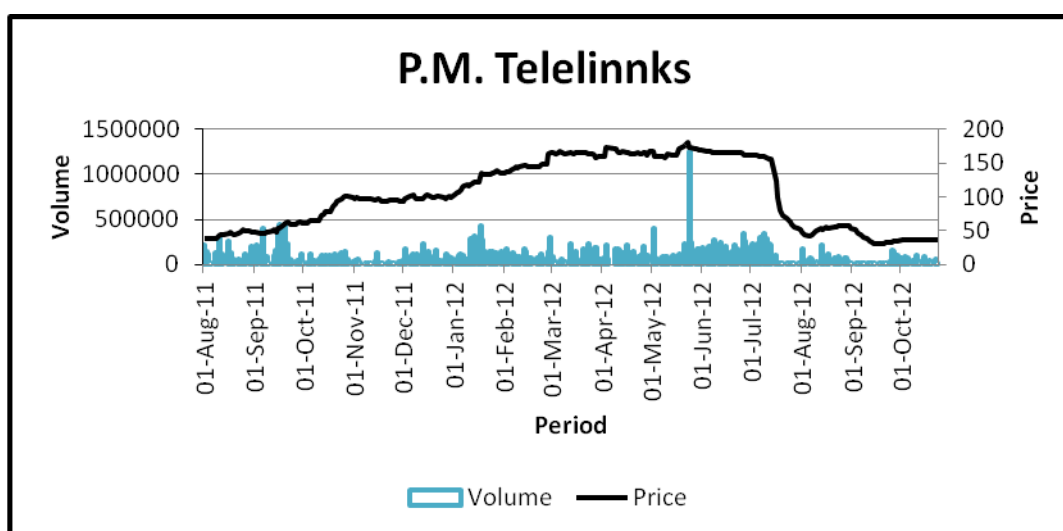


SECURITIES AND EXCHANGE BOARD OF INDIA
CORAM: RAJEEV KUMAR AGARWAL, WHOLE TIME MEMBER

ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 IN THE MATTER OF DEALINGS IN THE SHARES OF P.M. TELELINNKS LTD. AND 8K MILES SOFTWARE SOLUTIONS LTD.

1. Securities and Exchange Board of India (SEBI) received alerts from its Surveillance System relating to dealings in the shares of *P.M. Telelinnks Ltd.* (hereinafter referred to as 'PMTL') on the BSE. It was observed that during the period August 1, 2011 to May 23, 2012 (period of price rise of PMTL), the price of the scrip moved up from ₹ 39.95 per share to ₹ 182.8 per share, resulting in a price rise of around 358%. Thereafter, the scrip witnessed a gradual fall in its price from ₹182.8 per share on May 23, 2012 to ₹154.10 on July 13, 2012, followed by a sharp fall from ₹154.10 on July 13, 2012 to ₹41.40 on August 6, 2012 resulting in a price fall of 73.13 %. The price further declined to ₹30.25 per share on September 17, 2012. The price volume movement in the PMTL for the period August 01, 2011 to September 30, 2012 on BSE is observed as following :



2. Considering the abnormal and sharp price movements in the scrip, dealings and trading pattern in the shares of the PMTL were examined for the period August 01, 2011 to September 30, 2012 (hereinafter referred to as “examination period”). The examination revealed that during the period of price rise of PMTL, its net profit had declined from ₹0.41 crore for the quarter ending September 2011 to ₹0.16 crore for the quarter ending June 2012. Thus, it was *prima facie* observed that the financial results of the PMTL do not justify the price rise in the scrip. .

3. It was found that Mr. Gulab Chand Pukhraj Surana (PAN-AINPS9082R), Mr. Dipin Surana (PAN-AINPS9083Q) and Mr. Ravi Pukhraj Surana (PAN- AINPS9085J) {hereinafter collectively referred to as 'promoters'} are from amongst the promoters of PMTL. Mr. Gulab Chand Pukhraj Surana is the Managing Director of PMTL. From the KYC details and information available in the Surveillance System, it was observed that following related/connected entities (hereinafter referred to as Shah/Patel Group'), have substantially traded in the scrip of the PMTL during its examination period :

Table - 1

S.No.	Name of the entity	PAN	Factors for determining relation/connection
1	Jipal Pineshkumar Shah	BMWPS2515R	▪ Common telephone no. 9978834974 of entities at S.No. 1, 2, 4, 5, 6, 7, 8, 9, 10 ▪ Common telephone no. 9825011486 of entities at S. No.1, 3 and 4 ▪ Bhavini Shah and Vijay Shah have common address at " -10/113-Shanti Apartment, 192 MIG Flats, Shastrinagar, Naranpura, Ahmedabad, Gujarat - 380013." ▪ Pankaj Patel and Ronakbhai Patel have common address at - "1209 Vaniavad Lubar Sheri Saraspur Ahmedabad, Ahmedabad, Gujarat, 380001." ▪ Hema Patel and Urmilaben Patel have common address at -" C/2, Mansarovar Apt. b/h Galaxy Cinema, Naroda, Ahmedabad, Gujarat, 382346" ▪ Off-market transactions in shares of PMTL amongst the Shah/Patel Group in the scrip during the examination period ▪ Jagdish Ramanlal Patel received shares of PMTL from Gulab Chand Pukhraj Surana, one of the promoters of the PMTL, through off-market transactions on June 28, 2011. ▪ Fund transfer amongst Shah /Patel Group ▪ Fund received by the persons in Shah/Patel Group from the promoters.
2	Saurin Pravinbhai Shah	BKYPS3545K	
3	Bhavini Vijaykumar Shah	CDAPS8340A	
4	Vijay Babulal Shah	AOMPS1703C	
5	Jagdish Ramanlal Patel	AAWPP0600R	
6	Pankaj N. Patel	AAWPP0599D	
7	Ronak P. Patel	ATKPP2021M	
8	Urmila G. Patel	ATKPP2887M	
9	Hema G. Patel	AQGPP6610B	
10	Daivik Jatinbhai Shah	BXYPS2715J	

4. Examination revealed that on June 28, 2011, one of the promoters of PMTL, Mr. Gulab Chand Pukhraj Surana transferred 2,50,000 shares of the PMTL to an entity of Shah/Patel Group i.e. Mr. Jagdish Ramanlal Patel. From the bank statements of entities of Shah/Patel Group and PM Telecom (PMTc), which is a company that has the promoters of PMTL (Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana) as its signatories to its bank account, it was observed that:-

- (a) there were fund transfers to the entities of Shah/Patel Group by Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana (promoters of PMTC) from the account of PMTC;
- (b) significant amount of cash was received in the accounts of the entities of Shah/Patel Group; and
- (c) funds were *inter se* transferred amongst the entities of in Shah/Patel Group.

5. The above mentioned flow of funds is shown in the following Table:-

Table – 2:
Flow of Fund during June 01, 2011 to September 30, 2012 (₹In lacs)

<i>Transfer to</i>	JIPAL SHAH	SAURIN SHAH	BHAVINI SHAH	VIJAY SHAH	JAGDISH PATEL	PANKAJ PATEL	RONAK PATEL	URMILA PATEL	HEMA PATEL	DAIVIK SHAH	PMTc	TOTAL
<i>Transfer from</i>												
JIPAL SHAH	0	11.9	45.4	0	1	0	0	0	0	6	0	64.3
SAURIN SHAH	72.2	0	13.45	8	11	8	7.5	7.5	7.5	22.45	0	157.6
BHAVINI SHAH	70.95	17.93	0	2.5	1	4	0	0	0	14	0	110.38
VIJAY BABULAL SHAH	27.6	0	21.5	0	0	0	0	0	0	9	0	58.1
JAGDISH RAMANLAL PATEL	1	0	0	0	0	0	0	1.4	1.6	0	0	4
PANKAJ N PATEL	0	0.5	0	0	3.48	0	0	1	0.93	0	0	5.91
RONAK P PATEL	0	0	0	0	3	0	0	0	0	0	0	3
URMILA G PATEL	0	0	9.8	0	0.23	0	0	0	0	0	0	10.03
HEMA G PATEL	0	0	0	0	0	0.9	0	0	0	0	0	0.9
DAIVIK JATINBHAI SHAH	33.4	9.2	75	28.5	0	0	0	0	0	0	0	146.1
PMTc	0	100	0	0	0	0	0	0	0	10	0	110
TOTAL	205.2	139.53	165.15	39	19.71	12.9	7.5	9.9	10.03	61.45	0	670.32
CASH DEPOSITS	92	109.63	95.37	86.1	1.2	4.33	0	5.76	3.39	9.45	0	407.23

6. Out of the above described funds, from the account of PMTC ₹ 110 lac were transferred by Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana to Saurin Pravinbhai Shah and Daivik Jatinbhai Shah, entities belonging to Shah/Patel Group, in the following manner:-

- (a) On June 24, 2011, an amount of ₹ 10,00,000/ was transferred to the account of Daivik Jatinbhai Shah.
- (b) On February 03, 2012, an amount of ₹ 30,00,000/ was transferred to Saurin Pravinbhai Shah who further transferred the said amount to Jipal Pineshkumar Shah, who in turn transferred the amount to ASE Capital Markets Ltd, a stock broker.
- (c) On February 7, 2012 an amount of ₹ 30,00,000/ was transferred to Saurin Pravinbhai Shah, who in turn had transferred ₹ 7,50,000/ each to (i) Pankaj N Patel, (ii) Ronak P Patel, (iii) Urmila G Patel (iv) Hema G Patel.
- (d) On February 15, 2012 and February 16, 2012 the amount of ₹ 15,00,000/ and ₹ 25,00,000/, respectively, were transferred to Saurin Pravinbhai Shah.
7. Further, significant amount of cash receipts (around ₹4.07 crore) were observed in the accounts of Shah/Patel Group entities from unknown sources on various dates as follows: (a) ₹92 lacs in the account of Jipal Shah; (b) ₹109.63 lacs in the account of Saurin Shah; (c) ₹95.37 lacs in the account of Bhavini Shah; and (d) ₹86.1 lacs in the account of Vijay Kumar Shah. It was observed that, on most occasions, the cash so received were either transferred *inter se* amongst the entities of Shah/Patel Group or to various stock brokers through whom these entities were dealing in the scrip of PMTL during the examination period.
8. Analysis of the trading pattern of the above mentioned promoters and entities of Shah/Patel Group during the examination period of PMTL revealed that:
- (a) Substantial funds received by the entities of Shah/Patel Group as described above were used to meet the pay-in obligations of these entities with respect to their trades in the scrip. For example, ₹ 30,00,000/ received by Jipal Pineshkumar Shah from Saurin Pravinbhai Shah was used to purchase 25,000 shares of the PMTL on February 03, 2012 for a value of ₹ 34,05,694.20/- through ASE Capital Markets Ltd. Similarly, ₹ 30,00,000/ collectively received by Pankaj N Patel, Ronak P Patel, Urmila G Patel and Hema G Patel, from Saurin Pravinbhai Shah was used to purchase 38,000 shares (9,500 each) of the PMTL on February 13, 2012 for a total value of ₹ 55,82,950.
- (b) It was also observed that on many occasions, the cash deposits received by the entities of Shah/Patel Group were transferred to various stock brokers through whom these entities were dealing in the scrip of PMTL and/or transferred *inter-se* amongst themselves. Some of such instances are as enumerated in the below table:

Table - 3

S.No.	Cash Receipt in the a/c of (Name, Amount and Date)	Transferred to (Name, Amount and Date)	Further transfer to the Broker	Trading details
i.	Vijay Shah, ₹ 250000 08/12/2011	Bhavini Shah, ₹700000 08/12/2011	Bhavini Shah Transferred ₹ 1000000 to Broker ANS Pvt Ltd on 9/12/2011	Purchased 12000 shares of PMTL through Broker ANS Pvt Ltd on 7/12/2011 and 8/12/2011 for a value of ₹. 12,10,200
	Saurin Shah, ₹250000 08/12/2011			
	Jipal Shah ₹200000 08/12/2011			
	Bhavini Shah ₹ 300000 on 8/12/2011			
ii.	Bhavini Shah, ₹ 500000 20/12/2011	Jipal Shah, ₹500000 20/12/2011	Jipal Shah Transferred ₹ 700000 to Marfatia Stock Broking Pvt Ltd	Purchased 8803 shares of PMTL, trading through Marfatia Stock Broking Pvt Ltd, for a value of ₹. 885834.30/- on 21/12/2011
	Jipal Shah ₹500000 20/12/2011			
iii.	Vijay Shah, ₹ 300000 24/01/2012	Bhavini Shah, ₹300000 24/01/2012	Bhavini Shah Transferred ₹ 900000 to broker ANS Pvt Ltd on 24/01/2012	Purchased 27000 shares of PMTL, trading through ANS Pvt. Ltd. for a value of ₹ 36,26,999.25 on 24/01/2012
	Bhavini Shah, ₹300000 23/01/2012 and ₹ 280000 24/01/2012			
iv.	Saurin Shah ₹ 100000 12/03/2012	Daivik Shah ₹100000 12/03/2012	Daivik Shah Transferred ₹ 1000000 to Broker Religare Securities on 12/03/2012	Bought 30602 shares of PMTL trading through Religare Securities Ltd. for a value ₹. 5076465.45 and sold 10005 shares of value ₹. 1712335/- on 12/03/2012
	Daivik Shah ₹ 900000 12/03/2012			

- (c) A total of 4,34,43,744 shares (gross market volume) were traded in the scrip at BSE during the period of price rise. Entities belonging to Shah/Patel Group traded 1,72,68,065 shares or 39.75% of the gross market volume. They purchased 88, 51, 329 shares or 40.75% of the gross market buy volume and sold 84,16,736 shares i.e.38.75% of the gross market sell volume.
- (d) Out of the total of 1,72,68,065 shares traded by the entities of Shah/Patel Group, 73,85,588 shares i.e., around 43% of their traded volume were bought and sold amongst themselves. Out of these 73,85,588 shares, 42,16,966 shares (in 1567 trades) were traded by the entities in a

synchronized manner i.e. the price and quantity of the buy and sell orders matched and the same were placed within a time gap of less than 60 seconds.

- (e) Significant concentration of daily trading in the scrip by the entities of Shah/Patel Group , ranging between 30% to 98% of their gross trading in the market, as shown in the following Table is observed:

Table – 4

Sr. no.	Name of the entity	% of concentration in the scrip
1	Daivik Jatinbhai Shah	98.97
2	Bhavini Vijaykumar Shah	90.66
3	Vijay Babulal Shah	90.41
4	Jipal Pineshkumar Shah	87.91
5	Jagdish Ramanlal Patel	83.53
6	Saurin Pravinbhai Shah	72.23
7	Urmila G. Patel	67.72
8	Ronak P. Patel	64.34
9	Pankaj N. Patel	56.46
10	Hema G. Patel	29.47

- (f) The entities of Shah/Patel Group executed several trades in the scrip at a price higher than the last traded price (hereinafter referred to as “LTP”) and those trades contributed to 79.69% of the total positive contribution to the LTP as mentioned in the following Table:

Table – 5

S.No.	Name	% of positive contribution to LTP
1.	Saurin Pravinbhai Shah	18.60
2.	Vijay Babulal Shah	15.15
3.	Bhavini Vijaykumar Shah	12.70
4.	Jagdish Ramanlal Patel	12.58
5.	Jipal Pineshkumar Shah	11.02
6.	Daivik Jatinbhai Shah	7.96
7.	Urmila G Patel	0.56
8.	Pankaj N Patel	0.53
9.	Hema G Patel	0.45
10.	Ronak P Patel	0.14
TOTAL		79.69

- (g) On 146 days, out of a total of 202 trading days of the period of price rise of PMTL, the entities of Shah/Patel Group regularly traded at a price higher than the LTP through first trades and contributed positively to the LTP. By executing such first trades above the LTP, they

contributed 85.84% of the total positive contribution to LTP through all first trades during the period of price rise as described in the following Table:

Table – 6

S.No.	Name	Contribution to LTP through first trade as % of overall positive contribution to LTP through all first trades during period of price rise
1	Saurin Pravinbhai Shah	30.16
2	Vijay Babulal Shah	19.12
3	Jagdish Ramanlal Patel	13.10
4	Jipal Pineshkumar Shah	12.63
5	Daivik Jatin Shah	7.36
6	Bhavini Vijaykumar Shah	3.47
	TOTAL	85.84

- (h) On 40 trading days out of 146 trading days, when there was a positive contribution to the LTP through first trades by these entities, both the buyer and seller were from amongst the entities of the Shah/Patel Group. Out of 40 days, on 11 trading days the buy and sell orders in first trades were synchronized with respect to quantity, price and time. Through these 11 synchronised first trades, the entities of Shah/Patel Group contributed to between 1.49% to 4.90% increase in price above LTP.
- (i) The percentage increase in the price above the LTP through execution of all first trades(on 146 trading days) ranged between 0.12% and 16.70% as described in the following Table:

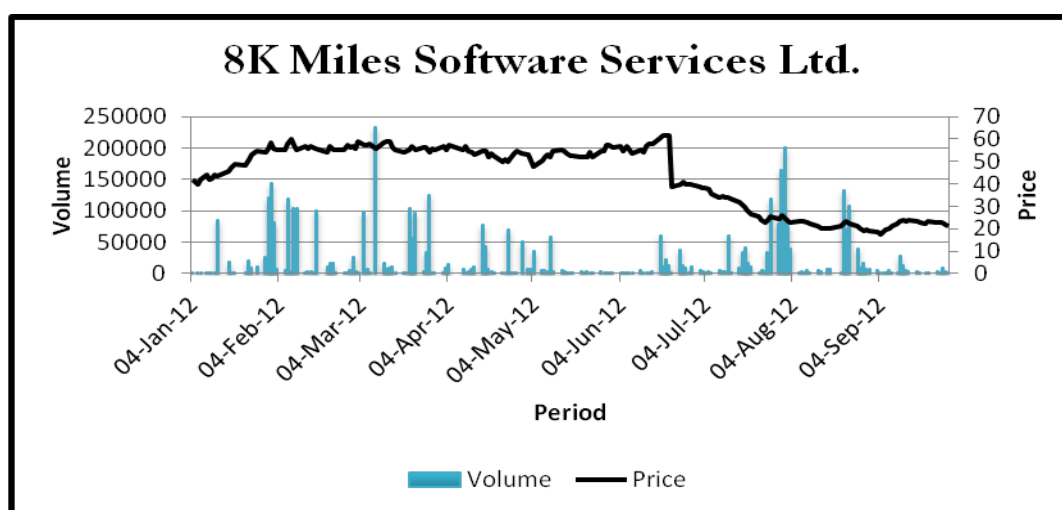
Table – 7

Percentage Variation in the price over LTP	No. of instances						
	Jagdish Patel	Vijay Shah	Saurin Shah	Jipal Shah	Daivik Shah	Bhavini Shah	TOTAL
0.1-3.9%	17	25	32	20	5	8	107
4.0-7.9%	4	7	8	9	4	0	32
8.0-11.9%	1	2	1	1	0	0	5
12.0-16.7%	0	0	2	0	0	0	2
TOTAL	22	34	43	30	9	8	146

- (j) The price of the scrip had reached a high of ₹182.8 on May 23, 2012 and it declined to ₹154.01 on July 13, 2012. During the period May 24, 2012 – July 13, 2012, the entities of the Shah/Patel Group traded a gross quantity of 46,37,160 shares constituting 27.34% of gross market volume. The entities of Shah/Patel Group sold a net quantity of 2,00,484 shares (i.e. 46%) out of the 4,34,593 shares purchased by them during the period of price rise. After the

sale of this substantial quantity of shares by them, the price of the scrip moved down sharply to ₹ 35.25 on September 28, 2012.

9. During the above examination, it was observed that Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana and entities of Shah/Patel Group had also traded in the scrip of *8K Miles Software Solutions Ltd.* (8KMILES). It was noted that as per disclosures made by 8KMILES to BSE, Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana were among its promoters till the end of the quarter of December 2010. However, Mr. Gulab Chand Pukhraj Surana and Mr. Ravi Pukhraj Surana were directors of 8KMILES till September 3, 2012.
10. SEBI also observed similar price movement and pattern of dealings on BSE in the scrip of *8K Miles Software Solutions Ltd.* (8KMILES) as was observed in the scrip of PMTL. Therefore, SEBI extended its examination with regard to the dealings in this scrip also and the period from January 4, 2012 to September 28, 2012 (hereinafter referred to as “examination period of 8KMILES”) was taken as examination period for this scrip. It was noted that during the period January 4, 2012 to June 21, 2012 (‘period of price rise of 8KMILES’), the price moved up from ₹41.95 per share to ₹64.60 per share. It was further noted that on May 02, 2012 8KMILES had informed BSE about meeting of its Board of Directors on May 15, 2012 to consider issue of bonus shares to its existing shareholders. The decision of the Board of Directors to issue bonus shares in the ratio of 2:3 was announced on May 15, 2012. On June 13, 2012 the 8KMILES announced the record date i.e. June 25, 2012 for that purpose to BSE. The share price was ₹ 38.6 per share on June 22, 2012 and it further went down to ₹ 21.35 per share on September 28, 2012. The price volume movement in the 8KMILES on BSE for the period January 4, 2012 to September 28, 2012 was observed as following:



11. The examination revealed that during the period of price rise of 8KMILES, its net profit had declined from ₹1.07 crore for quarter ending December 2011 to ₹0.63 crore for quarter ending March 2012 and went to 0.83 crores for quarter ending June 2012. Thus, it was *prima facie* observed that the financial results of the 8KMILES do not justify the above mentioned price rise in the scrip.

12. Analysis of trading pattern of Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana and the entities of Shah/Patel Group, in the scrip of 8KMILES during the period of its examination revealed that:

- a) During the period January 4, 2012 to June 15, 2012, Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana and the entities of Shah/Patel Group had traded a gross quantity of 20,31,902 shares out of a market gross volume of 4734570 shares and contributed substantially (42.92%) to the gross market volume. The entities of Shah/Patel Group traded a gross quantity of 16,62,989 shares out of those 20,31,902 shares and contributed 35.12% to the gross volume and 7.6% of the net market volume.
- b) Out of the total of 20,31,902 shares traded by the promoters and Shah/Patel Group, 8,04,660 shares i.e, around 39.6% of their gross traded volume were bought and sold amongst themselves. Out of these 8,04,660 shares, 4,32,830 shares were traded through 24 trades by these entities in a synchronized manner i.e. the price and quantity of the buy and sell orders matched and the same were placed within a time gap of less than 60 seconds.
- c) Entities of Shah/Patel Group executed several trades in the scrip at a price higher than the LTP and those trades contributed to 91.92% of the total positive contribution to the LTP as described in the following Table:

Table – 8

S.No.	Name	% of positive LTP contribution
1	Saurin Pravinbhai Shah	32.05
2	Vijay Babulal Shah	25.66
3	Jagdish Ramanlal Patel	12.18
4	Jipal Pineshkumar Shah	7.38
5	Bhavini Vijaykumar Shah	6.89
6	Daivik Jatinbhai Shah	3.73
7	Hema G Patel	2.16
8	Pankaj N Patel	1.69
9	Urmila G Patel	0.17
	Grand Total	91.92

- d) Out of the 116 trading days during the period of price rise of 8KMILES, on 80 days, the related/connected entities of Shah/Patel Group had placed buy orders in the first trades at a price higher than the LTP.

- e) The entities who were net buyers during the period January 2, 2012 to June 15, 2012, had offloaded 1,64,756 shares (11.2% of the market net volume), during the period June 18, 2012 to September 28, 2012 and consequently, the price of the scrip had fallen from ₹ 60/ to ₹ 21.35/.

13. In view of the above examination/inquiry it is observed that:-

- (a) The entities of Shah /Patel Group and Mr. Gulab Chand Pukhraj Surana, Mr. Dipin Surana and Mr. Ravi Pukhraj Surana, *prima facie* , acting in concert with each other , created artificial volumes in the scrip of PMTL and 8KMILES by their large concentrations in volume, artificial trading amongst themselves and by their synchronized trades;
- (b) Further, the entities of Shah /Patel Group manipulated the price of the scrip of PMTL and 8KMILES by contributing positively to the LTP through first trades and other trades. Once the price of these scrips had reached their peak, they started offloading their holdings. Consequently the price of the scrips started falling.

14. From the above examination and factors mentioned in Table 1, I note that Shah/Patel Group entities are apparently related/connected to each other. In this regard, I note that Hon'ble SAT has, in many cases such as *Classic Credit Ltd. vs. SEBI (SAT Appeal no. 68/2003, Order dated December 8, 2006)*, *Classic Credit Ltd. vs. SEBI (SAT Appeal no. 76/ 2003, Order dated January 9, 2007)* and *Veronica Financial Services Ltd. Vs SEBI (SAT Order dated August 24, 2012)*, held that connection/relations can be established on the basis of factors including the common addresses, common directors/ shareholders, etc.

15. It has been observed during the preliminary inquiry that on June 28, 2011, one of the promoters i.e. Mr. Gulab Chand Pukhraj Surana transferred 2,50,000 shares of the PMTL to Mr. Jagdish Ramanlal Patel a Shah/Patel Group entity. Further, Shah/Patel Group entities received ₹110 lac by bank transfer from the above mentioned promoters of the PMTL using the bank account of PMTC, a subsidiary. Out of these funds substantial amounts were transferred *inter se* amongst those entities and used to meet the pay-in obligations of these entities with respect to their trades in PMTL. These facts and circumstances indicate that the above mentioned promoters of the PMTL and the entities of Shah/Patel Group were not only known to each other but had prior understanding amongst them; they also acted in concert with each other and were part of an orchestrated plan or device. It is noted that Shah/Patel Group entities also received substantial amount of cash in their accounts as described above. All these cash receipts occurred during the period of examination when those entities were trading in the scrip of the PMTL and 8KMILES. On most of the occasions, the cash was utilised to meet the pay-in obligations of those Shah/Patel Group entities and for creating substantial trading concentration in the scrip of the PMTL.

16. I note that during the period of price rise in the scrip of PMTL, the abovementioned three promoters of the PMTL and the entities of the Shah/Patel Group contributed to 39.75% (1,72,68,065 shares) of the gross market volume (4,34,43,744 shares). I further note that out of

these 1,72,68,065 shares, 73,85,588 shares (i.e. 42.77%) were traded amongst the entities of Shah/Patel Group themselves and thereby constituted an artificial volume. Out of their traded volume, these related/connected entities traded (bought and sold) amongst themselves continuously and regularly through substantial number (1567) of synchronized trades involving 42,16,966 shares (24.42% of their traded volume) during the period of price rise. From such pattern of trades amongst related/connected entities, it is observed that *prima facie* the beneficial ownership of the shares traded amongst them remained within the related/connected entities of Shah/Patel Group during the period of price rise.

17. I further note that the entities of the Shah/Patel Group contributed to 79.69% of the total positive contribution to the LTP and 85.84% of overall positive contribution to LTP through first trade in the scrip of the PMTL. Such trading resulted in increase in the price of the scrip from ₹ 39.95/ to ₹ 182.80/per share. Once the price of the scrip reached ₹ 182.80/ per share, the promoters of the PMTL and the entities of Shah/Patel Group offloaded a net quantity of 2,00,484 shares out of 4,34,593 shares purchased by them during the period of price rise in the scrip. As a result, the price of the scrip started falling sharply.
18. Similar *modus operandi* by the said three promoters of the PMTL and related /connected entities of Shah/Patel Group is observed in the scrip of 8KMILES also. I note that during the period January 02, 2012 to June 15, 2012 these promoters and entities of Shah/Patel Group traded in 20,31,902 shares and contributed 42.92% to gross market volume (47,34,570 shares) in the scrip of 8KMILES. Out of the total of 20,31,902 shares traded by them, 8,04,660 shares (i.e. around 39.6% of their traded volume) were bought and sold amongst themselves and 21.3% of their traded volume was traded in a synchronized manner. The related /connected entities of Shah/Patel Group contributed to 91.92% of the total positive contribution to LTP of this scrip, which resulted in artificial price rise in the scrip from ₹ 41.95/ to ₹ 64.60 per share during January 02, 2012 to June 21, 2012. Subsequently, during the period June 18, 2012 to September 28, 2012, the Shah/Patel Group sold a net quantity of 1,64,756 shares constituting 11.2% of market net sell volume. Shah/Patel Group entities, who were the net buyers during the period of price rise, offloaded during the said period. Consequently, the price of the scrip moved down to ₹ 21.35/on September 28, 2012.
19. In the above facts and circumstances, I, *prima facie*, find that the aforesaid three promoters, one of whom is also the Managing director, of PMTL and the related/connected entities of Shah/Patel Group indulged in fraudulent and manipulative trading that resulted in concentration of volumes. The trading in the scrips of PMTL and 8KMILES was undertaken amongst themselves without intending to transfer the beneficial ownership of shares and to create artificial volume. The net outcome of their manipulative strategies was an unnatural and artificial increase in price of the scrips, which does not appear to be supported by fundamentals of the companies. I also *prima facie* find that the said promoters/ Managing Director of PMTL were acting in concert with the connected entities of Shah/Patel Group under a premeditated plan or strategy of 'pump and dump'

as understood in the market parlance. Such activities, in my view, not only erode the market integrity but are also detrimental to the interests of investors as they might be lured to invest in the scrips due to such trading and price movement trend. The active involvement of Managing Director/directors of the concerned companies in the artifice described above, casts serious doubts on the integrity of the management of these companies. In addition, there appears to be a failure in discharge of their fiduciary duty towards their shareholders. Therefore, the gravity of this *prima facie* misconduct is multiplied manifold.

20. Further, from the shareholding pattern disclosed by the PMTL to the BSE it is noted that one of its promoters, Mr. Dipin Surana's shareholding had reduced from 5.17% in the quarter ending June 30, 2012 to 4.70% in the quarter ending September 30, 2012. However, he failed to make disclosure in this regard as required under regulation 13(4A) SEBI (Prohibition of Insider Trading) Regulations, 1992 (PIT Regulations). Further, the shareholding of Bhavini Vijaykumar Shah, one of the entities of Shah /Patel Group had increased from 3.30% in the quarter ending September 30, 2011 to 5.55% in the quarter ending December 31, 2011 which was further reduced to 3.82 % in the quarter ending March 31, 2012. However, no disclosures in those respect were made as required under regulation 29(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 (SAST Regulations) and regulation 13(1) of PIT Regulations. The shareholding of Jipal Pineshkumar Shah, one of the Shah /Patel Group entities increased from 3.82% in the quarter ending December 31, 2011 to 6.07% in the quarter ending March 31, 2012. However, no disclosure in this regard was made as required under regulation 29(1) of SAST Regulations and regulation 13(4A) of PIT Regulations. Such defaults attract actions under the SEBI Act.
21. In the light of such observation, I, *prima facie*, find that the abovementioned promoters of the PMTL and the entities of Shah/Patel Group have dealt in securities of the PMTL and 8KMILES in fraudulent and manipulative manner which attracts prohibition enshrined in section 12A (a), (b) and (c) of the SEBI Act and regulation 3 (a), 3 (b), 4(1), 4(2)(a) and 4(2)(b) of SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Market) Regulations, 2003 (hereinafter referred to as the 'PFUTP Regulations') which read as following:—

SEBI Act, 1992

"Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly –

- (a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;*
- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;*

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

PFUTP Regulations

"Prohibition of certain dealings in securities.

3. 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 securities 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)....."

"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;*
 (c).....
 (d).....
 (e) *any act or omission amounting to manipulation of the price of a security;*
 (f).....
 (g) *entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

22. I find that the dealings of the said promoters/ Managing Director of the PMTL and entities of Shah/Patel Group as described above is *prima facie* inimical to the interests of investors in the securities market. These persons have been found to be engaged in fraudulent and manipulative activities in two scrips during the proximate periods and if no urgent preventive action is taken, it would be fraught with danger of immense mischief and incalculable damage to the securities market besides undermining the confidence of the investors in the fairness and integrity of the market. It is imperative that cases as the instant one are dealt with firmly and promptly to protect the market participants and thereby sending appropriate signals to the market.

23. In the light of the aforesaid preliminary findings, I am of the view that this is a fit case where, pending detailed investigation, urgent action is required to be taken by way of an *ad interim ex – parte*

order to prevent any further harm to investors and the securities market. Therefore, in order to protect the interest of the investors and the integrity of the securities market, I, in exercise of the powers conferred upon me in terms of Section 19 read with Section 11(1), Section 11 (4) (b) and Section 11B of SEBI Act, 1992, pending investigation, hereby issue following directions, by way of this *ad-interim ex-parte* order:

- a) The following entities are restrained from accessing the securities market and further prohibited from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner whatsoever, till further directions:

Sr. no.	Name of the entity	PAN
1.	Jipal Pineshkumar Shah	BMWPS2515R
2.	Saurin Pravinbhai Shah	BKYPS3545K
3.	Bhavini Vijaykumar Shah	CDAPS8340A
4.	Vijay Babulal Shah	AOMPS1703C
5.	Jagdish Ramanlal Patel	AAWPP0600R
6.	Pankaj N. Patel	AAWPP0599D
7.	Ronak P. Patel	ATKPP2021M
8.	Urmila G. Patel	ATKPP2887M
9.	Hema G. Patel	AQGPP6610B
10.	Daivik Jatinbhai Shah	BXYPS2715J
11.	Gulab Chand Pukhraj Surana	AINPS9082R
12.	Dipin Surana	AINPS9083Q
13.	Ravi Pukhraj Surana	AINPS9085J

- b) The Stock Exchanges and the Depositories are directed to ensure that the above directions are strictly enforced.

24. The above persons/entities may file their replies, if any, to SEBI within 21 days from the date of receipt of this order and, if they so desire, avail an opportunity of personal hearing on a date, place and time fixed in that regard by Securities and Exchange Board of India.
25. This order shall come into force with immediate effect.

DATE: April 18th, 2013
PLACE: MUMBAI

RAJEEV KUMAR AGARWAL
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA