24.01.05 issued to the 14 noticees, the written replies of the noticees wherever they have been received and the oral submissions made by the noticees appearing before me on the date when a hearing was offered to them. My findings are mainly based on the documents and records gathered by the investigation, the submissions of the noticees in response to the summons and show cause notice issued by SEBI and the oral/ written submissions of the noticees when a hearing was offered to them before me.

12. I have noticed from the records that, of the 14 noticees, 1) Shri Mahesh Kumar Patel alias Shri Mayur Patel, 2) Shri Gautam Patel and 3) M/s. Aarushi Consultancy have never appeared before SEBI at any point of time/ at any stage of the proceedings, despite the repeated summons issued by the Investigating Authority and the opportunities of hearing offered before the Adjudicating Authority and me. Shri Mahesh Patel is the husband of Smt. Jyotiben Patel and Aarushi Consultancy is the proprietary concern of Shri Mahesh Patel. As per the records available and the submissions of the other entities, Shri Gautam Patel is related to Shri Mahesh Patel and was aiding Shri Mahesh Patel in manipulation, in the instant case. Smt Jyotiben M Patel alias Smt Jyotika Hadwani had appeared before the investigating authority, pursuant to the summons issued therein. But she has failed to furnish any information or offer explanation relating to the transactions carried out by her in this regard. Smt Jyotiben Patel had merely specified that she had not carried out the transactions that were shown to have been done in her name and that her husband, Shri Mahesh Kumar Patel, had carried out the trades in her name. She refused to divulge any details or whereabouts of her husband, when SEBI was literally grappling with the issue of service of summons, show cause notices etc., on Shri Mahesh Kumar Patel. Over and above, she had even refused to sign any statements that were to be recorded by the investigating officer. The same typifies contumacious conduct on the part of Smt Jyotiben Patel. All these are concerted actions on the part of the entities who have transacted in the scrip of SSPL, to frustrate the investigation of SEBI into the manipulation in the scrip of SSPL. In the circumstances of total non-cooperation from the entities mentioned, it is felt that no useful purpose will be served by giving them any further opportunity. The persistent failure on the part of Shri Mahesh Kumar Patel and Shri Gautam Patel, who are the key operators in the whole game facilitated by the other inter-connected clients, is a definite indicator of the fact that they did so, lest any explanation/ disclosure from them should be to their own detriment. Therefore, I proceed to consider the details available on record with all the attendant presumptive evidence, no doubt persuasive, and decide the issues on merits.

13. It would be pertinent to note at this juncture that 1) Shri Mahesh Kumar Patel, 2) Smt Jyotiben M Patel, 3) Shri Gautam Patel and 4) M/s. Kishore Corporation had all been subject to adjudication proceedings for non-compliance to the summons issued by SEBI, under Section 11 C (3) and Section 11 C (5) of SEBI Act, 1992. The adjudication officer had levied penalties upon the aforesaid parties for non-compliance to the summons. Shri Mahesh Kumar Patel and Smt Jyotiben M Patel had preferred an appeal before the Hon'ble Securities Appellate Tribunal (SAT) against the orders of the adjudication officer levying penalties upon them. SAT had after hearing the parties, had set aside the appeals of both of them. SAT had in its order dated 22.06.06, in Appeal No. 96/05 – Smt Jyotiben M Patel Vs SEBI had observed as follows:

    "She was issued summons to appear on different dates but she failed to comply with the summons. Necessary information pertaining to the trading in the scrips of the Company was required and even though she furnished the information the same was not adequate. Moreover the information that she furnished reached the Board on 06.08.2004 and when she appeared in person before the investigating officer on 04.08.2004 she refused to cooperate with the investigation. She was confronted with the fact that she had traded in 58,16,264 shares of the Company which came to 20.52% of the total trading. She refused to divulge any details stating that she had not herself traded in the scrip of the company and that her name had been used by her husband. She refused to disclose even the whereabouts of her husband. It is thus clear that she did not cooperate with the investigations and failed to furnish the information sought from her. It is true that she sent a reply to the annexure attached to the summons but the information supplied therein was not sufficient and the investigating officer wanted further clarifications and information from her which she refused to divulge. Not only this, she also did not participate in the enquiry when the adjudicating officer was appointed under the Rules. We are, therefore, satisfied that the appellant had been non-cooperating with the investigation right from the beginning and failed to divulge necessary information to the Board. It has to be understood that in the very nature of things the Board as a Regulator cannot function and protect the interest of the investors and the integrity of the market if the information sought for is not submitted in time."

14. I feel that the order of SAT in the appeals as above clearly demonstrates the cussedness of the parties in frustrating the investigation process and in that view, the case of noticees have to be adjudged only on the basis of materials available on record.

15. I have observed from the investigations that, there has been non-cooperation some of the noticees who have transacted in the scrip during the period of investigation. This has hampered the detailed fact finding exercise in the case. Information has been pieced together from the evidences submitted by the associated parties and the information obtained from the exchanges, banks and depositories. Though such recalcitrant attitude of the clients is sought to be explained in terms of the facile argument that all the information was available from the stock exchanges, the depositories and other intermediaries, I feel that the necessary links and relationships cannot be unearthed unless the parties to the transactions came forward and cooperated in the exercise. To this extent there has been a severe constraint in the investigation in establishing the necessary linkages in this case.

16. The only issue that needs to be considered is whether the 14 noticees are guilty of violating the provisions of Regulations 4 (a), (b) (c) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, thereby necessitating a penalty as prescribed under the SEBI Act, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

17. I have found from the investigations that the price of SSPL scrip rose from Rs. 14.85 to Rs. 37.85 in just two months between 03.05.01 and 06.07.01. This was despite the fact that BSE Sensex registered a fall of more than 5% during the same period. The price rise was also not supported by a change in the fundamentals of the company at that time. Most of the clients who have dealt with in the scrip during the period, as detailed in the table 2 below, have submitted that they had traded for Mahesh Patel and/ or on his instructions only. This is further corroborated by the demat statement of the clients. Further, the fund transfers from the bank account of the clients also corroborate this fact.

Table 2: Position of the major Clients across brokers for the period 3rd May 2001 to 6th July 2001

S. No.		Gross	Net	Gross as % of Total	Broker*
1	Jyotika M Hadwani	4215351	211357	14.87	Bhavik
	Jyotika M Hadwani	485652	93892	1.71	SKSE
		4701003	**305249**		
2	Rajni M Patel	3799812	222586	13.40	Sanghavi
3	Mega Securities	2018593	127703	7.12	Latin
4	Radhe Investment	1760441	30199	6.21	Yogesh
	Radhe Investment	617205	6147	2.18	SKSE
		2377646	**36346**		
5	Pravinbhai Raiyani	10000	10000	0.04	SKSE
	Pravin D Rayani	266395	127943	0.94	Birla
	Pravin D Rayani	125397	29803	0.44	Omnesys
		401792	**167746**		
6	Rajesh Modi	482182	198162	1.70	SKSE
7	Hirenbhai Rathod	261153	132447	0.92	SKSE
8	Nokia Finance	1416932	-774500	5.00	VSE
	Nokia Finance	117500	-61500	0.41	Equisearch
		1534432	**-836000**		
9	Heena Rajnibhai Patel	370500	5500	1.31	Birla
10	Nilesh Patel	275807	12269	0.97	Birla
	Nilesh Patel	313200	-100	1.10	Omnesys
		589007	**12169**		
11	Praful Patel	163500	53500	0.58	Omnesys
12	Paras K Jalawadia	150750	24250	0.53	Omnesys
13	Kishor Corporation	633000	-633000	2.23	Equisearch
	Kishor Corporation	20000	-20000	0.07	Active
		653000	**-653000**		
14	Aarushi Consultancy	70000	-70000	0.25	Lalkar
	Total	**17573370**	**-273342**	**61.98**	

**The trade names of the brokers as abbreviated in the tables are described in detail as under:*

i. Bhavik - Bhavik Rajesh Khandhar Share & Stock Pvt. Ltd.

ii. Sanghavi - Sanghavi Brothers Brokerage Ltd.

iii. Latin - Latin Manharlal Securities Pvt. Ltd.

iv. SKSE - SKSE Securities Ltd.

v. VSE - VSE Securities Ltd.

vi. Equisearch - Equisearch Broking Pvt. Ltd.

vii. Yogesh - Yogesh Securities Pvt. Ltd.

viii. Prakash - Prakash K. Shah Shares & Securities Pvt. Ltd.

ix. Omnesys - Omnesys Tradenet Pvt. Ltd.

x. Suryakant - P. Suryakant Share & Stock Brokers Pvt. Ltd.

xi. IKM - IKM Investors Services Ltd.

xii. Birla - Birla Sun Life Securities Ltd.

The table above clearly brings out that the noticees, who were inter-connected, accounted for the bulk of the transactions (61.98%) in the scrip of SSPL during the investigation period.

18. With the funds routed through the nucleus of M/s. Aarushi Consultancy (proprietary concern of Shri Mahesh Patel), the shares were bought by the clients which were ultimately transferred to Shri Gautam Patel's demat account. From Shri Gautam Patel's demat account the shares were again sold to the clients and thus the cycle again repeated. Artificial volumes were thereby created and in the process, the price got jacked up. Though Shri Gautam Patel's name appears every now and then, from the submission of the clients, it is evident that the orders were mainly placed at the behest of Shri Mahesh Patel, while Shri Gautam Patel was the necessary conduit sharing an even responsibility. The sequence of the payments made to the various entities from M/s. Aarushi Consultancy's account and the return of the same in the form of shares to Shri Gautam Patel's account provide a tell-tale proof as illustrated in the following paragraphs:

i. Transfer of funds from M/s. Aarushi Consultancy to Shri Rajni Patel and transfer of SSPL shares from Shri Rajni Patel to Shri Gautam Patel.

An extract from the bank statement of Shri Rajni Patel alias Shri Rajni M Padalia (a/c no.580 at The Veraval Mercantile Cooperative Bank Ltd., Rajkot) clearly brings out the funds flow from M/s. Aarushi Consultancy to Shri Rajni Patel:

Table 3

Date	From	Instrument	Credit
13-Jun	Aarushi Consultancy	Cash	550000
15-Jun	Aarushi Consultancy	Cash	45000
20-Jun	Aarushi Consultancy	Cash	250000
21-Jun	Aarushi Consultancy	Cash	300000
27-Jun	Aarushi Consultancy	Cash	400000
28-Jun	Aarushi Consultancy	Cash	390000
4-Jul	Aarushi Consultancy	Cash	500000
5-Jul	Aarushi Consultancy	Cash	240000

Following table is an extract from the demat statement of Shri Rajni Patel (DP Marwadi Shares Fin. Pvt. Ltd Client ID 10082582) showing transfer of shares to Shri Gautam Patel's demat account. (DP SHCIL Client ID 24272876) It is a matter of record that, Shri Rajni Patel is an inter-connected client and his reply to the show cause notice makes it clear that he was introduced to the brokers through whom these transactions were performed, by Shri Mahesh Kumar Patel through Shri Gautam Patel:

Table 4

Date	Transfer of shares from the account of Shri Rajni Patel to Shri Gautam Patel
19-May	25165
26-May	28801
2-Jun	39717
9-Jun	29449
14-Jun	33656
23-Jun	29193
3-Jul	25905
4-Jul	8400
9-Jul	22039
9-Jul	8400
18-Jul	10310

ii. Transfer of funds from M/s. Aarushi Consultancy to M/s. Paragon Investment (proprietary concern of Shri Rajni Patel) and transfer of SSPL shares from Paragon Investment to Shri Gautam Patel.

An extract from the bank statement of M/s. Paragon Investment (a/c no.614 at The Veraval Mercantile Cooperative Bank Ltd., Rajkot) clearly brings out the funds flow from M/s. Aarushi Consultancy:

Table 5

Date	From	Cheque no.	Credit
11-May	Aarushi Consultancy	25991	700000
21-May	Aarushi Consultancy	26004	300000
31-May	Aarushi Consultancy	26023	200000
7-Jun	Aarushi Consultancy	145588	500000
25-Jun	Aarushi Consultancy	145637	500000
6-Jul	Aarushi Consultancy	13465	290261

Following is an extract from the demat statement of M/s. Paragon Investment (DP Marwadi Shares Fin. Pvt. Ltd. Client ID 10135239) showing transfer of shares to Shri Gautam Patel's demat account (DP SHCIL Client ID 24272876):

Table 6

Date	Transfer of shares from the account of Paragon Investments to Shri Gautam Patel
26-May	2100
2-Jun	4600
11-Jun	7000
23-Jun	4952
3-Jul	4900
9-Jul	4550
16-Jul	8397

I also noted that Shri Rajni Patel had used two Demat and bank accounts, one in his name and the other in the name of M/s. Paragon Investments, for dealing in the scrip of SSPL, at the behest of Shri Mahesh Patel.

iii. Transfer of funds from M/s. Aarushi Consultancy to M/s. Radhe Investment (Proprietor Shri Paras Zalawadia) and transfer of SSPL shares from M/s. Radhe Investment to Shri Gautam Patel.

An extract from the bank statement of M/s. Radhe Investment (A/c No. 719 at The Veraval Mercantile Cooperative Bank Ltd., Rajkot) also clearly brings out the funds flow from M/s. Aarushi Consultancy:

Table 9

Date	From	Cheque no.	Credit
8-May	Aarushi Consultancy	25987	130000
16-May	Aarushi Consultancy	25995	300000
22-May	Aarushi Consultancy	26006	500000
23-May	Aarushi Consultancy	26007	622337
29-May	Aarushi Consultancy	26024	800000
30-May	Aarushi Consultancy	145561	800000
31-May	Aarushi Consultancy	145564	200000
2-Jun	Aarushi Consultancy	145565	225000
4-Jun	Aarushi Consultancy	145571	800000
6-Jun	Aarushi Consultancy	145572	1000000
6-Jun	Aarushi Consultancy	145573	1000000

Following is an extract from the demat statement of M/s. Radhe Investment (DP Marwadi Shares Fin. Pvt. Ltd. Client ID 10239578) showing transfer of shares to Shri Gautam Patel's demat account (DP SHCIL Client ID 24272876):

Table 10

Date	Transfer of shares from the account of Radhe Investments to Shri Gautam Patel
19-May	34242
26-May	8870
9-Jun	11000
9-Jun	2684
25-Jun	3699
26-Jun	1500
27-Jun	20390
2-Jul	20500
3-Jul	27660
5-Jul	6200

iv. Transfer of funds from Shri Gautam Patel to M/s. Mega Securities and transfer of SSPL shares from M/s. Mega Securities to Shri Gautam Patel.

An extract from the bank statement of M/s. Mega Securities (a/c no.5876 at Bank of Baroda, Rajkot Main Branch) also clearly brings out the funds flow from Shri Gautam Patel to M/s. Mega Securities:

Table 7

Date	From	Cheque no.	Credit
11-May	Gautam Patel	25990	300000
15-May	Gautam Patel	2	501000
16-May	Gautam Patel	25997	478160.89
22-May	Gautam Patel	2	550000
23-May	Gautam Patel	2	450771.58
29-May	Gautam Patel	145555	500000
30-May	Gautam Patel	145556	639486.2
4-Jun	Gautam Patel	2	20596.46
7-Jun	Gautam Patel	3	387039.79
8-Jun	Gautam Patel	500037	25000
12-Jun	Gautam Patel	4	14962.5
13-Jun	Gautam Patel	4	619139.06

13-Jun	Gautam Patel	By Transfer	17000
19-Jun	Gautam Patel	3	17921.94
20-Jun	Gautam Patel	4	610546
26-Jun	Gautam Patel	4	25200
27-Jun	Gautam Patel	4	521000
28-Jun	Gautam Patel	145647	123556.7
3-Jul	Gautam Patel	4	71218.1
4-Jul	Gautam Patel	4	422496
5-Jul	Gautam Patel	161248	500000
5-Jul	Gautam Patel	1062820	45500
11-Jul	Gautam Patel	2	805819

Following is an extract from the demat statement of M/s. Mega Securities (DP Ajay Natwarlal Securities Ltd. Client ID 00000411) showing transfer of shares to Shri Gautam Patel's demat account (DP SHCIL Client ID 24272876):

Table 8

Date	Transfer of shares from the account of Mega Securities to Shri Gautam Patel
2-Jun	32927
16-Jun	9825
23-Jun	20000
14-Jul	8188
21-Jul	21981

v. Transfer of funds from Shri Mahesh Patel alias Shri Mayur Patel to Shri Pravin Raiyani.

Shri Pravin Raiyani (one of the inter-connected clients) dealt on behalf of Shri Mayur Patel/ M/s. Aarushi Consultancy and the orders were given by Shri Mayur Patel. The shares were transferred to the account of Shri Mayur Patel/ M/s. Aarushi Consultancy from Shri Pravin Raiyani's account. At times the payments were routed through the bank account of Shri Pravin Raiyani. An extract from the bank statement of Pravin Raiyani (A/c No. 266 at Dena Bank, Para Bazar Branch, Rajkot) also clearly brings out the funds flow from Shri Mahesh Patel:

Table 11

Date	From/to	Cheque no.	Credit
2-May	Mayur Patel	49970	12500
5-May	Mayur Patel	Cash	31800
7-May	Mayur Patel	Cash	50000
9-May	Mayur Patel	25984	260000
9-May	Mayur Patel	5193702	15000
9-May	Mayur Patel	Cash	35000
9-May	Mayur Patel	Cash	195000
10-May	Mayur Patel	224710	25000
11-May	Mayur Patel	25989	1000000
15-May	Mayur Patel	Cash	20000
16-May	Mayur Patel	26000	792840
17-May	Mayur Patel	Cash	790000

vi. Transfer of shares from Shri Nilesh Patel to Shri Gautam Patel.

Following is an extract from the demat statement of Shri Nilesh Patel (DP Marwadi Shares Fin. Pvt. Ltd. Client ID 10262046) showing transfer of shares to Shri Gautam Patel's demat account (DP SHCIL Client ID 24272876):

Table 12

Date	Transfer of shares from the account of Nilesh Patel to Shri Gautam Patel
26-May	12269
25-Jun	5000
7-Jul	2500
16-Jul	1500

vii. Transfer of shares through M/s. Nokia Finance International Pvt. Ltd. to M/s. Kishore Corporation by Shri Mahesh Patel related entities and subsequent sale by M/s. Kishore Corporation.

Following is an extract from the demat statement of M/s. Nokia Finance International Pvt. Ltd. (DP Khandwala Integrated Financial Services Pvt. Ltd. Client ID 10010658):

Table 13

Date	From/To	DEMAT A/c no.	Credit	Debit
8-May	Jyoti Patel	24272050	50000	
12-May	Gautam Patel	24272876	4200	
12-May	Mahesh Patel	24241120	45800	
19-May	Jyoti Patel	24272050	25000	

21-May	Gautam Patel	24272876	59000	
22-May	Pravin Raiyani	10133667	11349	
24-May	Pravin Raiyani	10133667	25651	
25-May	Pravin Raiyani	10133668	86143	
2-Jun	Gautam Patel	24272876	90000	
2-Jun	Praful Patel	24275226	60000	
2-Jun	Gautam Patel	24272876	1172	
2-Jun	Jyoti Patel	24272050	8788	
4-Jun	Kishor Corporation	12382601		100000
9-Jun	Gautam Patel	24272876	36400	
9-Jun	Jyoti Patel	24272050	30805	
11-Jun	Kishor Corporation	12382601		90000
11-Jun	Gautam Patel	24272876	50133	
12-Jun	Gautam Patel	24272876	6400	
19-Jun	Gautam Patel	24272876	53000	
19-Jun	Kishor Corporation	12382601		53000
20-Jun	Praful Patel	24275226	121500	
20-Jun	Kishor Corporation	12382601		47000
22-Jun	Mahesh Patel	24241120	19000	
22-Jun	Gautam Patel	24272876	46825	
25-Jun	Kishor Corporation	12382601		110000
26-Jun	Jyoti Patel	24272050	50000	
27-Jun	Kishor Corporation	12382601		50000
30-Jun	Jyoti Patel	24272050	108000	
30-Jun	Mahesh Patel	24241120	32000	
2-Jul	Kishor Corporation	12382601		100000
4-Jul	Gautam Patel	24272876	20000	
4-Jul	Kishor Corporation	12382601		30000
6-Jul	Kishor Corporation	12382601		20000
6-Jul	Jyoti Patel	24272050	200000	
10-Jul	Kishor Corporation	12382601		100000
13-Jul	Gautam Patel	24272876		3000
17-Jul	Jyoti Patel	24272050	105000	
18-Jul	Kishor Corporation	12382601	55000	
18-Jul	Pravin Raiyani	10133667	20000	

From the above table it could be seen that M/s. Nokia Finance International Pvt. Ltd. got credits of SSPL shares into his depository account through off-market deals with the inter-connected clients. After accumulating SSPL shares, the same was sold in the market in bulk to M/s. Kishore Corporation. Such purchases by M/s. Kishore Corporation are part of the cyclical process besides providing finance in shoring up the volumes in the market. Thereafter, M/s. Kishore Corporation sold the same through Equisearch Broking Pvt. Ltd. and Active Finstock Ltd. Following is the detail of how Kishore Corporation off loaded these SSPL shares at Equisearch Broking Pvt. Ltd.:

Table 14

Settlement no.	**Quantity Sold**
A/11/2001	150000
A/12/2002	98305
A/13/2003	91695
A/14/2004	193000
A/15/2005	100000
Total	**633000**

viii. The aforesaid trades in the various demat accounts of the clients detailed above, as reflected in the demat account of Shri Gautam Patel is extracted below:

Bkg. Date	**Trans. No.**	**Description**	**Name of Counter Party**	**Credit**	**Debit**	**Balance**
7-May-2001	5497072	TO STOCK HLDG CORP OF I LTD / 24176439			1000	64000
8-May-2001	2020901	TO CDS / 1201980000000411	Mega Securities		24181	39819
8-May-2001	5498792	TO MARWADI SHARES FIN PVT / 10239578	Radhe Investment		25000	14819
8-May-2001	5498793	TO STOCK HLDG CORP OF I LTD / 24277942	Tejal Financial Services Ltd.		2500	12319
9-May-2001	5500154	TO STOCK HLDG CORP OF I LTD / 24277942	Tejal Financial Services Ltd.		4000	8319
12-May-2001	2021632	TO CDS / 1201980000000144	Jyoti Patel		1000	7319
12-May-2001	5504481	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		4200	3119
14-May-2001	5505386	TO STOCK HLDG CORP OF I LTD / 24334367	Pravin Raiyani		1000	2119
14-May-2001	5505387	TO MARWADI SHARES FIN PVT / 10095109	Pravin Raiyani		2000	119
19-May-2001	5511934	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	25165		25284
19-May-2001	5511935	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	34242		59526
21-May-2001	5512524	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		59000	526
26-May-2001	5518550	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	2100		2626

26-May-2001	5518551	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	8870		11496
26-May-2001	5518552	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	28801		40297
26-May-2001	2023669	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	47762		88059
26-May-2001	5518639	BY MARWADI SHARES FIN PVT / 10262046	Rajni Patel	12269		100328
28-May-2001	5519221	TO INDUSIND BANK LTD / 10065935			10000	90328
31-May-2001	5521992	TO STANDARD CHARTERED BANK / 10018625			40000	50328
2-Jun-2001	5524861	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	39717		90045
2-Jun-2001	5524862	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	4600		94645
2-Jun-2001	2024625	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	32927		127572
2-Jun-2001	5524886	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		90000	37572
2-Jun-2001	5524888	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		1172	36400
9-Jun-2001	5530512	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	29449		65849
9-Jun-2001	5530513	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	11000		76849
9-Jun-2001	5530514	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	2684		79533
9-Jun-2001	5530596	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		36400	43133
11-Jun-2001	5531224	BY MARWADI SHARES FIN PVT / 10261795		7000		50133
11-Jun-2001	5531335	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		50133	0
11-Jun-2001	2025794	BY INTER DEPOSITORY TRANSFER CDS / 1201800000000577		6400		6400
12-Jun-2001	5532350	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		6400	0
14-Jun-2001	5533640	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	33656		33656
14-Jun-2001	5533937	TO STOCK HLDG CORP OF I LTD / 30200888	Nokia		33656	0
16-Jun-2001	2026492	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	9825		9825
18-Jun-2001	246675	BY DEMATERIALISATION		100000		109825
19-Jun-2001	5537869	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		53000	56825
20-Jun-2001	5538555	TO HDFC BANK LTD / 12644889			10000	46825
22-Jun-2001	5540405	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		46825	0
23-Jun-2001	5541320	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	29193		29193
23-Jun-2001	2027364	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	20000		49193
23-Jun-2001	2027380	BY INTER DEPOSITORY TRANSFER CDS / 1201800000000178		5000		54193
23-Jun-2001	5541532	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	4952		59145
25-Jun-2001	5541902	TO KHANDWALA INT. FIN. S. PV. L / 10021189	Aarushi Consultancy		49193	9952
25-Jun-2001	5542220	BY MARWADI SHARES FIN PVT / 10262046	Rajni Patel	5000		14952
25-Jun-2001	5542221	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	3699		18651
26-Jun-2001	5542894	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	1500		20151
26-Jun-2001	5543265	BY YOGESH SECURITIES P LTD / 10000147	Radhe Investment	5000		25151
27-Jun-2001	5543943	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	20390		45541
29-Jun-2001	5545316	TO STOCK HLDG CORP OF I LTD / 24241120	Nokia		45541	0
2-Jul-2001	5547795	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	20500		20500
2-Jul-2001	5548024	TO CM LALKAR SECURITIES PVT LTD, PHYSICAL / 0102015			20500	0
3-Jul-2001	5548514	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	4900		4900
3-Jul-2001	5548515	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	25905		30805
3-Jul-2001	5548903	TO STOCK HLDG CORP OF I LTD / 13812695	Aarushi Consultancy		25000	5805
3-Jul-2001	5548968	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	27660		33465
4-Jul-2001	5549723	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	8400		41865
4-Jul-2001	5549802	TO KHANDWALA INT. FIN. S. PV. L / 10010658	Nokia		20000	21865
5-Jul-2001	5550386	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	6200		28065
7-Jul-2001	5552297	BY MARWADI SHARES FIN PVT / 10262046	Rajni Patel	2500		30565
7-Jul-2001	5552298	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	4126		34691
7-Jul-2001	5552659	TO KHANDWALA INT. FIN. S. PV. L / 10021189	Aarushi Consultancy		34691	0
9-Jul-2001	5553354	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	4550		4550
9-Jul-2001	5553404	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	2000		6550
9-Jul-2001	5553405	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	7239		13789
9-Jul-2001	5553406	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	22039		35828
9-Jul-2001	5553408	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	8400		44228
10-Jul-2001	5554345	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	5750		49978
10-Jul-2001	5554379	TO KHANDWALA INT. FIN. S. PV. L / 10021189	Aarushi Consultancy		44228	5750
11-Jul-2001	5555711	TO CM RUCHIRAJ SHR STBRK P LTD., PHYSICAL / 0102015			5000	750
13-Jul-2001	5558101	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	9657		10407
14-Jul-2001	5559277	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	51000		61407

14-Jul-2001	2030881	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	8188		69595
14-Jul-2001	5559544	TO KHANDWALA INT. FIN. S. PV. L / 10021189	Aarushi Consultancy		69595	0
16-Jul-2001	5560111	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	3100		3100
16-Jul-2001	5560112	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	6566		9666
16-Jul-2001	5560116	BY MARWADI SHARES FIN PVT / 10239578	Radhe Investment	2000		11666
16-Jul-2001	5560117	BY MARWADI SHARES FIN PVT / 10135239	Paragon Invesment	8397		20063
16-Jul-2001	5560118	BY MARWADI SHARES FIN PVT / 10262046	Rajni Patel	1500		21563
16-Jul-2001	5560421	TO STOCK HLDG CORP OF I LTD / 15291939	Aarushi Consultancy		21563	0
18-Jul-2001	5562538	BY MARWADI SHARES FIN PVT / 10082582	Radhe Investment	10310		10310
19-Jul-2001	5563776	TO KHANDWALA INT. FIN. S. PV. L / 10021189	Aarushi Consultancy		10000	310
21-Jul-2001	2032069	BY INTER DEPOSITORY TRANSFER CDS / 1201980000000411	Mega Securities	21981		22291

The above table clearly shows how the depository account of Shri Gautam Patel acted as a repository to the shares from various inter-connected clients and provided the critical mass for repeated cyclical transactions.

ix. Smt Heena Rajnibhai Patel (wife of Shri Rajni Patel) admitted during the investigation that all the trading done by her were infact the trading of her husband Shri Rajni Patel and her name was used by Shri Rajni Patel. Shri Praful Patel has as per his admission, traded for Faridaben Fakruddin Sariya, another accomplice of Shri Mahesh Patel. Shri Hiren Rathod allowed Shri Pravin Raiyani to use his name for dealing in the scrip of SSPL. This has been confirmed both by Shri Pravin Raiyani and Shri Hiren Rathod.

x. Synchronized trades and Sweeping orders:

From above, it is very much evident that the 14 entities acted in concert with one another and engaged themselves in huge fund transfers as well as trading in the securities of SSPL, thereby creating a false appearance of general market interest in the scrip. For this, the entities even involved themselves in synchronized trades and sweeping trades thereby creating artificial volumes and jacking up the price of the scrip.

Following is a list of large number of synchronized trades in the scrip by these related entities:

Table 16

Trade Date	Trade Time	Qty	Price	Buy Order Time	Buying Client Name	Buying Broker Name	Sell Order Time	Selling Client Name	Selling Broker Name	Time Diff.
5/10/2001	41:16.0	9100	18.7	14:41:09	Mega Securities	Latin	14:41:15	Nilesh Patel	Birla	0:00:06
5/10/2001	41:43.0	5900	18.6	14:41:43	Mega Securities	Latin	14:41:15	Nilesh Patel	Birla	0:00:28
5/10/2001	50:40.0	14800	18.6	14:50:40	Mega Securities	Latin	14:50:14	Rajani M Patel	Sanghavi	0:00:26
5/15/2001	46:18.0	10000	20	13:46:17	Rajani M Patel	Sanghavi	13:46:11	Radhe Investments	Yogesh	0:00:06
5/15/2001	59:07.0	5100	21.25	14:59:02	Radhe Investments	Yogesh	14:59:02	Rajani M Patel	Sanghavi	0:00:00
5/17/2001	53:07.0	10000	24.85	11:53:07	Rajani M Patel	Sanghavi	11:53:01	Radhe Investments	Yogesh	0:00:06
5/18/2001	37:22.0	10000	21.25	13:37:22	Mega Securities	Latin	13:36:55	Rajani M Patel	Sanghavi	0:00:27
5/22/2001	50:32.0	7500	25.05	12:50:32	Radhe Investments	Yogesh	12:50:25	Rajani M Patel	Sanghavi	0:00:07
5/28/2001	56:08.0	7636	24.35	12:56:08	Paresh Soni	Prakash	12:55:46	Jyoti Patel	Bhavik	0:00:22
5/29/2001	56:45.0	10000	25.7	9:55:43	Jyoti Patel	Bhavik	9:56:36	Jyoti Patel	IKM	0:00:53
5/30/2001	21:05.0	10000	25.5	14:21:05	Rajani M Patel	Sanghavi	14:20:59	Nilesh Patel	Omnesys	0:00:06
6/1/2001	22:39.0	13400	24.65	12:22:39	Rajani M Patel	Sanghavi	12:22:02	Ketan P. Dipani	Bhavik	0:00:37
6/4/2001	56:16.0	15000	24.65	9:56:07	Jyoti Patel	Bhavik	9:56:16	Rajani M Patel	Sanghavi	0:00:09
6/7/2001	02:17.0	30000	24.15	12:02:13	Nokia Finance Int. P. Ltd.	VSE	12:02:43	Kishore Corporation	Equisearch	0:00:30
6/7/2001	02:43.0	15000	24.15	12:02:35	Nokia Finance Int. P. Ltd.	VSE	12:03:14	Kishore Corporation	Equisearch	0:00:39
6/11/2001	26:35.0	19995	22.7	13:26:35	Jyoti Patel	Bhavik	13:26:04	Kishore Corporation	Equisearch	0:00:31
6/12/2001	01:21.0	10000	22.95	11:01:21	Jyoti Patel	Bhavik	11:01:11	Kishore Corporation	Equisearch	0:00:10
6/12/2001	53:38.0	20000	23.6	11:53:38	Jyoti Patel	Bhavik	11:53:34	Kishore Corporation	Equisearch	0:00:04
6/12/2001	34:57.0	19398	23.5	12:34:57	Jyoti Patel	Bhavik	12:34:32	Parshwa Finance	Suryakant	0:00:25
6/12/2001	48:59.0	9000	23.65	14:48:58	Paras K Jalawadia	Omnesys	14:48:37	Nilesh Patel	Omnesys	0:00:21
6/13/2001	40:41.0	12500	23.8	12:40:26	Nilesh Patel	Omnesys	12:40:41	Paras K Jalawadia	Omnesys	0:00:15

6/13/2001	59:50.0	12250	23.8	12:59:50	Paras K Jalawadia	Omnesys	12:59:42	Nilesh Patel	Omnesys	0:00:08
6/18/2001	31:03.0	35000	23.5	13:30:51	Bharat Vihal	Equisearch	13:31:03	Jyoti Patel	Bhavik	0:00:12
6/18/2001	49:43.0	15000	24.45	14:49:30	Bharat Vihal	Equisearch	14:49:42	Jyoti Patel	Bhavik	0:00:12
6/19/2001	11:13.0	14000	25.3	11:11:12	Bharat Vihal	Equisearch	11:11:01	Jyoti Patel	Bhavik	0:00:11
6/20/2001	42:42.0	15000	25.75	10:42:36	Bharat Vihal	Equisearch	10:42:42	Jyoti Patel	Bhavik	0:00:06
6/21/2001	01:20.0	14999	27.15	11:01:20	Bharat Vihal	Equisearch	11:00:50	Rajani M Patel	Sanghavi	0:00:30
6/22/2001	32:27.0	15000	28.15	10:32:27	Bharat Vihal	Equisearch	10:32:46	Jyoti Patel	Bhavik	0:00:19
6/25/2001	55:47.0	11500	29.5	12:55:47	Nilesh Patel	Omnesys	12:55:38	Paras K Jalawadia	Omnesys	0:00:09
6/26/2001	08:30.0	20000	29.65	10:08:30	Bharat Vihal	Equisearch	10:08:20	Jyoti Patel	Bhavik	0:00:10
6/27/2001	17:53.0	15000	31.25	11:17:31	Bharat Vihal	Equisearch	11:17:53	Mega Securities	Latin	0:00:22
6/27/2001	35:00.0	15000	30.75	14:34:52	Bharat Vihal	Equisearch	14:35:00	Jyoti Patel	Bhavik	0:00:08
6/28/2001	41:06.0	15000	32.1	10:40:58	Bharat Vihal	Equisearch	10:41:05	Jyoti Patel	Bhavik	0:00:07
6/29/2001	10:57.0	15000	33.4	10:10:50	Bharat Vihal	Equisearch	10:10:56	Jyoti Patel	Bhavik	0:00:06
7/2/2001	46:47.0	15000	35	10:46:45	Bharat Vihal	Equisearch	10:46:46	Jyoti Patel	Bhavik	0:00:01
7/2/2001	27:22.0	10000	35.75	13:26:21	Jyoti Patel	Bhavik	13:27:21	Preeti Anil Gandhi	SKSE	0:01:00
7/3/2001	30:18.0	13194	34.35	14:30:17	Jyoti Patel	Bhavik	14:29:47	Bharat Vihal	Equisearch	0:00:30
7/3/2001	31:33.0	48194	34.35	14:31:33	Jyoti Patel	Bhavik	14:31:00	Bharat Vihal	Equisearch	0:00:33
7/4/2001	43:40.0	6000	33	13:43:40	Mega Securities	Latin	13:43:20	Jyoti Patel	Bhavik	0:00:20
7/4/2001	44:57.0	6000	33	13:44:57	Jyoti Patel	Bhavik	13:44:15	Mega Securities	Latin	0:00:42
7/4/2001	48:03.0	10000	33	13:48:02	Mega Securities	Latin	13:47:30	Jyoti Patel	Bhavik	0:00:32

These entities also placed sweeping orders impacting the price of the SSPL scrip. Sweeping order is a single order in one scrip, which when executed results into many trades at a given point of time and which may also influence the price. Following is the list of sweeping orders placed by these related entities in the scrip of SSPL:

Table 17

Date	Broker	Client	Min. trade no.	Max. trade no.	High price	Low price	Difference	Quantity	Min. trade time	Max. trade time	Time difference
5/7/2001	Birla	Heena Patel	252	291	17.30	16.15	-1.15	20000	13:10:42.000	13:10:42.000	0:00:00
5/9/2001	Birla	Heena Patel	1972	1998	19.50	18.05	1.45	3000	15:16:03.000	15:16:03.000	0:00:00
5/9/2001	VSE	Nokia	1482	1560	20.05	18.00	-2.05	90000	12:31:22.000	12:35:57.000	0:04:35
5/11/2001	Birla	Nilesh Patel	3109	3126	20.20	19.10	-1.10	3000	10:06:05.000	10:06:05.000	0:00:00
5/15/2001	Latin	Mega	620	1383	20.00	18.85	1.15	1000	09:57:41.000	13:34:26.000	3:36:45
5/15/2001	Sanghavi	Rajni Patel	1440	1493	20.05	19.00	-1.05	10000	13:52:03.000	13:52:21.000	0:00:18
5/16/2001	Bhavik	Jyoti Patel	2665	2695	22.35	21.00	-1.35	10000	13:42:28.000	13:42:28.000	0:00:00
6/22/2001	Yogesh	Radhe Investment	3209	3791	28.25	26.70	1.55	30	09:55:52.000	12:37:41.000	2:41:49
6/25/2001	Bhavik	Jyoti Patel	16	21	29.25	28.15	1.10	5000	09:58:56.000	09:59:26.000	0:00:30
6/29/2001	Bhavik	Jyoti Patel	3389	3455	34.40	32.70	1.70	21800	13:45:53.000	13:46:12.000	0:00:19
6/29/2001	Latin	Mega	3070	3106	33.40	32.35	-1.05	10000	11:02:37.000	11:02:55.000	0:00:18
7/2/2001	Bhavik	Jyoti Patel	686	835	35.75	33.05	2.70	100000	13:25:47.000	13:26:12.000	0:00:25
7/2/2001	Bhavik	Jyoti Patel	576	675	34.20	33.05	-1.15	80000	12:56:43.000	13:14:00.000	0:17:17
7/3/2001	Bhavik	Jyoti Patel	1608	1753	35.65	34.35	-1.30	102099	14:06:40.000	14:11:46.000	0:05:06
7/4/2001	Latin	Mega	2243	2482	34.40	33.00	-1.40	1000	12:31:31.000	14:01:34.000	1:30:03

It is seen from the table above that the total quantity executed through such orders, where the price of the scrip was influenced by more than Re. 1 was 456929 shares in 15 trades which were executed on 13 days (i.e.3.22% of the total traded quantity during the period of investigation). Hence, these entities have influenced the price in the scrip of SSPL by way of sweeping orders also. Thus, it is evident that all the 14 noticees have acted in concert at the behest of Shri Mahesh Patel, in creating artificial volumes in the scrip of SSPL.

19. Now I proceed to deal with the issues raised by the 12 noticees namely, 1) Shri Mahesh Patel, 2) Smt Jyotiben Patel, 3) M/s. Aarushi Consultancy, 4) Shri Gautam Patel, 5) Shri Praful Patel, 6) Shri Rajni Padaliya, (Proprietor Paragon Investments) 7) Shri Pravin Raiyani, 8) Shri Parsottam P Kundanani, Partner of erstwhile M/s. Mega Securities, 9) Shri Hiren Rathod, 10) Smt Heena Patel, 11) M/s. Radhe Investments and 12) Shri Nilesh Patel in their reply to the show cause notice. The issues that have been raised are as under:

a. Not all the findings of the investigation have been communicated to the noticee

b. There was a great delay in issuance of the notice and thereby being barred by limitation

c. Reply filed by the noticee before the Investigating authority does not find mention in the details of investigation

d. Inquiry is influenced by subsequent events – post March 2004 – which have not been spelt out to the noticee

e. The noticee is not a registered intermediary with SEBI and therefore not liable for action by SEBI

f. No finding to the effect that the noticee is guilty of price manipulation and therefore Section 11(4) (b) of SEBI Act, 1992 is inapplicable. Also, no nexus has been established between the wrongdoing and the measures adopted by SEBI

g. Trades in the scrip were carried out in the usual course of business and were within the financial capabilities

h. Share prices are the outcome of a host of factors, forces and influences

i. All the financial obligations have been regularly met

j. All payments were made by cheques and consideration received for sales made. The receipts/ payments were duly accounted for in the books.

k. The scrip of SSPL was identified and a limited business risk was taken which has been reflected in the trading pattern in the scrip

In addition to these common submissions, Shri Rajani Patel, Smt Heena Patel, Shri Pravin Raiyani, M/s. Mega Securities, M/s. Radhe Investments have admitted that they have dealt in the scrip of SSPL for and on behalf or at the instance of Shri Mahesh Patel/ Shri Gautam Patel. Shri Hiren Rathod had submitted that the transactions done in his name in the scrip of SSPL were that of Shri Pravin Raiyani, who in turn was acting at the behest of Shri Mahesh Patel/ Shri Gautam Patel.

20. The following noticees had appeared before me on 13.04.06 for personal hearing and made their submissions: 1) Shri Rajni M Patel, 2) Smt Heena R Patel, represented by Shri Rajni M Patel, 3) Shri Pravin Raiyani, 4) Shri Bharat Mithani, Authorised Representative, M/s. Mega Securities, 5) Shri Paras Zalawadia, Proprietor, M/s. Radhe Investments and 6) Shri Rajesh Modi. Rajni Patel representing himself and Smt Heena Patel submitted that he did the transactions for Shri Mahesh Patel and was not a broker or sub-broker. Shri Bharat Mithani appearing on behalf of Mega Securities stated that the noticee was not a broker and his client has a terminal of Ajay Natwarlal Securities Ltd. and had off-market deals with Shri Gautam Patel. Shri Pravin Raiyani submitted that he is a registered broker of SKSE and has submitted his resignation one month before to SEBI. In the scrip of SSPL he had acted as a middleman and not as a broker. Shri Paras Zalawadia, Proprietor, M/s. Radhe Investments submitted that they have done the trade on behalf of Shri Gautam Patel and had lost heavily. He is presently in the business of automobile LPG conversion. Shri Rajesh Modi submitted that he is presently doing service in a pharmaceutical company and was earlier employed with SKSE. The transactions in the scrip of SSPL were done for earning brokerage. At present he had no money and had pleaded for mercy.

21. Further, during the course of hearing, Shri Bharat Mithani had made written submission on behalf of Shri Parsottam P Kundanani, Partner of erstwhile M/s. Mega Securities. Therein, it has been submitted that the trades in the scrip of SSPL were usual trading activity on an offer of buy/ sell being received from Shri Gautam Patel. It has also been submitted that Mega Securities has been dissolved on 31.03.03.

22. In response to the aforesaid submissions, I note that:

a. The show cause notice issued to the parties was self contained and the necessary details to enable the noticees to furnish their reply was annexed therewith.

b. The investigation related to period between 03.05.01 to 06.07.01. After having completed the investigation with the available scattered and insufficient information, show cause notices have been issued to the parties on 24.01.05. The parties had been called on to furnish information vide summons issued by SEBI on various occasions. But the noticees deliberately failed to furnish the information to frustrate the investigation and they cannot now take the plea of a delay caused due to their own egregious failure.

c. I have seen that the inquiry against the parties have been based on the facts and figures gathered by SEBI in the course of investigation. There is no information that has been kept away from the noticees.

d. It is not necessary to be a registered intermediary of SEBI to attract the provisions of SEBI Act and relevant actions thereunder. The parties have either directly or indirectly dealt in the securities market in relation to the scrip of SSPL. They are therefore liable for any violation of the provisions of SEBI Act or the relevant regulations. The same view has been affirmed by the Gujarat High Court in the matter of Karnavati Fincap Ltd. and Alka Spinners Ltd. (Special Civil Application Nos. 2692 and 2694 of 1996) wherein, the court has observed that:

> "In ordinary meaning, the persons associated with the securities market would include all and sundry who have something to do with the securities market. It is to be noted that the securities market in the sense is not confined to stock exchanges only. The words "persons associated with the securities market" are of much wider import than intermediaries. "Persons associated with" denotes a person having connection or having intercourse with the other; in the present case that "other" with whom a person is to have connection or intercourse is the securities market".

e. I have noticed from the investigations and the submissions made by the noticees as detailed above that there has been violation of the provisions of Regulations 4 (a), (b) (c) & (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. These violations would warrant action against the noticees under the provisions of Section 11 (4) (b) of SEBI Act, 1992. I have noticed that one of the submissions made by the noticees is that the provisions of Section 11 (4) (b) were brought into the SEBI Act, 1992 with effect from 29.10.02 whereas, the alleged violations had occurred during the period 03.05.01 to 06.07.01, rendering the said provision inapplicable to the said violations if any. I am of the view that the orders passed under Section 11 (4) (b) cannot only be restricted to emergent circumstances but can also be invoked in situations which warrant action post facto. Also, the provisions of Section 11 (4) (b) inserted into the SEBI Act, 1992 with effect from 29.10.02 is only an explanation or elucidation of the powers already vested in SEBI under Section 11 of SEBI Act, 1992. Consequently, the power to take action under Section 11 (4) (b) is only an existing power already vested with SEBI under Section 11 of the SEBI Act, 1992. Therefore, the action taken pursuant to the Show Cause Notice issued under Section 11 (4) (b) would be valid, since SEBI has the powers both under section 11B and Section 11 (4) (b) to issue directions in the instant case.

f. The show cause notice details the role of each of the noticees and brings out their violation of the provisions of SEBI Act and the PFUTP Regulations. Also the findings against the noticees have been clearly brought out in the notices issued to them. It is an absolutely untenable submission that no finding of price manipulation have been brought out against them in the show cause notice.

23. Shri Mahesh Kumar Patel through his proprietary concern, Aarushi Consultancy, and his associates, Shri Gautam Patel etc., have placed a series of orders in the scrip of SSPL with a view to influence the price of the scrip as explained in the Table 2 (showing the position of the clients across various brokers) and Table 15 (the series of structured deals entered into between the clients) above. The transactions carried out by them have resulted in an artificial increase in the price of the scrip to the extent of about 154.88% during the period 03.05.01 to 06.07.01, as specified in Para 2 supra, without any underlying cause such as the sound fundamentals of the company or important corporate announcements,. These kinds of transactions would attract the innocent and genuine investors to trade in the scrip resulting in a loss of faith and confidence in the market. In this regard, SAT has observed while deciding appeal no. 2/2004 – Ketan Parekh Vs SEBI that:

> "a manipulator targets a scrip and acquires as much of the floating stock as is necessary to ensure his profits and creates an illusion of high trading volumes at the counter. He indulges in what is called circular trading where a few of them get together and buy and sell large blocks of shares among themselves. The shares are sold to associates at a price higher than what is prevailing in the market who in turn sell them to another associate for even a higher price. All transactions usually cancel out each other and the shares remain within the circle without any genuine trading transaction. This creates an impression that the stock is an actively traded one and sought after and, therefore, such transactions attract those outside the circle to buy the stocks. **In other words, the general investing public gets induced to buy such stocks. The manipulators not only increase artificially the trading volumes but also benchmark the price because every trade establishes the price of the scrip**."

24. In this regard, it has also to be noted that Shri Mahesh Patel has not traded in the scrip directly. He has carried out all the trades through his associates and through his proprietorship firm, M/s Aarushi Consultancy. The acts done through his firm as per Tables 4, 6 and 10 above, in this case, are nothing but his own activities. Also, Shri Mahesh Patel is wholly liable for the transactions through his proprietary concern, M/s. Aarushi Consultancy, and therefore cannot escape responsibility in this regard. Also, Smt Jyotiben M Patel has in her deposition before the investigating authority, having refused to take the oath, has mentioned that she has not carried out any of the transactions and it was her husband, Shri Mahesh Patel, who had entered into the transactions, using her name. This submission further strengthens the view that Shri Mahesh Patel was the prime mover, steering the transactions through the various front entities as detailed above. Equally important is the role of Shri Gautam Patel whose demat account was instrumental in churning the shares among the inter-related clients.

25. The transactions in the scrip of SSPL carried out in the name of Shri Hiren Rathod, have been carried out by Shri Pravin Raiyani as has been submitted by him before SEBI at the time of investigation and before me. But Shri Rathod having knowingly allowed his name to be used by Shri Raiyani had become privy to the transactions and had acquiesced to the trade carried out in his name.

26. All the other parties, i.e., 1) Smt Jyotiben M Patel, 2) Shri Gautam Patel, 3) Shri Rajni M Patel, 4) Smt Heena R Patel, 5) Shri Nilesh Patel, 6) Shri Paras Zalawadia, Proprietor, M/s Radhe Investment, 7) Shri Pravin Rayani, 8) Shri Parsottam P Kundanani, Partner of ertstwhile M/s Mega Securities, (9) Shri Rajesh Modi, 10) Shri Praful H Patel and 11) M/s Kishore Corporation, as can be concluded from a combined reading of the tables specified above, have facilitated the execution of the design craftily employed by Shri Mahesh Patel to manipulate the scrip of SSPL. Therefore, they are liable for their inseparable roles in manipulating the scrip of SSPL.

27. In this regard the provisions of Regulation 4 (a), (b), (c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995, with which the entities have been charged with read as follows:

"Prohibition against Market Manipulation

> 4. No person shall -
>
> (a) effect, take part in, or enter into, either directly or indirectly, transactions in securities, with the intention of artificially raising or depressing the prices of securities and thereby inducing the sale or purchase of securities by any person;
>
> (b) indulge in any act, which is calculated to create a false or misleading appearance of trading on the securities market;
>
> (c) indulge in any act which results in reflection of prices of securities based on transactions that are not genuine trade transactions;
>
> (d) enter into a purchase or sale of any securities, not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress, or cause fluctuations in the market price of securities; "

28. The actions of the fourteen entities involved in the scrip of SSPL, to whom show cause notices were issued as detailed in Para 6 supra, are fairly and squarely described in the regulations as above. They had entered into the alleged transactions only with the intention of artificially raising or depressing the price of SSPL and to create a misleading appearance of trading in the scrip, attracting the provisions of Regulation 4 (a), (b) and (c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995. Also, the shares of SSPL have been repeatedly circulated among the entities, with no intent to transfer beneficial ownership, but to influence the price of the securities, which is violative of the provisions of 4 (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995.

29. Shri Mahesh Kumar Patel, M/s. Aarushi Consultancy and Shri Gautam Patel, as borne out by records and attendant material circumstances, are the prime movers of the entire market manipulation in the scrip of SSPL. The utter disregard of these entities for the due process of law in not cooperating with the investigation, in not clarifying the issues and in not complying with the summons, show cause notice, makes it manifestly evident that their complicity is total and complete. This is borne out by the Supreme Court (2006) decision in the matter of Trimukh Maroti Kirkan Vs State of Maharashtra, wherein it was held that, "When an incriminating circumstance is put to the accused and the said accused either offers no explanation or offers an explanation which is bound to be untrue, the same becomes an additional link in the chain of circumstances to make it complete." The connection was otherwise difficult to prove in the absence of any direct evidence. Therefore, the said three entities would be liable for a higher penalty.

ORDER

30. As has been brought out in detail above, 1) Shri Mahesh Kumar Patel, 2) Smt Jyotiben M Patel, 3) Shri Gautam Patel, 4) M/s Aarushi Consultancy, 5) Shri Rajni M Patel, 6) Smt Heena R Patel, 7) Shri Nilesh Patel, 8) M/s Radhe Investment, 9) Shri Pravin Rayani, 10) Shri Hiren Rathod, 11) Shri Parsottam P Kundanani, Partner of erstwhile M/s Mega Securities, 12) Shri Rajesh Modi, 13) Shri Praful H Patel and 14) M/s Kishore Corporation are guilty of violating the provisions of Regulation 4 (a), (b), (c) and (d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to

Securities Market) Regulations, 1995 and are liable for action under Section 11 (4) (b) read with Section 11 and 11B of SEBI Act, 1992 and Regulations 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Therefore, in exercise of powers conferred upon me under Section 19 of SEBI Act, 1992 read with Section 11 (4) (b) read with Section 11 and 11B of SEBI Act, 1992 and Regulations 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, I hereby direct that:

i. 1)Shri Mahesh Kumar Patel 2) M/s. Aarushi Consultancy and 3) Shri Gautam Patel be debarred from accessing the securities market and prohibited from buying, selling or dealing in securities, either directly or indirectly, for a period of two years, and,

ii. 1) Smt Jyotiben M Patel, 2) Shri Rajni M Patel, 3) Smt Heena R Patel, 4) Shri Nilesh Patel, 5) M/s. Radhe Investment, 6) Shri Pravin Rayani, 7) Shri Hiren Rathod, 8) Shri Parsottam P Kundanani, Partner of erstwhile M/s. Mega Securities, 9) Shri Rajesh Modi, 10) Shri Praful H Patel and 11) M/s. Kishore Corporation be debarred from accessing the securities market and prohibited from buying, selling or dealing in securities, either directly or indirectly, for a period of one year.

Place : Mumbai
Date :04.12.2006

G. ANANTHARAMAN
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA