BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. PKB/AO –19 / 2012]

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

In respect of:

SHRI BALCHANDRA K. PATEL
(PAN –ADGPP9859D)

In the matter of: PLATINUM CORPORATION LIMITED

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation into the alleged irregularity in the trading in the shares of Platinum Corporation Ltd. (hereinafter referred to as "Company/PCL") and into the possible violation of the provisions of SEBI Act, 1992 and various rules and regulations made there under.

2. Therefore, Adjudication Proceedings were initiated by SEBI, inter alia, in respect of Shri Balchandra K. Patel (hereinafter referred to as "Noticee") and the undersigned was appointed as the Adjudicating Officer vide Order dated March 23, 2011 to inquire into and adjudge the alleged violation of provisions of section 12A (a), (b) and (c) of SEBI Act, 1992 (hereinafter referred to as "Act") and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").

SHOW CAUSE NOTICE, HEARING & REPLY

3. A Show Cause Notice (hereinafter referred to as "SCN") in terms of the provisions of Rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Adjudication Rules")

was issued to the Noticee on July 21, 2011, calling upon the Noticee to show cause why inquiry should not be held against the Noticee under Rule 4(3) of the Adjudication Rules for the alleged violations.

4. The SCN was duly delivered to the Noticee. Vide letter dated August 8, 2011 the Noticee acknowledged the receipt of the SCN and sought additional time to reply to the SCN. The request of the Noticee was acceded to and time limit for submission of reply was extended to September 15, 2011. However, no reply was received from the Noticee, therefore, Notice of Inquiry dated September 26, 2011 was issued to the Noticee according the Noticee an opportunity of hearing on October 12, 2011. Vide letter dated October 11, 2011 the Noticee made submissions which will be dealt with elaborately while recording the Findings in the subsequent paragraphs.

5. The Noticee did not appear for the hearing on the scheduled date, hence, Notice of Inquiry dated October 13, 2011 was issued to the Noticee according one more opportunity of hearing to the Noticee on November 9, 2011. However, vide Notice of Inquiry dated October 21, 2011 the hearing was rescheduled to November 24, 2011. The Noticee vide letter dated November 15, 2011 requested to prepone the hearing on 18th or 19th November, 2011. This request of the Noticee was also acceded to and the hearing was rescheduled to November 18, 2011.

6. Mr. Amul M Gandhi, Authorized Representative of the Noticee appeared for the hearing on November 18, 2011 and submitted Authorization letter dated November 17, 2011. The Authorized Representative reiterated the written submissions made by the Noticee and also submitted that no consideration was received for transfer of shares to Ms. Meena Ambani and that this was a deal between far acquaintances. Subsequently, the Noticee made written submissions vide letter dated November 15, 2011 which will be dealt with elaborately while recording the Findings in the subsequent paragraphs.

ISSUES FOR CONSIDERATION

7. On perusal of the material available on record, I have the following issues for consideration, viz.,
   A. Whether the Noticee has violated provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of the PFUTP Regulations?

B. Whether the Noticee is liable for monetary penalty under Section 15HA of the SEBI Act, 1992?

C. What quantum of monetary penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act, 1992?

FINDINGS

8. On perusal of the material available on record and giving regard to the facts and circumstances of the case, I record my findings hereunder.

ISSUE 1: Whether the Noticee has violated provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of the PFUTP Regulations?

9. The provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of the PFUTP Regulations read

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 recognised 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 thereunder;

Regulation 3: Prohibition of certain dealings in securities

No person shall directly or indirectly –

(a) buy, sell or otherwise deal in securities in a fraudulent manner;

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made thereunder;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.

Regulation 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:–

(e) any act or omission amounting to manipulation of the price of a security;

ABOUT THE COMPANY

10. It is observed that the Company was incorporated on July 17, 1992 in the name of Kanugo Lease and Investment Ltd. Subsequently, the Company changed its name to Pentium Mercantile Ltd. w.e.f. February 13, 1997, then to Pentium Infotech Ltd. w.e.f May 19, 1999 and to Platinum Corporation Ltd. on June 08, 2007 (w.e.f at BSE on September 13, 2007).

11. The Company came out with a public issue in the year 1996, issued 67,00,000 shares of Rs. 10/- each at par aggregating to Rs.670 lacs. The said public issue was opened on 14th October 1996 and closed on 24th October 1996, w.e.f., January 09, 1997. The promoters of the Company at the time of listing of shares were Shri Parasmal Kanugo and M/s Baroda Extrusion Ltd. and the Directors of the Company were Shri Parasmal B. Kanogo, Shri. Ravi Prakash Sharma, Shri Kamal Hasmukhlal Shah and Shri. Haresh J. Mehta. The shares are listed at BSE, ASE and VSE. In the year 2003, the Company reduced face value of its shares from Rs.10/- to Re.1/- per share w.e.f October 01, 2003, thereby the total outstanding listed shares at BSE are 10,70,00,000 shares of Re.1/- each.

12. The Company office (at the time of listing) was situated at A/4, Samir apartment, Jetalpur Road, Alkapuri, Baroda and changed its address from time to time; information provided by BSE on such changes is tabulated below-

Date	Name and Address	BSE source
15/05/97	Pentium Mercantile Ltd. 607, World Trade Centre,	The company issued advertisement on

	Sayajigunj Baroda-390005	May 15, 1997
31/03/00	Pentium Infotech Ltd. 3rd Floor, Chase House, near Sheetal Baug Society, C.G. Road, Ahmedabad-380006	Results published by company in news paper for QE March 31, 2000
14/08/01	12, Naresh Park, behind Kamdhenu Apartment, Shanti Nagar, Ahmedabad-380013.	Company letter dated August 14, 2001
14/02/05	301, HN House, behind Anand building, near Stadium Circle, Navrangpura, Ahmedabad-380009	Company letter dated February 14, 2005
09/09/05	4th Floor, A- Block, Maradia Plaza, CG Road, Ahmedabad-380006	Company letter dated 9th September 2005
14/04/08	Platinum Corporation Ltd. 402, 4th Floor, Sakar –III, near Income Tax Circle, Ashram Road, Ahmedabad-380009.	Company letter dated april 14, 2008

13. The Company was initially engaged in the business of leasing and finance business, thereafter, they changed its main objects to software/ infotech business. Once again the objects were added as ice-cream manufacturing, contract farming and setting up of Biotech Park, etc.

14. In the year 2005, the Company proposed to increase its authorized capital from Rs.12 crore to Rs.17 crore and planned to issue shares through preferential allotment. However, the same could not be implemented on technical grounds. They also announced to have ventured into real estate development in late 2006.

15. During the year 2007-08, several directors were on the board of the Company, who were on and off on the board. List of directors on the board of the Company during 2005-2008 was enclosed as "Annexure-2" to the SCN. Despite frequent change in promoters/directors of the Company, one Mr. Pratik Shah was managing affairs of the Company as a shadow promoter/director, till he was arrested u/s 406, 420, 409, 120B and 114 of IPC by Ahmedabad police on October 13, 2009 for cheating Ahmedabad Peoples Co-operative Bank to the tune of Rs.28.33 Crores. Investigating officials visited the premises of the Company at 4th Floor, A-wing, Maradia Plaza, CG Road, Ahmedabad on 16/12/2009 and it was observed that the premises was occupied by one Mr. Anil Amritlal Gandhi.

SHAREHOLDING PATTERN:

16. The investigation was focused on change in promoter's shareholding and how it got reduced from 11.63% to nil during the quarter December 2007. The trading details at BSE do not reflect any sale of shares by the promoters and the details available with the depositories do not contain any off-market debit transactions executed by the promoters. Surprisingly, the promoters were not holding shares in their beneficiary accounts as on September 30, 2007. Therefore, it was inferred that the promoters could have off-loaded their stake well before investigation period and the Company suspected to have submitting false information to the stock exchanges.

17. Analysis of shareholding pattern submitted by the Company with the BSE was carried out since April 2005 (for about 20 quarters), copies of shareholding pattern submitted by the Company to Stock Exchanges since march 2001 till March 2010 were enclosed as "Annexure-3" to the SCN. Details submitted by the Company to their shareholders and investing public at large has been compiled and tabulated as shown below-

Quarter ended	Holdings of Promoters					
	Parag shah	Jayesh Shah	Tushar Shah	Other promoters	Total shares	% of equity capital
March 2005	40,00,000	40,00,000	40,00,000	20,64,000	1,40,64,000	13.14%
June 2005	40,00,000	40,00,000	40,00,000	20,64,000	1,40,64,000	13.14%
Sept 2005	40,00,000	40,00,000	40,00,000	20,64,000	1,40,64,000	13.14%
Dec 2005	40,00,000	40,00,000	40,00,000	20,64,000	1,40,64,000	13.14%
March 2006	40,00,000	65,00,000	20,00,000	15,64,000	1,40,64,000	13.14%
June 2006	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
Sept 2006	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
Dec 2006	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
March 2007	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
June 2007	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
Sept 2007	40,00,000	65,00,000	20,00,000	-Nil-	1,25,00,000	11.68%
Dec 2007	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-	-Nil-

18. From the above table, it can be seen that during the year 2005, the three major promoter shareholders were holding 40 lac shares each. In the year 2006, 20 lac shares were apparently transferred from the account of Tushar Shah to Jayesh Shah and 5 lac shares transferred from other promoters to Jayesh Shah. The shares held by the three promoters were subsequently reduced to nil, by end of quarter December 2007. In

regard to actual shareholding by these persons, the same is being dealt in subsequent paragraphs.

PERFORMANCE OF THE COMPANY:

19. The Company reported to have engaged in trading in Government securities, manufacturing of gold jewellery and manufacturing Ice cream. The quarterly and annual financial results to BSE for the period during the years 2005-10 were enclosed as "Annexure-4" to the SCN. A table containing major heads of the Profit and loss statement is given below-

Type	Audited Annual		Unaudited Quarterly (amount in Rs. Crs- EPS in Rs.)							
Date Begin	1-Apr-06	1-Apr-07	1-Apr-06	1-Jul-06	01-Oct-6	01-Jan-07	01-Apr-07	01-Jul-07	01-Oct-07	01-Jan-08
Date End	31-Mar-07	31-Mar-08	30-Jun-06	30-Sept-06	31-Dec-6	31-Mar 07	30-Jun-07	30-Sep-07	31-Dec-07	31-Mar-08
Total Income	834.30	480.29	123.35	135.43	61.42	514.10	143.52	106.64	103.74	126.37
Net Profit (after tax)	1.16	4.36	1.54	1.61	-1.90	-0.08	0.39	0.27	1.63	2.12
EPS	0.10	0.40	0.58	0.60	-0.17	-0.01	0.03	0.02	0.15	0.19
Area of operations	1,2 & 3	1,2 & 3	1	1	1	1,2 & 3	1,2 & 3	NA	1 & 2	1 & 2

Area of operations

1. Government securities
2. Manufacturing of Gold Jewellery
3. Manufacturing of Ice Cream

20. From the above table, it is observed though the Company claimed to have shown higher sales but their net profit was too little. Though there was fluctuation in sales over a period two years but insignificant change in net profit of the Company. It is also observed that the revenue was generated only out of trading in Government Securities, manufacturing of Gold Jewellery and Manufacturing Ice Cream. The Company in their quarterly results (during 2005- 2010) did not report any income generated out of Software development, Infotech business or realty/ construction businesses. The Company reported no income from its operations since quarter ended June 30, 2008, which shows that the Company was practically in no business since April 2008.

MAJOR EVENTS

21. The Company over the years, made several announcements pertaining to their business developments, such as entering in new businesses, whereas quarterly results published by the Company showed that the income was earned by trading in Government securities, manufacturing of Jewellery and Ice Cream for the period during 2006-2008. The Company made several corporate announcements over the period and certain important /price sensitive announcements made during the relevant period are listed below-

Date	**Details of announcement / Event**
July 20, 2005	The company entered into strategic time-up with M/s Cartesian Computer Ltd. for development of software for defence.
Sept 06, 2005	The company bagged an order worth Rs.60 million from M/s Alps BPO services ltd. Further the board of the company approved to shift its registered office from Ahmedabad to Bangalore.
Oct 06, 2005	The company plans to diversify in the field of manufacturing ice-cream and other dairy products. The company also planned to diversify into contract farming and setting up of Agro Bio-tech park. Further, proposal to shift its registered office was cancelled.
Dec 02, 2005	The company in its EGM authorized the board to create, offer and issue 5.35 crore shares at Rs.2/- through preferential allotment to Mr. Pratik Shah and others. The Board was also authorized to create, offer and issued shares to the existing shareholders of Rs.1/- each at Par in the ratio of two shares for every one share held.
Feb 27, 2006	The Company dropped dealing with Alps BPO services, due to non-fulfillment of procedure, formalities and commitment from the buyers.
March 06, 2006	Tie-ups is no longer with Cartesian Computers henceforth.
March 16, 2006:	The company has signed a contract manufacture Ice-ceram with M/s Dharnendra inds Ltd., further the company also entered into an agreement with M/s Hirak Biotech Ltd to market their Ice-cream.
Nov 29, 2006	The company planned to enter in the business of Construction and Infrastructure business.
Dec 08, 2006	The company announced that they tied up with M/s Rajvi Construction for development of commercial and residential premises.
Jan 19, 2007	Decided to issue one crore shares of Re.1/- each on preferential basis at a price of Rs.3.10 per share.
Dec 05, 2007	The board accorded to borrow sum of money Rs.100 crore for meeting their business requirement.
Jan 07, 2008	The company plans to consider raising money through placement of shares/debentures/convertible instruments to QIB's.
Jan 15, 2008	The Board in its meeting held on January 15, 2008 approved raising of funds through QIB's or through GDR issue. The board also approved increase its authorized capital from Rs.12 crore to

	Rs.32 crore and increase of FII investment limit from 24% to 74%.

22. From the announcements, it is observed that in July 2005, the Company announced to have entered into the software development business, claimed to have tied up Cartesian computers and eight months later announced to have broken tie-up with Cartesian computers. Similarly, they announced to have tied up with Alps BPO Services and bagged order worth of Rs.60 million in September 2005 and in February 2006, they announced to have dropped dealing with Alps BPO services. Copies of important announcements made by the Company were enclosed as "Annexure-5" to the SCN.

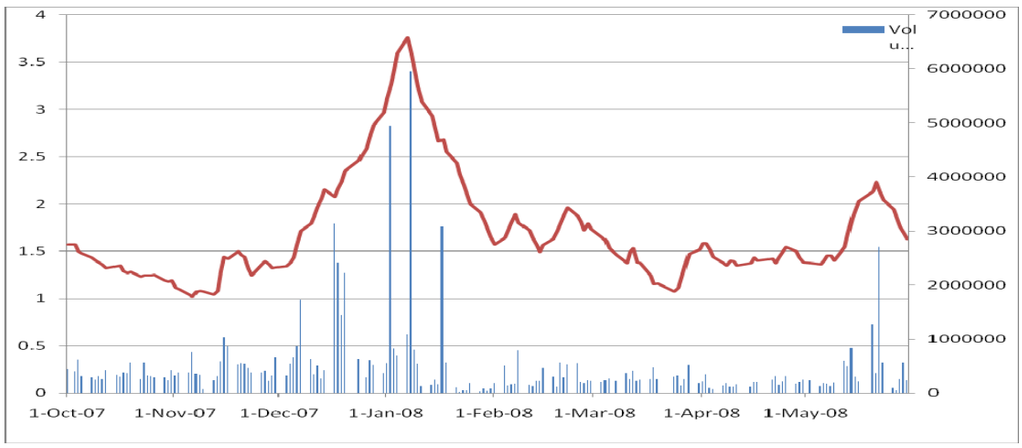
23. Further, the Company announced to have ventured in construction business during last week of November 2006. However, the quarterly results for next 10 quarters (beginning from quarter ended March 2007 till latest results available as of March 31, 2010) of the Company does not show any revenue generated out of construction business.

24. The Company also announced to have tie up with M/s Hirak biotech to market GO-COOL brand ice-cream. However, investigation revealed that Hirak Biotech is their group company and it has been operated from the premises of the Company and Mr. Pratik Shah was director of Hirak Biotech, who is also director of PCL.

TRADING IN THE SCRIP:

Price analysis

25. The scrip of PCL is listed at BSE, VSE and ASE. However, during the period of investigation i.e. October 2007- May 2008 it was traded only at BSE. Price of the scrip moved up from Rs.1.57 on October 01, 2007 to Rs.3.94 by January 08, 2008 and subsequently slipped to Rs.1.63 by end of investigation period. The price-volume chart of PCL at BSE is as under-



26. The price volume data recorded at BSE during the period of investigation is as below:

Exchange	Open	High	Low	Close
Price Re.1/- paid up	1.57 *(01/10/2007)*	3.94 *(08/01/2008)*	0.94 *(06/11/2007)*	*1.63* *(31/05/2008)*

Volume Analysis

27. During the investigation period, trading volume in the scrip at BSE also went up along with the price of the scrip but the scrip price fell after record volume of 59 lac shares traded on January 08, 2008. On that day, the scrip price opened at upward circuit filter at Rs.3.94 and closed at lower circuit filter at Rs.3.58, in the process the total quantity was 59.52 lakh shares with a total traded value was Rs.2.22 crore. Highlights of volume data is tabulated below-

Description	Volume
Maximum Volume during the period	59,52,882 *(08/01/2008)*
Minimum Volume during the period	17,825 *(22/01/2008)*
Average Volume /day	4,92,715 (165 days)
No. of trading days wherein trading volume was less than average volume	46 days
No. of trading days wherein trading volume was more than average volume	119 days

Analysis of trading at BSE

28. It is observed that the top 10 gross purchase members contributed 40.44% of the total gross quantity traded at the exchange. Similarly, top 10 gross sale purchase members contributed 40.31% of total quantity traded at the exchange. In regard to net purchase, top 10 trading members contributed 33.07% of total net quantity and top 10 sell members contributed 54.38% of total net quantity at exchange. Analysis further revealed that trading among top 10 members contribute 17.84% to the total trading at

exchange, which shows that buying at selling was scattered across the market, than that of trading among top 10 members.

29. Further, it is observed that top 11 gross buyers, contain top three net purchase clients namely, Kalaben Navnitbhai, S. Savita and Vijay Patwardhan. However, there is no apparent concerted action by these persons in taking up the scrip price or dumping stock. Top 12 gross sellers (more than 4 lakh shares) also contain top net sellers. Gross buyers/sellers having more than 6 lakh shares(single side) and top net buyers/sellers more than 3 lakh shares is tabulated below-

Name	Gross Buy	Gross sale	Net buy	Net Sale
Mahendra Doshi	28,43,279	27,13,611	1,29,668	-
Gopal Jagnani	20,83,372	20,84,372	-	1,000
Kalaben Navnitbhai	6,29,513	3,39,000	2,90,213	-
Samraj Naidu	6,25,000	6,24,450	550	
C Reddappa	2,71,200	6,30,216	-	3,59,016
Shalini Padiwal	0	6,07,434	0	6,07,434
S.Savita	4,82,225	1,26,700	3,55,525	-
Veluchamy Ramesh	0	5,00,000	-	5,00,000
P Rakesh Kapur	0	4,00,000	-	4,00,000
Muralidhar Reddappa	0	3,89,349	-	3,89,349

30. From the above clients, C Reddappa and Muralidhar Reddappa were having relationship of father and son. Further, the total quantity top net buyers, purchased less than 0.9% of total equity, similarly the total quantity of top net sellers, aggregately sold shares less than 2.4% of the total paid up capital of the Company. The top 5 net sellers sold 16.75 % of net sale at the exchange during the period.

31. The sellers purchased shares in the market prior to the investigation period and they sold the shares during the period under investigation. Apparently, they did not seem to have engaged in fraudulent transactions such as sychronised trading or reversal of trades or offloaded shares through unfair trade practices like dissemination of false information. Investigation did not reveal their connection with the promoters group. However, the issue of reduced shareholding of promoters remained unanswered.

32. The trading pattern at BSE during the said period does not suggest that the promoters sold their shares during the quarter ended December 2007 and no off-market

transactions were recorded in the promoters' beneficiary accounts. Further, shareholding pattern submitted by the Company suggests that the shareholding of promoters was reduced from 1,25,00,000 shares to nil during the quarter ended December 31, 2007. Further, names of the promoters did not appear at the beginning of the third quarter in top 50 shareholders of the Company at NSDL and CDSL. It has been found that 99% of the equity capital of the Company has been dematerialized since February 2006. Therefore, there is no possibility of holding shares by the promoters in physical share certificates. Further, beneficiary accounts of promoters were closed prior to the investigation period.

33. In order to verify shareholdings of the promoters, the depository data since January 2004 was analysed. Investigation revealed that the promoters offloaded their shareholdings as early as 2005 and their shareholding was reduced to nil by September 04, 2006. Whereas, the Company continued to file incorrect shareholding of promoters for next four quarters. The same is being dealt in subsequent paragraphs.

Fraudulent scheme

34. During the initial stages of investigation, the case appeared to be simple sale (11.68% of total equity capital) of shares by the promoters during a quarter ended December 2007. However, Investigation unearthed massive fraudulent scheme spread across two years, wherein more than 70 persons connected to the promoters, directors (including shadow directors and promoters), conspired with each other along with the Company, pooled shares from various demat accounts and sold more than 90% of equity capital for a consideration of over Rs.20 crore.

35. The scheme started by way of positive business announcements made by the Company such as tie ups in infotech/software business, preferential allotment to promoters at high price, venturing to construction/ infotech business. Some of such announcements were withdrawn by the Company after some period and some of them have not generated any business income to the Company. In the mean time, persons connected to the promoters sold shares in the market at a price, which was influenced by the positive announcements made by the Company.

36. The fraudulent scheme was probably started from announcement of tie up with M/s Cartesian computers Pvt. Ltd. for development of software for defence and thereafter announced to have an order worth Rs.60 million from Alps BPO Services Ltd., Later-

on, i.e. after 6-8 months the Company announced to have broken tie up with the M/s Cartesian Computers and dropped dealing with Alps BPO services ltd. However, it has been found from the annual returns filed by Cartesian computers with ROC for the year 2003-04 that, the company in fact was a subsidiary of Alps BPO Services Ltd. and Mr. Ramanbhai N. Trivedi was director of the Cartesian Computers since 08/05/1997. Copies of annual returns downloaded from MCA website were placed as "Annexure-6" to the SCN. The name of Mr. Ramanbhai N. Trivedi was shown in the list of promoter's shareholding, submitted by PCL in their quarterly shareholding pattern to BSE, during March 2001 and September 2003 (for a period atleast for 11 quarters). Further, the total sales of Cartesian computers for the year ended March 31, 2005 was shown to have nil, whereas, PCL in its announcement made on July 20, 2005 mentioned that *M/s Cartesian Computer Ltd., is currently engaged in developing of the high end software with many Government purpose such as defense and many other areas."* From the above, it can be inferred that Mr. Ramanbhai N Trivedi was a common link between PCL and Cartisian Computers Pvt. Ltd. & Alps BPO services Ltd. for quite a long period. Thereafter, PCL has made two negative announcements on February 27, 2006 and March 06, 2006, wherein it was stated that they dropped dealing with Alps BPO services and tie-up with Cartesian Computers is no longer.

37. From the above, it can be seen that PCL claimed to have entered with Cartesian Computers and one of its director was promoter of PCL and the same was not disclosed by the Company. Further, the language of announcement show that Cartesian computers could be a well established company, whereas it has nil income for year ended March 31, 2005. Therefore, the agreement was made between PCL and Cartesian Computers appears to be made for the purpose of creating investors interest in buying shares of the Company.

38. Meantime, the Company in order to establish benchmark for its scrip price, announced on December 02, 2005 to have approved preferential allotment of 5.35 crore shares at Rs.2/- per share to Mr. Pratik Shah and others. Later on, the said preferential issue was withdrawn in its board meeting held on March 13, 2006. During the period, price of the scrip came down from Rs.1.45 to Rs.0.75 and the persons connected to Pratik Shah/ promoters also sold shares in the market.

39. Similarly, during November 2006, the Company announced to have ventured in construction/ Infrastructure and tied with a construction company M/s Rajvi

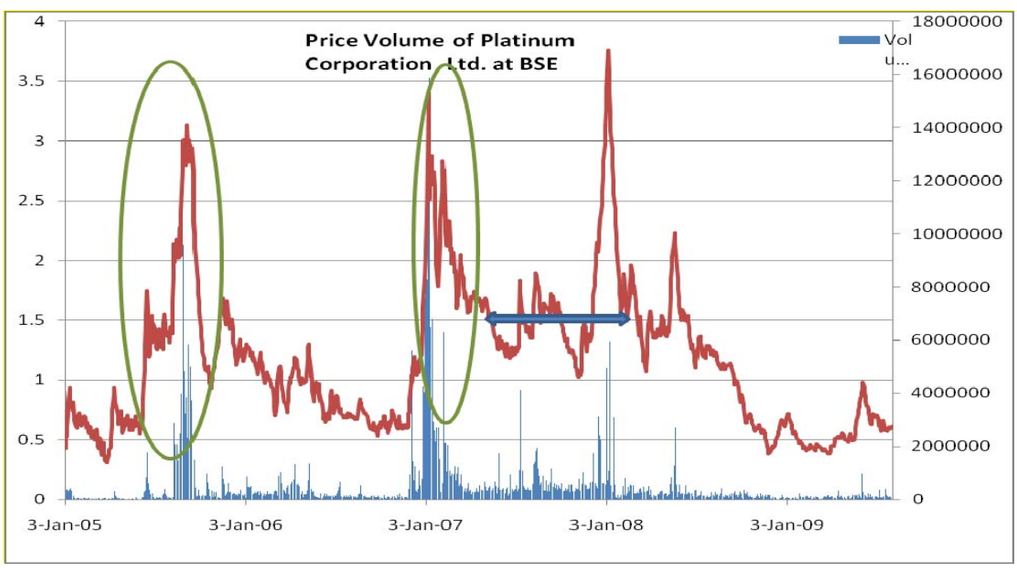
Construction for development of shopping malls and residential projects. They further informed that they approved investment limit of Rs.80 millions for the business. In order to strengthen their announcement, they decided to change its name and main objects of the Company, on December 20, 2006. Further, they decided in their board meeting held on January 19, 2007 to issue one crore equity shares through preferential allotment at a price of Rs.3.10 per share. None of the announcements have been implemented by the Company. The quarterly results published by the Company since March 2007 to March 2010, does not show any income from the construction activities, they did not change name of the Company and not issued shares through preferential allotment at Rs.3.10 per share. All the announcements were misleading to the general investors, could have induced them to buy shares of the Company. The same is evident from the scrip price moved up from Rs. 0.73 to Rs.3.40 and came down subsequently to Rs.2.12. During such price rise, persons connected to promoters offloaded the shares of PCL.

40. Another important preparatory leg for the scheme was to create market infrastructure for the purpose of sale of shares in the market. The persons connected to the promoters group opened beneficiary accounts in their respective names but there was a common telephone number (9824019596) in all these accounts. List of such accounts having common telephone number along with copies of KYC of all such accounts was enclosed as "Annexure-7" to SCN. On enquiry, it has been found that the telephone number is being used by Ashok Hiralal Shah, who is apparently main person behind operating these 21 accounts. The telephone no. also evidences connection between these persons. The list of aforesaid accounts as per Annexure 7 are listed below:

i. Ashaben Ambani
ii. Ashok Ambani
iii. B R Shah
iv. Bipinkumar Ratilal Shah
v. Shah Bipin Kumar
vi. Corporate Strategic Allianz Pvt. Ltd.
vii. Exdon Trading Company Ltd.
viii. Hiralal Popatlal Shah and (Induram Developers Pvt. Ltd.)
ix. Jayesh Shah
x. Manish Ashokbhai
xi. Meena Ambani
xii. Meena Ashok Bhai
xiii. Meena Shah
xiv. Meeta B Kumar
xv. M B Shah
xvi. Parag Shah

xvii. P B Shah
xviii. Preeti Bharatkumar Shah
xix. Sarlaben Shah
xx. Tushar Shah
xxi. Vashi Constructions Pvt. Ltd.

41. The scheme of fraudulent and unfair trade practice began with positive announcements by the Company for the purpose of inducing investing public in buying shares of the Company and also to hold existing shareholders from selling shares of PCL. Such announcements created artificial demand for the stock and at the same time persons connected to the promoters group dumped their shareholding. The scheme ended with dumping of 92% equity capital at the cost of innocent and un-informed investors. For the sake of clarity to understand the scheme, the findings are divided into three parts, first round of sale, sale during subdued period and final round of sale and the same is described in subsequent paras. Price-volume of the scrip was enclosed as "Annexure-8" to the SCN and price volume chart of the scrip for the whole period (four years) is given below-

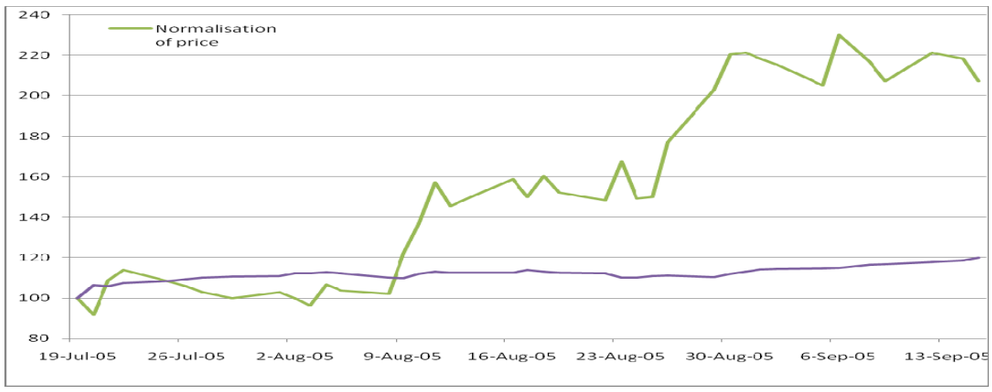


SALE OF SHARES

First round of sale of shares

42. As stated above, the Company made series of positive corporate announcements during the year 2005. The first round of sale of shares by promoter connected entities happened during the period July 20- September 15, 2005. The first round is further sub-divided into two periods on the basis of announcements; the first period was taken as July 20- September 05, 2005 and second period was taken as September 06-15,

2005. During the said two periods i.e., July 20- September 15, 2005, BSE sensex went up from 7373 to 8283 points, a rise of 910 points or 12.34%, whereas, price of the scrip went up from Rs1.36 to Rs.3.15 and closed at Rs.2.82, a rise of 107% during the same period. A chart depicting relative movement of scrip price of PCL vis-à-vis BSE sensex is given below-



43. On July 20, 2005, the Company made an announcement that "*the company has entered into strategic tie up with M/s Cartesian Computer Ltd. for development of software for defence.*" It was also mentioned that "*M/s Cartesian Computer Ltd., is currently engaged in developing of the high end software with many Government purpose such as defense and many other areas.*" The price and trading volume reacted positively to the announcement made by the Company, which is evident from increase in average trading volume and price of the scrip at BSE. The average volumes one month prior to the announcement were 1,31,076 shares /day and the average volumes one month after the announcement were 6,64,522 shares/ day. Further, price of the scrip moved in a range bound between Rs. 1.19 and Rs.1.59 during one month prior to the announcement and price moved up from Rs. 1.36 to Rs. 2.18 during one month after announcement. The momentum in the scrip price, generated by the announcement, carried the scrip price to move up further to Rs. 3.00 by August 30, 2005, thereafter settled the price at Rs.2.93 on September 02, 2005. The daily average volumes during July 20- September 02, 2005 were 17,98,489 shares, an increase of 1272% of average trading volumes prior to the announcement

44. From the above chart, it can be seen that during the above period, price of the scrip moved sharply than that of BSE-Sensex. The steep rise in price and volumes in the scrip can be attributed to positive announcements made by the Company.

45. During the period June, 17- September 05, 2005, certain entities/ persons connected to the promoters of the Company, sold and delivered 3,61,07,745 shares in the market by

September 05, 2005. They pooled the shares from various other connected persons and delivered in the market. Entity wise, broker-wise sale of shares by the group of persons is tabulated below-

Name of the entity	**Name of the broker**	**No of shares delivered**	**Shares delivered in the market were received through off-market from**
Robinson Worldwide Trade Ltd.	India Infoline Ltd.	2,12,30,779	Received 40 lac shares on 17/06/05 and 2,52,220 shares on 03/08/01 from Lakshya Securities, 75 lac shares from Ashok Hiralal Shah on 17/08/05, 80 lac shares from Anand Ramanlal Trivedi, 5 lac shares from Jayesh Shah and 40 lac shares (of which 9,78,559 shares were used for this period) from Manish Ashokbhai on 02/09/05. The total value of shares sold was Rs.4,98,13,712/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by RWTL estimated to be Rs.2,85,82,933/-
Bharat kumar Ratilal Shah	India Infoline Ltd.	54,90,468	Received 15 lac shares on 12/08/05 & 40,468 shares on 23/08/05 from Anand Ramanlal Trivedi and 40 lac shares (of which 39.50 lac shares were used for this period) from another account of Bharatbhai Ratilal Shah on 29/08/05. The total value of shares sold was Rs. 1,43,83,034/- . Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Bharat Shah estimated to be Rs.88,92,666/-
Exdon Trading Company Ltd.	India Bulls Securities Ltd.	43,86,498	Received 40 lac shares from Meena Ambani on 29/08/05 and 40 (of which 3,86,498 shares sold during this period) lac shares from Preeti Bharatkumar Shah on 06/09/05. The total value of shares sold was Rs.1,31,14,957/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Exdon estimated to be Rs.87,28,459/-
Anand Ramanlal Trivedi	Galaxy Broking Pvt. Ltd.	10,00,000	Holding shares prior to the said period. The total value of shares sold was Rs.20,22,294/- (including 4.80 lac shares having value of Rs.9.42 lacs were sold in the name of Hiralal Popatlal Shah). Considering the fair

Name of the entity	Name of the broker	No of shares delivered	Shares delivered in the market were received through off-market from
			value of acquisition cost of Rs.1/- per share, the profit made by Anand Trivedi estimated to be Rs.10,22,294/-
Meeta Bipin Kumar	Galaxy Broking Pvt. Ltd.	40,00,000	Received 5 lakh shares from Kalpesh Ramanbhai patel and 35 lac shares from Vasudev Ambaram Patel. The shares were transferred for the sale obligation of Hiralal Popatlal Shah (17,25,163 shares having value of Rs.52,82,768), Ramanlal Trivedi (7,32,040 shares having value of Rs.21,28,137/-), Anand Ramanlal Trivedi (90,000 shares having value of Rs.2,52,000/-), Ashok Hiralal Shah (11,82,797 shares having value of 36,05,916/-) and Exdon Trading (2,70,000 shares having value of Rs.7,80,300/-). The total value of shares sold was Rs.1,20,49,121/-. Considering the fair value of acquisition cost of Rs.1/- per share, total profit made by Meeta estimated to be Rs.80,49,121/-
Total shares sold		3,61,47,745	Viz. 33.78% of paid up capital of the company and the total sale consideration for 3,61,47,745 shares was Rs.9,13,83,117/-. Considering the fair value of acquisition cost of Rs.1/- per share, the total profit made by the said persons was Rs.5,52,35,372/-

Connection between the entities:

46. The documents obtained during the course of investigation show that, the above said persons are closely interlinked and connected to the promoters/ directors of the Company. Details of such connections are tabulated below:-

Name of the entity	Connection	Remarks/ Evidence
Robinson Worldwide Trade Ltd. (RWTL)	KYC of the DP, India Infoline Lt., BOID 10357128 shows that Mr. Ramanlal N. Trivedi was director of RWTL. KYC of Exclusive Broking House Ltd.	The name of Ramanbhai Trivedi was shown in promoters shareholding in quarterly shareholding submitted with BSE for the period during March 2001 till September 2003.

Name of the entity	Connection	Remarks/ Evidence
	shows that the address of RWTL was 403, Sanjay Apartment, opp. CN Vidyalaya, Ambawadi, Ahmedabad. The address is same as Induram Developers Pvt. Ltd., which is being managed by Ashok Hiralal Shah.	Establishes connection between Ashok Hiralal Shah and RWTL. RWTL also received shares from Mr. Jayesh Shah, promoter of PCL.
Bharatkumar Ratilal Shah	Bharat Shah received shares through off-market from Anand Ramanlal Trivedi, who is son of Ramanlal N. Trivedi. KYC of Bharat kumar R Shah maintained at DP SHCIL BOID:30308189 of B, contain mobile no. 9824019596, which is being used by Ashok H. Shah	The registered address of lakshya Securties is same as residential address of Bharatkumar and Bipinkumar. Therefore Bharat R. Shah is connected to the company through Ashok Shah and Mr. Ramanlal Trivedi.
Exdon Trading Company Ltd.	Mr. Ashok Hiralal Shah was director of Exdon Trading. Further, he signed Tripartite agreement entered between NSDL, PCL and Pinnacle Share Registry Ltd. on behalf of PCL as director of the company	Email of NSDL, duly enclosing copy of Tripartite agreement was enclosed as "Annexure-9" to the SCN.
Anand Ramanlal Trivedi	He is son of Ramanlal N. Trivedi	Mr Ashok Hiralal Shah in his letter dated 23/07/2010, stated that he knows Mr. Anand Ramanlal Trivedi since long time and he was employed with his friend. Anand Ramanlal Trivedi sold 10 lac shares through Galaxy broking of which 4,80,880 shares were sold in the account of Hiralal Popatlal Shah and remaining 5,19,120 shares were in his account.
Meeta Bipin	Meeta Bipin Kumar is	The shares transferred to

Name of the entity	Connection	Remarks/ Evidence
Kumar	wife of Bipin Kumar Ratilal Shah, who is brother of Bharat Ratilal Shah. KYC of BOID:30306394 at DP SHCIL, contain mobile no. 9824019596 being used by Ashok H. Shah	Galaxy broking was sold in the name of Hiralal Popatlal Shah, Ramanlal Trivedi, Anand R. Trivedi, Ashok Hiralal Shah and Exdon Trading. Thereby all the accounts are one and same and their common intention to sell the shares of PCL at an inflated price remains same.

47. Further, it is observed that Lakshya Securities is a company having registered office (as per MOU attached to KYC maintained at DP) at 604, Hemkunt Tower, 98 Nehru Place, New Delhi-110019 and correspondence address as 202, Samedh building, Near associated petrol pump, CG Road, Ahmedabad. It was having a beneficiary account with DP, Shah Investor's Home services having BOID:10280166 and the beneficiary account is being operated by Mr. Ramanlal N Trivedi. KYC of Lakshya, shows that the premises at Samedh building belongs to M/s Induram Developers Pvt. Ltd. and they leased out a table space to Lakshya through an MOU dated April 01, 2004. The said MOU was signed by Mr. Pratik Shah on behalf of Lakshya Securities and Credit holdings Ltd. Induram Developers is a company being managed by Ashok Hiralal Shah. A copy of the KYC of Lakshya Securities and a copy of letter of Pavapuri Capital & Finance Ltd. showing signature of Pratik R. Shah was enclosed as "Annexure-10" to the SCN. The documents and circumstances show that Mr. Pratik R. Shah, Mr. Ashok Hiralal Shah and Ramanbhai N. Trivedi conspire while carrying out operations of Lakshya securities and Credit holdings Ltd.

48. From the above, it is clear that, all the above five persons are connected to each other and also connected to the promoters/Directors of PCL. The Company on one hand made positive announcements and on the other hand, the persons connected to the promoters dumped 3,61,47,745 shares of PCL. The preparatory actions such as pooling of shares from various demat accounts / persons and timing of sale of shares by these persons after the Company made fraudulent announcements, which created investors' interest in the scrip, shows that they conspired with each other along with the Company caused loss to the investors by way of inducing them to purchase shares of PCL for an amount of Rs.9,13,83,117/-. Considering the fair value of acquisition cost of Rs.1/- per share, the total profit made by the said persons estimated to be Rs. Rs.5,52,35,372/-

49. The quest of the persons connected to the promoters and the Company, did not end with the above mentioned fraudulent sale of shares. The Company in order to create further artificial demand for the stock, once again released positive news on September 06, 2005, that "they recently bagged an order worth Rs.60 million from M/s Alps BPO Services Ltd., Bangalore branch for developing software for its clients." The news apparently strengthened the belief of un-informed investors that the Company was progressing in the area of infotech business.

50. On the day of announcement, price of the scrip moved from Rs. 2.79 to Rs.3.15 with a trading volume of 23.40 lakh shares. Thereafter, the price was in a range bound between Rs. 3.15 and Rs.2.82 for next seven trading days with a daily average volume of 37.07 lac shares. During the seven trading days the entities connected to promoters sold and delivered 1,22,39,706 shares in the market.

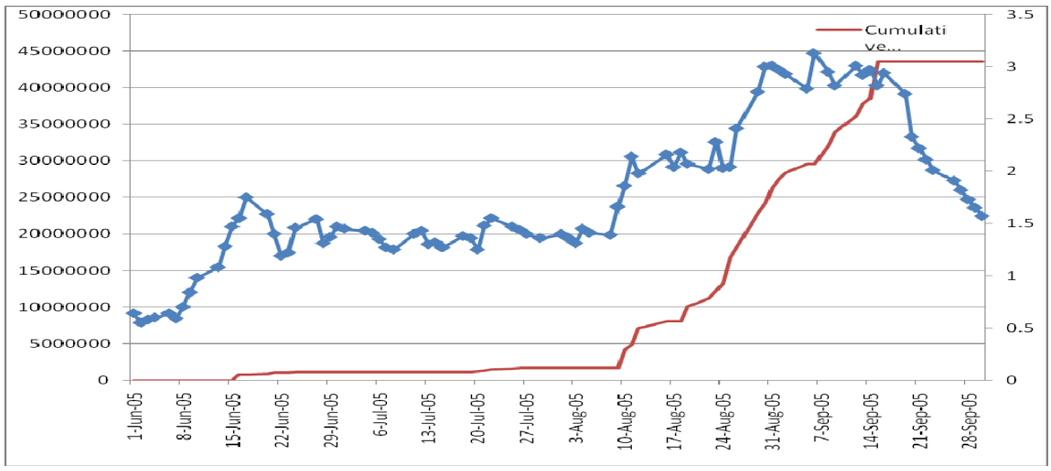
51. Entity wise, broker-wise sale of shares by the group of persons for the period during September 06- 15, 2005 is tabulated below-

Name of the entity	Name of the broker	No of shares delivered	Shares delivered in the market were received through off-market from
Robinson Worldwide Trade Ltd.	India Infoline Ltd.	77,89,706	40 lac shares (of which 30,21,411 shares were used for this period) from Manish Ashokbhai on 02/09/05, 40 lac shares from Meena Ashokbhai on 13/09/05 and 34.5 lac shares (of which 7,68,265 shares sold during this period) from Mita Bipinkumar Ratialal Shah on 19/09/05. The total value of shares sold was Rs.2,31,14,765/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by RWTL estimated to be Rs.1,53,25,059/-
Bipin Ratilal Shah	Galaxy Broking Pvt. Ltd.	4,00,000	Received 5 lac shares from Mahendra Kashiram Patel on 05/01/05. The shares sold were in the name of Hiralal Popatlal Shah. The total value of shares sold was Rs. 11,60,000/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Bipin Shah estimated to be

			Rs.7,60,000/-
Exdon Trading Company Ltd.	Indiabulls securities Ltd.	26,70,000	Received 40 lac shares from Preeti Bharatkumar Shah on 06/09/05, (of which 3,86,498 shares sold during prior period, 26,70,000 shares sold during this period and remaining 9,43,502 shares sold through Religare securities in January 2007. The total consideration for sale of 26,70,000 shares was Rs.80,96,666/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Exdon estimated to beRs.54,26,666/-
Bharatbhai Shah	India Infoline Ltd.	50,000	Received 20 lakh from Subhadraben Ramalal Patel in BOID-30308189 thereafter transferred to his another demat account BOID 10337884, of which 39.5 lac shares sold during prior period and remaining shares sold during this period. The total consideration for sale of 50,000 shares was Rs.1,65,500/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Bharat Shah estimated to be Rs.1,15,500/-
Total shares sold		1,09,09,706	Viz. 10.19% of paid up capital and the total sale consideration for 1,09,09,706 shares was Rs.3,25,36,931/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by the said persons estimated to be Rs.2,16,27,225/-

52. From the above, it is clear that during the period June 17- September 15, 2005, the entities connected to the promoters offloaded 4,70,57,451 shares (viz. 43.92% of total paid up equity capital) for a total consideration of Rs.12,39,20,048/-. Considering the fair value of acquisition cost of Rs.1/- per share, the total profit made by the persons connected to promoters estimated to be Rs.7,68,62,597/-. As stated prior, all the above persons are connected with each other and Mr. BipinKumar Ratilal Shah is being connected to the promoters by way of receipt of shares from Mr. Parag Shah. Further, the shares transferred by Bipin Ratilal Shah were sold in the name of Hiralal Popatlal

Shah at Galaxy Broking Ltd. As stated in earlier paras, Mr. Ramanlal N Trivedi was Managing Director of M/s Cartesian computers, which is wholly owned subsidiary of Alps BPO Services Ltd., which clearly establishes business relationship between Ramanlal Trivedi and Alps BPO and also with PCL. Mr. Ramanlal Trivedi appears to be on two sides of the coin. The factual terms of tie up between PCL and Alps BPO would also be known to Mr. Ramanlal Trivedi along with other entities connected with the promoters group, therefore they dumped the shares to innocent investors during the period of such positive announcement. The fraudulent motive of these persons establishes with a fact that the tie up was shown to have broken citing various reasons during February 2006. A chart depicting scrip price movement vis-à-vis cumulative sale of shares by promoters for the period during June 01-September 30, 2005 is shown below:-



53. From the above, the cumulative sale of shares and scrip price movement shows linear relationship, i.e., sold shares in line with price movement and sold more number of shares as soon as it reached peak price.

54. The Company once again announced on October 06, 2005 to have ventured in the field of manufacturing ice-cream and other dairy products. They also announced to have planned to diversify into contract farming and setting up of Agro-biotech park. The news could not set fire in the secondary market as it was done earlier. However, the news facilitated the entities connected to the promoters continue to sell their shares in relatively small quantities. During the said period RWTL, Hiralal popatlal Shah and Exdon Trading Company Ltd., quietly sold 33,34,426 shares (and purchased 1,48,873 shares) for a net consideration of Rs. 47,04,421/- during November 16, 2005 to February 14, 2006.

55. Thereafter, on February 27, 2006, the Company announced that they dropped dealing with Alps BPO services due to non-fulfillment of procedure, formalities and commitment from the buyers. Similarly on March 06, 2006, they announced that the tie ups with Cartesian Computers are no longer. In this regard a letter dated July 12, 2010 has been sent to M/s Cartesian computer for verifying the authenticity in the agreement/ tie-up has been returned undelivered. Further, a letter dated July 12, 2010 was sent to Alps BPO services and the entity did not reply till date of finalization of the report. ROC record also shows that Mr. Ramanbhai Trivedi was Chairman and Managing Director of M/s Cartesian computers and KYC of RWTL shows he was director /authorized signatory. He being other part of the agreement between PCL and M/s Cartesian computers and also sold shares of PCL in the market through RWTL. His commissions in entering the agreement with PCL and disclosing it as corporate announcement by the Company and intentionally not disclosing the relationship between the parties, subsequent cancellation of the deal/ agreement and in the meantime sale of shares by RWTL and others, clearly shows fraudulent motive of Mr. Ramanlal Trivedi, Mr. Ashok H. Shah, directors of the Company and others. As stated earlier, the telephone no. mentioned on KYC of 21 demat accounts apparently belongs to Ashok Hiralal Shah, indicates that he was the key person in operating all the accounts. The fact could not be verified as Mr. Ashok Shah did not appear before investigating authority and no information was received from the mobile operator in regard to registered ownership of the mobile number.

56. In order to find details of shares held by the promoters group, relationship among themselves and details of corporate announcements made by the Company, etc., letters during the course of investigation have been sent to the Company and its directors returned undelivered. Summons sent to (Directors of the company) Mr. Dinkar Bhanuprasad Shrimali, Mr. Anindo Banerji, Bipinchandra Ratilal Gadhiya and Mehul Chetankumar Shah were returned undelivered. No reply was received from Mr. Pratik R. Shah in response to the summons. Letters sent to promoters Mr. Jayesh Shah, Mr. Tushar Shah and Mr. Parag Shah returned undelivered. Letters sent to the M/s Cartesian computers and Alps BPO services returned undelivered. The absence of the information / non-cooperation from the Company, its directors and promoters, confirms fraudulent motive of the promoters and connected entities.

57. Summons were sent to Lakshya Securities, Meena Ashok Ambani has been returned undelivered and summons sent to persons connected to the promoters group, such as

Bharat Ratilal Shah, Bipin Ratilal Shah, Preeti Bharat kumar shah, Meeta Bipin Kumar Shah & Jayesh Dineshbhai shah were not replied. Non-cooperation from the entities and in absence of information from the Company, the findings were based on the documentary inferences.

58. The Company in their quarterly results for the period ended September 2005, December 2005 and March 2006, declared that the Company operated only in one segment, i.e. trading in Government securities and did not report income from Infotech /software activities, which evidences that the Company did not carry out any commercial operations in software/infotech sector.

59. From the above, it shows that the Company announced to venture in infotech / software development business but did not carry out the same and the news announced in July/ August 2005 which was actually not implemented and the news of venturing into software business as taken back in February / March 2006, during the period price of the scrip went up and the entities connected to the promoters dumped 5.03 crore shares of PCL having value of Rs.12.86 crore. Considering the fair value of acquisition cost of Rs.1/- per share, the total profit made by the persons connected to promoters estimated to be Rs.7.82 crore. Facts and circumstances mentioned above clearly shows that the Company pumped positive news in the market and the entities connected to the promoters dumped shares in the market at the cost of innocent and mis-informed investors.

Subdued period

60. Thereafter, on March 16, 2006, the Company announced that they had signed a contract to manufacture ice-cream with M/s Dharnendra Inds Ltd. and entered into an agreement with Hirak Biotech Ltd. to market their Ice Cream.

61. Thereafter, price of the scrip was volatile and moved in a range between Rs.1.30 to Rs.0.65 and reached Rs.0.72 by August 30, 2006. During the period March 10- August 30, 2006, the entities connected to promoters purchased 2,19,057 shares and sold 38,27,527 shares for a net consideration of Rs. 40,26,772/-. During the same period BSE-Sensex went up from 10,765 points to 11,722 points, rise of 957points or rise in 8.88%. Chart showing relative movement of Index and scrip price is given below-



62. The above chart shows that for some period the scrip price was moving in tandem with the BSE-Sensex, later-on the scrip price moved in opposite direction of BSE sensex.

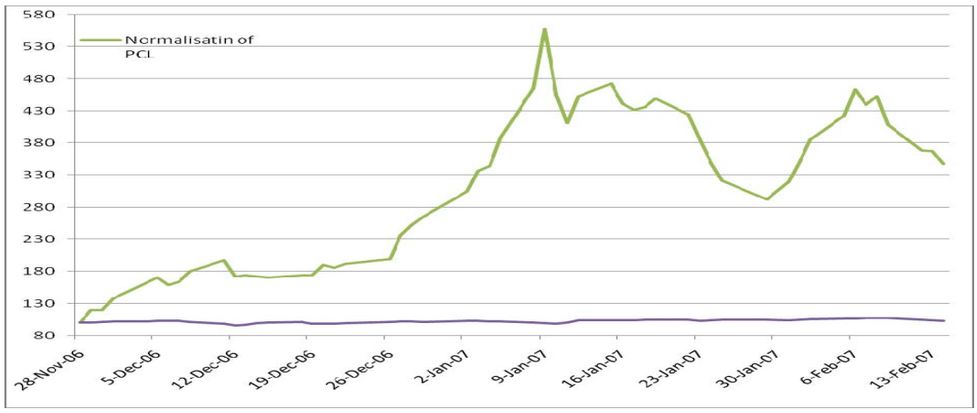
63. Officers of SEBI Investigation Team visited the premises of the PCL at 4th Floor, A-wing, Mardia Plaza. CG Road, Ahmedabad- 380 006. It was found that the premises were under the possession of one Mr. Anil Gandhi and no business operations were being carried out from the premises by PCL. Summons dated July 23, 2010 sent to Mr. Anil Gandhi, to appear and submit information pertaining to his possession of the company premises on July 30, 2010. He failed to submit and appear on the said date and time and it has been brought to our notice that the said summons were delivered to Mr. Anil Gandhi only on August 02, 2010. It also observed that a name plate of Hirak Biotech Ltd. was displayed on the part of the premises, shows that Hirak Biotech could also be operating from the same premises. Further, the Company documents from the MCA website show that Mr. Pratik Rameshchandra Shah and Dinkar Bhanuprasad Shrimali are directors of Hirak Biotech Ltd. and they are also directors PCL. Thereby, the agreement between Hirak Biotech and PCL could be a sham transaction to make an impression of serious business plans of the company to the investing public. Letters sent to Dinkar Bhanuprasad Shrimali returned undelivered and no reply received from Pratik R. Shah.

Second Round of Sale of shares

64. The Company once again announced positive news in the market on November 29, 2006 that they were planned to enter in the business of Construction and Infrastructure, and "also looking for negotiating for the tie up of construction and infrastructure related projects approved by the Government with the property developers and some industries in the infrastructure held. Further, on December 08,

2006, the Company announced that they had tied up with M/s Rajvi Construction for development of commercial and residential premises.

65. The said two corporate announcements fuelled to the price of the scrip and the price went up from Rs. 0.61 on 28/11/2006 to Rs.3.14 and settled at Rs.2.12 by February 14, 2007. During the same period BSE Sensex went up from 13601.95 points to 14,009 points, a rise of 407 points or 3% rise, whereas, during the same period price of the scrip of PCL moved up by 347%. A Chart indicating movement of scrip price (normalised) of PCL and BSE sensex is given below-



66. From the above chart, it is observed that the scrip price moved as high as 463% before it settled at rise of 347% by February 14, 2007. The pattern shows that the price of the scrip was abnormal and such steep price rise can be attributed to the positive news of venturing into construction and infrastructure business.

67. Investigation revealed that, the Company in their quarterly results submitted to the stock exchanges for the next 13 quarters from quarter ended March 31, 2007 to till March 31, 2010, did not show any income from Construction/ infrastructure activities. It has been observed that the Company was not able to generate any commercial activity in the business of construction and infrastructure, therefore it can be inferred that the announcements made by the Company to have plans of construction / infrastructure business and tie up business with Rajvi constructions were misleading announcements.

68. The entities connected to the promoters once again offloaded 3.01 crore shares. Entity wise, broker-wise sale of shares by the group of persons for the period during November 30, 2006 to February 14, 2007 is tabulated below-

Name of the entity	Name of the broker	No of shares delivered	Shares delivered in the market were received through off-market from
Bharatkumar Ratilal Shah	India Infoline Ltd.	20,31,870	Gross sales 24,85,866 shares and purchased 4,53,996 shares. Received 20 lac shares on 30/01/06 from Tushar shah, of which he sold 12,31,870 shares during this period. Further, received 6 lac shares and 2 lac shares on 05/12/06 and 20/12/06 respectively from Bipin Ratilal Shah. The total net sale value was Rs.23,22,050/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Bipin Shah estimated to be Rs.2,90,180/-
Bipinkumar Ratilal Shah	India Infoline Ltd.	19,15,476	Holding shares in BOID:10892340 which were transferred to BOID:10446391. The total sale value was Rs.43,44,278/- . Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Bipin Shah estimated to be Rs.24,28,802/-
Corporate Strategic Allianz Pvt. Ltd.	Kotak Securities	10,00,000	Received 10 lac shares from Tushar Shah on 04/08/06. The total sale value was Rs.30,64,745/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by corporate Allianz estimated to be Rs.20,64,745/-
Exdon Trading Company Ltd.	Religare Securities Ltd.	26,33,502	Received 16.9 lac shares from Parag Shah (out of 20.50 lac shares) on 17/11/05. The remaining 9,43,502 shares were transferred another demat account. The total sale value was Rs.61,54,717/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Exdon estimated to be Rs.35,21,215/-
Girish Gatubhai Doshi	India Infoline Ltd.	11,41,516	Received 4.0 lac shares from Bipin Ratilal, 7,41,516 shares from Jayesh Shah (out of 20 lac shares received on 30/01/06). The total sale value was Rs.16,13,413/- Considering the

			fair value of acquisition cost of Rs.1/- per share, the profit made by Girish estimated to be Rs.4,71,897/-
Hiralal Popatlal Shah	Shah Investor's home	18,34,450	Holding 14.55 lac shares in physical, dematerialized on 07/02/07. Further, received 2,48,082 shares from Anand Ramanlal Trivedi on 19/01/07. The total sale value was Rs.43,45,814/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Hiralal Shah estimated to be Rs.25,11,364/-
Induram Developers Pvt. Ltd.	Exclusive broking house Ltd.	24,14,999	Received 10 lac shares from Bipin Ratilal on 12/07/06, 10 lac shares from Sonika Granites on 09/01/07 and 4,14,999 shares from Girish Gautubhai Doshi on two dates 28/12/06 and 29/12/06.. The total sale value was Rs.49,62,241/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Induram estimated to be Rs.25,11,364/-
Meena Ashok Shah	Shah Investor's Home Ltd.	15,00,000	Dematerilised 15 lac shares on 16/11/05. The total sale value was Rs. 41,86,610/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by meena Shah estimated to be Rs.26,86,610/-
Parvati minerals Pvt. Ltd.	Geojit Securities and JM Financials	70,85,001	Received 20 lac shares from Ashaben Ambani on 13/07/06, 20 lac shares, from Parag shah on 11/08/06 & 18/08/06, 15 lac shares from Shanti Tradelink on 09/01/07 &10/01/07, 5,85,001 shares from Girish Metals on 10/01/07 and 10 lac shares from Preeti Bharat Shah 10/07/06. The total sale value was Rs.1,60,37,989/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Parvati Minerals estimated to be Rs.89,52,988/-

Pratik Minerals Pvt. Ltd.	JM Financials	35,00,000	Received 10 lac shares from Preeti Bharat Shah on 10/07/06, 10 lac shares from Parag Shah on 17/08/06 and 15 lac shares from Shanti Tradelink on Jan 9-10, 2007. The total sale value was Rs.81,74,344/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Pratik Minerals estimated to be Rs.46,74,344/-
Rudra Securities and capital Ltd.	IL & FS Securities	25,00,000	25 lac shares from Jayesh Shah on 30/08/06, 31/08/06 and 04/09/06. The total sale value was Rs.46,59,971/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Rudra Securities estimated to be Rs.16,59,971/-
Sarlaben Hiralal Shah	Shah Investor's Home Ltd.	15,00,000	Dematerilised 15 lac shares on 16/11/05. The total sale value was Rs.44,03,638/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Sarlaben Shah estimated to be Rs.29,03,638/-
Shalibhadra Steel Pvt. Ltd.	Anand Rathi financial services	23,10,000	Received 20 lac shares from Ashok Ambani on 17/07/06, The total sale value was Rs.52,83,225/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Shalibhadra estimated to be Rs.29,73,225/-
Shankeshwar Metals Pvt. Ltd.	Anand Rathi financial services	25,00,000	Received 10 lac shares from Ashok Ambani on 17/07/06, 10 lac shares from Jayesh Shah 26/08/06 and 5 lac shares from BOID-CDS-14271. The total sale value was Rs.56,16,683/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by Shankeshwar estimated to be Rs.31,16,683/-
Siddhi Vinayak Trade link pvt. Ltd.	Anand Rathi financial services	25,00,000	Received 10 lac shares from Ashok Ambani on 17/07/06, 10 lac shares from Jayesh Shah on 25/08/06 and 5 lac shares from CDS-14271. The total sale value was Rs.58,52,299/-. Considering

			the fair value of acquisition cost of Rs.1/- per share, the profit made by Siddhivinayak estimated to be Rs.33,52,299/-
Vashi Construction Pvt. Ltd.	RR Equity brokers	20,00,000	Received 10 lakh shares from Tushar Shah on 04/08/06 & 10 lac shares from Sonika Granites on 10/01/07. The total sale value was Rs.43,89,873/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by vashi construction estimated to be Rs.23,89,873/-
Total shares sold		3,83,66,814	Viz. 35.85% of paid up capital sold for a total consideration of Rs.8,54,11,891/-. Considering the fair value of acquisition cost of Rs.1/- per share, the profit made by persons connected to promoters estimated to be Rs.4,70,45,077/-

69. In regard to the relationship among the above entities, KYC documents obtained from DP's shows that Mr. Ashok Hiralal Shah and his father Hiralal Popatlal Shah were directors of Vashi Constructions Pvt. Ltd., Induram Developers Pvt. Ltd. and Corporate Strategic Allianz Pvt. Ltd., Further, Mr. Ashok Hiralal Shah was signed as director of PCL in the Tripartite Agreement dated 30/03/2000. Meena Ashok Shah is wife and Sarlaben Hiralal Shah is mother of Ashok Hiralal Shah. Girish Gatubhai Doshi is connected to the promoters by way of receipt of off-market shares from Jayesh D. Shah. Mr. Bipin Ratilal Shah and Mrs. Mita Bipin Shah are directors of Parvati Minerals Pvt. Ltd. and Pratik Minerals Pvt. Ltd. Rudra Securities is connected to promoters by way of receipt of shares through off-market from Jayesh D. Shah. Mr. Anand Ramanlal Trivedi is director of Shalibhadra Steel Pvt. Ltd., Shankeshwar Metals Pvt. Ltd. and Siddhi Vinayak Trade link pvt. Ltd. Further, Sankeshwar Metals and Siddhi Vinayak trade link is also connected by way of receipt of the shares through off-market from Jayesh D. Shah. The persons who had sold shares (in all three periods) in the market and their connection with the promoters / director of the company was tabulated and enclosed as "Annexure-11" to the SCN. Pictorial representation of movement of shares from/to the promoter's beneficiary accounts was enclosed as "Annexure-12" to the SCN and the person who sold shares was enclosed as "Annexure-13" to the SCN. All these persons are connected by way of

transactions in the scrip of PCL among themselves and the pattern of movement of shares among them and subsequent sale of shares in the market, shows meeting of their minds in fraudulent sale of shares.

70. It is also observed that Anindo Banerjee, Dhrumal Vaidya and Pratik R. Shah are directors of PCL and Ms. Nikita Dave was also director of PCL. M/s Vashi Construction Pvt. Ltd. belongs to Mr. Ashok Shah. The bank account Vashi construction shows that Mr. Rajesh C. Shah and Bhavna Shah were directors of the company. Mrs. Bhavana Shah is sister of Ashok Shah and wife of Rajesh C. Shah. Dhanlaxmi lease finance belongs to Bipin Ratilal Shah and Bharat Ratilal Shah. The address of Rudra Securities prior to 11/11/2008 was shown to have been residential address of Ashok Shah. In regard to M/s Sarang Chemicals Ltd., one of its director Mr. Dinkar Bhanuprasad Shrimali is also director of M/s PCL. Mr. Pratik Shah, M/s Nikita Dave and Mr. Jayesh D. Shah were directors of Hirak Biotech Ltd., who were also directors of PCL.

71. It is also observed that Ambani Group consists of four family members namely Meena Ashok Ambani, Manish Ashokbhai, Ashaben Ambani and Ashok Ambani. Further, Bipin Ratilal Shah Group consists of Bipin Ratilal Shah, his wife Meeta Bipin Shah, his brother Bharat Ratilal Shah and his wife Mrs. Preeti Bharat Shah, Parvati Minerals Pvt. Ltd. and Pratik Minerals Pvt. Ltd.

72. From the above, it can be seen that various entities connected to the promoters group dumped 3,83,66,814 shares, equivalent to 35.85% of total equity dumped in the market in a span of 53 trading days having value of Rs.8,54,11,891/-. The Company facilitated the entities connected to the promoters group in off-loading its shares by way of pumping positive news in the market, so that innocent and un-informed investors get induced with the positive news and purchase shares of PCL.

73. During the said three periods, 19 persons/ entities connected to the promoters/ Directors offloaded shares of PCL in the market during the period when the Company made positive corporate announcements in the market. Three persons namely Ashok Hiralal Shah being director of three such entities, Ramanlal N. Trivedi being director of one entity and Manish Muchhala being director of one such entity. The said three persons were responsible for the affairs of the said entities.

74. Further, 16 persons transferred their shares to the promoters and/or persons connected to the promoters/ directors and these shares were ultimately offloaded in the market. The pattern of movement of shares and subsequent sale of shares apparently looks as if these persons were benami's of promoters, as alleged in the complaint filed by 'All Gujarat Investors protection trust'. 14 persons facilitated to promoters and persons connected to the promoters who sold shares in the market by way of off-markets in their demat accounts. List of the person their role/ actions is tabulated below-

S. No.	Name of the person	Role/ Action
Persons transferred their shareholding to promoters and/or persons connected to promoters/ Directors		
1	Ashok Purushottambhai Patel	Transferred 35 lac shares to Bipin Kumar Shah
2	**Balchandra K. patel**	**Transferred 20 lac shares to Meena Ambani**
3	Divyesh Jayantibhai Parmar	Transferred 20 lac shares to Shankarlal M. patel, who in turn transferred the shares to Parag Shah and Jayesh Shah
4	Gitaben Chandulal Patel	Transferred 35 lac shares from Meena Ashokbhai
5	Kalpesh Ramanbhai Patel	Transferred 5 lac shares to meeta Bipin Ratilal Shah and 30 lac shares to Bipin Ratilal Shah
6	Mahendra Kashiram patel	Transferred 5 lac shares to Bipin Kumar Shah and 30 lac shares to Ashaben Ambani
7	Mukesh Chimanlal Bhayani	Transferred 30 lac shares to Preeti Bharakumar Shah and 5 lac shares to Meena Ashokbhai
8	Narendra kashiram patel	Transferred 20 lac shares to bharat Shah and 15 lac shares to Preeti Bharat Shah
9	Pravinbhai Kashiram Patel	Transferred 10 lac shares to Ashaben Ambani and 25 lac shares to Ashok Ambani
10	Sanjay S. Patel	Transferred 5 lac shares to Tushar Shah and 30 lac shares to Parag Shah
11	Subhadraben Ramanlal Patel	Transferred 15 lac shres to Manish Ashokbhai and 20 lac shares to Bharat Ratilal Shah
12	Suketu Ramanlal Patel	Transferred 10 lac shares to Bipin Ratilal and 25 lac shares to Manish Ashokbhai
13	Suresh H. patel	Transferred 34.50 lac to Meeta Bipin Shah
14	Vasudev Ambaram Patel	Transferred 35 lac shares to Meeta Bipin Kumar

15	Vinay Ramaniklal Patel	Transferred 35 lac shares to Tushar Shah
16	Vasantkumar Bababhai Patel	Transferred 35 lac shares to PB Shah
Persons facilitated promoters and/or persons connected to promoters/ Directors in pooling the shares and/or acted as conduit for movement of shares for the purpose of offloading shares in the market		
1	Ashaben Ambani	Received 10 lac shares from Pravinbhai patel and 30 lac shares from Mahendra Patel and transferred 20 lac shares to parvati minerals, 10 lac shares to Sonika Granites and 10 lac shares to Girish Metals Pvt. Ltd.
2	Ashok Ambani	Received 15 lac shares from Manoj R. Shah and 25 lac shares from Pravinbhai Kashiram Patel and transferred 10 lacs each to Sankeshwar Metals and Siddhivinayak Tradelink and 20 lac shares to Shalibhadra Steel Pvt. Ltd.
3	Dharmendra Babulal Gandhi	Received 50 lac shares to Pavapuri Capital and returned back to pavapuri Capital after 7 days. The address of pavapuri Capital is same as residential address of Pratik R. Shah
4	Girish Metals Pvt. Ltd.	They received 10 lac shares fro Ashaben Ambani of which 4.15 lac shares transferred to induram Developers and 5.85 lac shares to Parvati Minerals
5	Lakshya Securities and Credit holdings Ltd.	Transferred and received back 50 lac shares to Pavapuri capital. Transferred 72.24 lac shares to Anand Ramanlal Trivedi. Purchased 42.52 lac shares from india Infoline and transferred the shares to Robinson Worldwide Trade Ltd.
6	Manish Ashokbhai	Received 15 lac shares from Subhadraben Ramanlal Patel and 25 lac shares from Suketu Ramanlal Patel and these shares were transferred to Robinson Worldwide Trade Ltd.
7	Manoj R. Shah	Received 35 lac shares from BOID 30203296 , of which 20 lac shares transferred to Meena Ambani and 15 lac shares to Ashok Ambani
8	Meena Ashokbhai	Received 5 lac shares from Mukesh Chimanlal Bhayani and 35 lac shares from Gitaben Chandulal Patel and transferred these 40 lac shares to Robinson Worldwide.
	Meena Ambani	Received 20 lac shares from Manoj R. Shah and 20 lac shares from Balchandra K. Patel and transferred these shares to Exdon Trading co. ltd.

9	Pavapuri Captial & Finance Ltd.	They received 50 lac shares from Laksya Securities and transferred these shares to Dharmendra B. Gandhi. Thereafter, they received back these shares from Dharmendra and they inturn transferred back to Lakshya Securities.
10	Preeti Bharat Kumar Shah	Received 10 lac shares from narendra Kashiram patel, 30 lac shares from Mukesh Chimanlal Bhayani. Thereafter transferred 10 lac shares to Pratik Minerals 10 lac shares to parvati Minerals and 20 lac shares to BOID CDS-490163
	PB Shah	Received 35 lac shares from Vasantkumar Bababhai Patel, 5 lac shres from Narendra Kashiram Patel. Thereafter transferred these 40 lac shares to Exdon Trading
11	Shankarlal M. patel	Received 20 lac shares from Diyesh Jayantibhai parmar. Transferred 40 lac shares to Ashok Hiralal Shah, 10 lac shares to parag Shah and 40 lac shares Jayesh Shah.
12	Shanti Tradelink pvt. Ltd.	Received 10 lac shares from Bipin Ratilal 20 lac shares from Jayesh Shah. Thereafter transferred l5 lac shares to Parvati Minerals and 15 lac shares to Pratik Minerals
13	Shiromani Infrastructure Ltd.	Received 50 lac shares from Pavapuri Capital and returned after 3 and half months.
14	Sonika Granites Pvt. Ltd.	Received 10 lac shares each from Ashaben Ambani and Parag Shah and transferred 10 lac shares each to Induram Developers and Vashi Construction Pvt. Ltd.

75. These 30 persons have transferred shares to the persons who sold shares in the market and acted as conduit, thereby, facilitated, aided and abetted the promoters and/ or persons connected to the promoters / Directors and their commissions and omissions are also part of the conspiracy in fraudulent dumping of shares of PCL in the market. Copies of transaction-cum-holding statement of all 66 demat accounts were enclosed as "Annexure-14" to the SCN and Entity-wise, date-wise, broker-wise details of sale of shares by 19 persons mentioned earlier was tabulated as "Annexure-15" to the SCN. Mr. Jayesh Shah, Mr. Tushar Shah and Mr. Parag Shah were the promoters of the Company who transferred shares to the persons connected to them and also pooled shares from various persons and ensured to dump shares in the market. Through this

process the promoters along with the connected entities sold aggregately 9.23 crore shares for a profit of Rs.12.57 crore.

76. It is observed that innocent and un-informed investors have been induced to purchase shares of PCL and at the same time the shares have been dumped by the entities connected to the promoters.

77. It is observed that Shri Balchandra K. Patel transferred 20 lac shares to Meena Ambani on January 5, 2005 and as elaborated earlier, Ms. Meena Ashokbhai Ambani on receipt of 20 lac shares from Manoj R. Shah and 20 lac shares from Balchandra K. Patel on January 5, 2005, transferred these shares to Exdon Trading co. Ltd. on August 29, 2005. It is observed that Exdon Trading co. Ltd. has sold 43,86,498 shares during the period from June, 17, 2005 - September 05, 2005 and 26,70,000 shares during the period from September 06, 2005 – September 15, 2005 and 26,33,502 during the period from November 30, 2006 to February 14, 2007.

78. Further, the relationship between all the entities involved has already been elaborated earlier.

79. Now I deal with the Noticee's submissions made vide letter dated October 11, 2011 and November 15, 2011:

"I had just invested in the shares of PCL
I do not know these other people
I have no any relation with these companies and its directors.
I transferred these shares to Meenaben Ambani, She was not a promoter or director of this Co.
I had not traded at all in the market and even I was not aware of share price.
I was not at all involved in this matter and hence please relieve me from this matter."

80. Further, Mr. Amul M Gandhi, Authorized Representative of the Noticee submitted during the hearing on November 18, 2011 that no consideration was received for transfer of shares to Ms. Meena Ambani and that this was a deal between far acquaintances.

81. I don't find the aforesaid submissions of the Noticee satisfactory and also don't find that the same can absolve the Noticee from the violation of law. I also find that the Noticee has not been able to explain his transactions in the given background of the

manipulation scheme. The Noticee has transferred shares of the Company to the entities as stated above and it is only because of the numerous entities including the Noticee, that such huge number of shares of the Company have been offloaded in the market at the cost of gullible investors.

82. Though, in isolation, the trades of the Noticee may seem innocuous, however, considering the background of the manipulation scheme elaborated earlier, wherein the Company has made misleading announcements and shares of the Company were offloaded at the cost of innocent investors by persons connected to promoters/directors of the Company, the Noticee's off market transactions clearly reinforces his role of transferring his shareholding to promoters and/or persons connected to promoters/ Directors in order to offload the same in the market. Moreover, the Noticee's off market trades in the above circumstances and his submission during the hearing that no consideration was received for transfer of shares to Ms. Meena Ambani and that this was a deal between far acquaintances further strengthens the above findings.

83. In view of the aforesaid, I find that Shri Balchandra K. Patel facilitated the promoters and persons connected to the promoters who sold shares in the market by way of off-market transaction in his demat account by transferring his shareholding to persons connected to promoters which were ultimately offloaded in the market. By transferring shares to the persons who sold shares in the market and acting as conduit, thereby, Shri Balchandra K. Patel facilitated, aided and abetted the promoters and/ or persons connected to the promoters / Directors and hence forms part of the conspiracy in fraudulent dumping of shares of PCL in the market.

84. Therefore, I find that the Noticee has violated provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of PFUTP Regulations.

ISSUE 2: Whether the Noticee is liable for monetary penalty under Section 15HA) of the SEBI Act, 1992?

85. The provisions of Section 15 HA of the Act reads,

"Section 15 HA: Penalty for fraudulent and unfair trade practices.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher".

86. In view of my aforesaid finding that the Noticee stands in violation of provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of PFUTP Regulations, I find that the Noticee is liable for monetary penalty under Section 15HA of the Act.

ISSUE 3: What quantum of monetary penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the Act?

87. While imposing monetary penalty it is important to consider the factors stipulated in Section 15J of the Act, which reads as under:

> ***"15J - Factors to be taken into account by the adjudicating officer***
> *While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
> ***(a)****the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> ***(b)****the amount of loss caused to an investor or group of investors as a result of the default;*
> ***(c)****the repetitive nature of the default."*

88. I note that the Noticee was holding 20 lac shares of the Company which have been ultimately offloaded to the gullible investors through a web of entities connected with the promoters/directors of the Company. However, considering the Noticee's submissions that no consideration was received for transfer of shares to Ms. Meena Ambani and that this was a deal between far acquaintances, it is not possible to ascertain the profit made by the Noticee for engaging in the aforesaid transactions. Further, there is no data/material on record to ascertain the amount of disproportionate gain or unfair advantage made by the Noticee as a result of the default. At the same time, the role of the Noticee has been very important in the whole scheme of manipulation as only because of numerous entities including the Noticee, the shares of the Company have been successfully dumped at the cost of gullible investors. The plan executed by the numerous entities including the Noticee has succeeded in offloading the huge volume of shares at the cost of innocent and gullible investors with the help of misleading announcements by the Company. Such activities erode the confidence of the investors and people who indulge in manipulative and fraudulent transactions, or abet the carrying out of such transactions which are fraudulent and deceptive, should be suitably penalized for the said acts of omissions and commissions. It is of utmost importance that a sense of fair play be maintained in the market so that innocent investors do not find themselves at the receiving end of market manipulators.

89. In the forgoing paragraphs it is now established that the Noticee has violated provisions of sections 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of PFUTP Regulations. Considering the facts and circumstances of the case and the violation committed by the Noticee, I find that imposing a penalty of ₹ 10,00,000/- (Rupees Ten Lakh only) on the Noticee would be commensurate with the violations committed by him.

ORDER

90. Considering the facts and circumstances of the case, in terms of the provisions of Section 15HA of the SEBI Act, 1992 and Rule 5(1) of the Adjudication Rules, I hereby impose a penalty of ₹ 10,00,000/- (Rupees Ten Lakh only) on Shri Balchandra K. Patel for violation of provisions of section 12A (a), (b) and (c) of the Act and Regulations 3 (a),(b),(c),(d), 4(1), 4(2)(e) of PFUTP Regulations.

91. The penalty shall be paid by way of demand draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this Order. The said demand draft shall be forwarded to Deputy General Manager, Investigation Department, Securities and Exchange Board of India, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.

92. In terms of the provisions of Rule 6 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this Order are being sent to the Noticee and also to Securities and Exchange Board of India.

DATE: JANUARY 30, 2012 **P. K. BINDLISH**
PLACE: MUMBAI **ADJUDICATING OFFICER**