

SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. AO/BJD /MAS/ EAD/ 128 -143 /2018

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:

1. Fiber Texfab Pvt. Ltd. (PAN- AABCF4604R)
2. Majestic Garment Pvt. Ltd (PAN- AAGCM6101M)
3. Bakul Chandrakant Chitalia (PAN- AERPC1412P)
4. Vipul Chandrakant Chitalia (PAN-AERPC1413N)
5. Ramesh Bhailal Chitalia (PAN- AIFPC8897A)
6. Kina Dilip Mewada (PAN- BFVPM1091N)
7. Seema Pankaj Shah (PAN- CEEPS4945E)
8. Stylecheck Garments P. Ltd. (PAN- AAOCS4209A)
9. Prakash Gaurishankar Joshi (PAN- AFDPJ7849C)
10. Polymers Multi Trade P. Ltd. (PAN- AAFCP1779B)
11. Parkes Multitrade P. Ltd. (PAN- AAFCP1348E)
12. Kumar Dilip Mewada (PAN- AUVPM4637N)
13. Mohini Dilip Mewada (PAN- AJPPM5500P)
14. Pankaj Trkamlal Shah (PAN- BRLPS7101K)
15. Bharat Sureshbhai Mistry (PAN- AUKPM7239F)
16. Sunil D. Ingawale (PAN- AAOPI0330F)

In the matter of M/s. Karma Industries Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted investigation into trading in the scrip of **M/s Karma Industries Ltd.** (hereinafter called as '**Karma**') for the period July 12, 2010 to January 09, 2012 (hereinafter referred to as '**Investigation Period**') to ascertain whether there was any violation of the provisions of SEBI Act, 1992 and various Rules and Regulations and Guidelines made there under.
2. During the course of investigation, it was observed that 23 (twenty three) connected/related entities allegedly entered into synchronized trades/reversal trades/self trades, as applicable, which resulted in creation of artificial volume in the scrip, thereby violating the provisions of the SEBI Act read with the relevant provisions of PFUTP Regulations.

Appointment of Adjudication Officer

3. Based on the findings of the investigation, SEBI initiated Adjudication proceedings under section 15 I of the SEBI Act, 1992 to inquire into and adjudge under Section 15HA of the SEBI Act, 1992, whether the noticees have violated the provisions of Section 12A (a), (b) and (c) of the SEBI Act read with regulation 3(a), (b), (c) , (d) and regulation 4(1), 4(2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as PFUTP Regulations).
4. Ms. Anita Kenkare was appointed as the Adjudicating Officer vide order dated February 28, 2014 to inquire into and adjudge the aforesaid violations. Subsequently, the matter was transferred to Shri Nagendra Parakh vide order dated December 23, 2015. Further, consequent to an inter-departmental transfer and postings, the said proceedings were transferred to the undersigned vide order dated May 16, 2017.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Show Cause Notice (SCN) was issued to the Noticees by the erstwhile AO on July 31, .2015. A brief background and the charges alleged in the SCN are as under.

5.1. Twenty three connected/related entities allegedly entered into reversal trades/ synchronized trades /self trades, as applicable, which resulted in creation of artificial volume in the scrip, thereby violating the provisions of the SEBI Act read with the relevant provisions of PFUTP Regulations. The entities were found to be connected to each other based on the details mentioned in the KYC documents like common telephone number, addresses, common introducer etc. The details of connection are shown in the table below:

Table-1

SL. No.	Name of Noticees	Connection
1	Bakul Chitalia and Vipul Chitalia	Both of them share a common address
2.	Ramesh Bhailal Chitalia, Manish A. Waghela and Multiplast Trading Co. P. Ltd.	All three share a common mobile number with Bakul Chitalia as per the UCC of Exchange/ KYC of Broker
3	Sunil Ingawale	Shares common mobile number with Hasumati Chitalia who has the same address as Bakul & Vipul Chitalia
4.	Fiber Texfab P. Ltd., Stylecheck Garments P. Ltd. and Polymers Multi Trade P. Ltd.	Vipul Chitalia is director of Fiber Texfab and Bakul Chitalia is the director of Style Check Garments. Polymers Multi Trade and Style Check Garments have the same address.
5.	Texfab Yarns P. Ltd., Parkes Multitrade P. Ltd & Majestic Garments P. Ltd.	Mr. Nilesh Lohat, Directors of Texfab is brother of Mr. Anil Lahot who is a director of Polymers Multitrade. Parkes Multitrade shares common telephone with director of Multiplast Trading and shares the same address with Majestic Garments.
6.	Kumar Dilip Mewada, Kina Dilip Mewada & Mohini Dilip Mewada	Dilip Mewada is a director of Polymers Multi Trade and the other two are relatives sharing the same address.
7.	Pankaj Trikamlal Shah &	Pankaj Shah is director of Parkes Multi Trade and

	Sema Pankaj Shah	Seema Pankaj Shah is relative of Pankaj Shah with same address.
8.	Prakash Gaurishankar Joshi, Mahendra Chandulal Shah	Prakash G Joshi shares common address with Kiran Gaurishankar Joshi who shares a common telephone number with Bhavesh Makawana, director of Parkes Multitrade and Multiplast trading. Mahendra C Shah shares common mobile number with Prakash Joshi
9.	Bharat Sureshbhai Mistry	Shares common mobile number with one Anil Parmar who in turn shares common mobile number with Fiber Textfab

5.2. Reversal Trades: Investigation observed that following Noticees of the Connected group viz. Majestic Garments P Ltd, Bakul C Chitalia, Kina D Mewada, Seema P Shah, Stylecheck Garments P Ltd, Vipul Chandrakant Chitalia, Prakash Gaurishankar Joshi, Polymers Multi Trade P Ltd, Ramesh Bhailal Chitaliya, Parkes Multi Trade P Ltd, Harsh Jayesh Gala, Bharat Sureshbhai Mistry, Manish Arvindbhai Waghela, Kumar Dilip Mewada, Sunil D Ingawale, Mohini D Mewada, and Pankaj Trikamlal Shah were involved in creation of artificial volume by indulging in reversal trades on more than one occasion and which were more than 5% of the day's total trading volume of the market. It was alleged that such reversal trades were executed by the aforesaid Noticees without the intention of performing the trade or without the intention of change of ownership of such shares and the pattern of A->B->A was followed for creating artificial volumes in the scrip. Details of such reversal trades are as given below:

Date	Client name	Client Name	No. of shares bought by Client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
28.10.2011	Majestic Garments	Kina D. Mewada	30000	28000	28000	34.45
25.04.2011	Ramesh Chitaliya	Pankaj T. Shah	25000	24900	24900	12.15
26.04.2011	Ramesh Chitaliya	Pankaj T. Shah	24513	14195	14195	11.15

27.08.2010	Vipul Chitaliaya	Pankaj T. Shah	14450	25644	14450	11.04
07.07.2011	Manish Waghela	Seema P Shah	18100	20047	18100	10.82
29.11.2011	Majestic Garments	Bakul C. Chitaliya	20760	15193	15193	10.39
09.11.2011	Majestic Garments	Seema P Shah	15000	15000	15000	9.87
04.03.2011	Harsh J. Gala	Kumar D. Mewada	25000	24025	24025	9.01
08.12.2011	Majestic Garments	Kina Dilip Mewada	20000	29975	20000	8.84
10.03.2011	Prakash G. Joshi	Kumar D. Mewada	9869	10455	9869	8.66
20.01.2011	Polymers Multitrade	Mohini D. Mewada	14821	20999	14821	8.34
01.11.2011	Majestic Garments	Kina Dilip Mewada	19152	14810	14810	8.12
15.12.2011	Majestic Garments	Kina Dilip Mewada	37119	29702	29702	7.03
12.12.2011	Majestic Garments	Kina Dilip Mewada	19999	15001	15001	6.97
09.11.2011	Majestic Garments	Kina Dilip Mewada	10018	10000	10000	6.58
07.07.2011	Manish Waghela	Bharat S. Mistry	10000	19496	10000	5.97
20.01.2011	Polymers Multitrade	Sunil D. Ingawale	14450	10000	10000	5.63
22.12.2011	Parkes Multitrade	Stylecheck Garments	10000	10000	10000	5.55
03.11.2011	Majestic Garments	Kina Dilip Mewada	19203	19500	19203	5.42
03.03.2011	Bakul Chitalia	Prakash G. Joshi	14584	9985	9985	5.28
07.12.2011	Majestic Garments	Kina Dilip Mewada	10000	11125	10000	5.06

5.3. **Synchronized Trades:** It was alleged that 15 Noticees viz; Fiber Textfab P Ltd, Majestic Garments P Ltd, Bakul C Chitalia, Kina D Mewada, Seema P Shah, Stylecheck Garments P Ltd, Vipul Chandrakant Chitalia, Prakash Gaurishankar Joshi, Polymers Multi Trade P Ltd, Ramesh Bhailal Chitaliya, Parkes Multi Trade P Ltd, Rohini N Bhavsar, Mahendra C Shah, Multiplast Trading Co. P Ltd, Textfab Yarns P Ltd. and Ceeplast Trading Co. P Ltd. indulged in two or more synchronized trades (*i.e. where there is no difference between the buy order rate and sell order rate as well as buy order quantity and sell order quantity and the difference between buy order time and sell order time was less than 60 seconds*) on more than one trading day, for quantity more than 10,000 shares day-wise amongst themselves, resulting in creation of false volume in the scrip. The date-

wise synchronized transactions amongst the aforesaid Noticees as above is as given below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Sum of % of Client Synchronized Vol. to Mkt. Vol.	Sum of % of Client Synchronized Vol. to Client's Total Vol.	Sum of No. of Buy Orders	Sum of No. of Sell Orders
29.09.2011	KINA DILIP MEWADA	RAMESH B. CHITALIYA	48500	6	0.08%	2.561	6	6
29.12.2011	TEXFAB YARNS	POLYMERS MULTI	43229	3	0.07%	2.329	3	3
28.12.2011	POLYMERS MULTI	TEXFAB YARNS P	43226	3	0.07%	2.377	3	3
29.12.2011	CEEPLAST TRADING	POLYMERS MULTI	40000	2	0.07%	2.048	2	2
14.10.2011	KINA DILIP MEWADA	MULTIPLAST TRADING	39500	2	0.07%	2.086	2	2
26.10.2011	MAJESTIC GARMENTS	ROHINI N.BHAVSAR	36900	3	0.06%	0.791	3	3
25.11.2011	MULTIPLAST TRADING	MAJESTIC GARMENTS	36500	5	0.06%	1.436	5	5
22.11.2011	MAJESTIC GARMENTS	POLYMERS MULTI	31000	2	0.05%	0.664	2	2
28.10.2011	MAJESTIC GARMENTS	KINA DILIP MEWADA	30000	3	0.05%	0.643	3	3
23.12.2011	BAKUL C.CHITALIA	PARKES MULTI TRADE	30000	3	0.05%	1.611	3	3
31.10.2011	MAJESTIC GARMENTS	MAHENDRA C. SHAH	28000	2	0.05%	0.6	2	2
09.01.2012	STYLECHECK GARMENTS	MAJESTIC GARMENTS	25815	2	0.04%	3.695	2	2
30.08.2010	FIBER TEXFAB PVT LTD	VIPUL C.CHITALIA	25000	1	0.04%	1.292	1	1
04.01.2012	POLYMERS MULTI TRADE	TEXFAB YARNS PRIVATE	25000	1	0.04%	1.375	1	1
29.09.2011	ROHINI N. BHAVSAR	RAMESH B.CHITALIYA	21000	5	0.04%	2.023	5	5
26.10.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	20000	4	0.03%	1.056	4	4
24.11.2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	20000	1	0.03%	0.429	1	1
05.12.2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	20000	1	0.03%	1.074	1	1
14.12.2011	TEXFAB YARNS PRIVATE	MULTIPLAST TRADING	20000	1	0.03%	1.078	1	1
31.10.2011	CEEPLAST TRADING	MAJESTIC GARMENTS	19911	1	0.03%	1.019	1	1
03.11.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	19500	2	0.03%	1.03	2	2
24.11.2011	TEXFAB YARNS	MULTIPLAST TRADING	19500	1	0.03%	1.051	1	1
05.12.2011	MAJESTIC GARMENTS	TEXFAB YARNS PRIVATE	19500	1	0.03%	0.418	1	1
01.12.2011	MAJESTIC GARMENTS	BAKUL C. CHITALIA	19401	2	0.03%	0.416	2	2
08.12.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	17975	2	0.03%	0.949	2	2
07.12.2011	TEXFAB YARNS	MULTIPLAST TRADING	17500	1	0.03%	0.943	1	1
09.11.2011	SEEMA PANKAJ SHAH	MAJESTIC GARMENTS	15000	2	0.03%	1.415	2	2
21.11.2011	MULTIPLAST TRADING	CEEPLAST TRADING	15000	1	0.03%	0.59	1	1
21.11.2011	MULTIPLAST TRADING	TEXFAB YARNS PRIVATE	15000	1	0.03%	0.59	1	1
28.11.2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	15000	3	0.03%	0.322	3	3
09.12.2011	MULTIPLAST TRADING	MAJESTIC GARMENTS	10999	2	0.02%	0.433	2	2
19.10.2011	MAJESTIC GARMENTS	PRAKASH G. JOSHI	10000	2	0.02%	0.214	2	2

15.11.2011	MULTIPLAST TRADING	TEXFAB YARNS PRIVATE	10000	1	0.02%	0.393	1	1
21.11.2011	MAJESTIC GARMENTS	CEEPLAST TRADING	10000	1	0.02%	0.214	1	1
22.11.2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	2	0.02%	1.431	2	2
22.11.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	0.02%	0.528	1	1
30.11.2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	10000	1	0.02%	0.537	1	1
05.12.2011	CEEPLAST TRADING	MAJESTIC GARMENTS	10000	2	0.02%	0.512	2	1
13.12.2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	0.02%	1.431	1	1
14.12.2011	PARKES MULTI TRADE	MULTIPLAST TRADING	10000	1	0.02%	0.57	1	1
14.12.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	0.02%	0.528	1	1
15.12.2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	2	0.02%	0.528	2	2
21.12.2011	KINA DILIP MEWADA	PARKES MULTI TRADE.	10000	1	0.02%	0.528	1	1
21.12.2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	1	0.02%	1.431	1	1
22.12.2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	0.02%	1.431	1	1
23.12.2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	0.02%	0.57	1	1
26.12.2011	MULTIPLAST TRADING	PARKES MULTI TRADE	10000	1	0.02%	0.393	1	1
26.12.2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	0.02%	0.57	1	1
26.12.2011	KINA DILIP MEWADA	CEEPLAST TRADING	10000	1	0.02%	0.528	1	1
05.01.2012	BAKUL C.CHITALIA	PARKES MULTI TRADE	10000	1	0.02%	0.537	1	1
09.01.2012	PARKES MULTI TRADE	MULTIPLAST TRADING	10000	1	0.02%	0.57	1	1

5.4. **Self Trades:** It was further alleged that 2 Noticees viz. Majestic Garments P. Ltd. and Fiber Texfab P. Ltd. had entered into self trades (i.e. Trades where the buyer and seller are the same and does not result in a change of ownership) for a total volume of 10,000 shares and above. The details of the self trades executed by the aforesaid 2 Noticees are as given below:

S.N	Client Name	Total Self Trade vol.	Total self Trade Count	No. of days on which self trades were done
1	Majestic Garments P. Ltd	181495	223	35
2	Fiber Texfab P. Ltd	10864	4	2

5.5. From the above table, it is observed that:

5.5.1. Majestic Garments had executed 223 self trades for 1,81,495 shares during the investigation period;

5.5.2. Fiber Textfab executed 4 self trades for 10864 shares during the investigation period. Thus, it is alleged that the above two Noticees were entering into transactions without intention of performing it or without intention of change of ownership of shares

5.6. It was thus alleged that the noticee no.- 2 has entered into reversal of trades, synchronized trades and self trades; noticee no.-1 has entered into synchronized trades and self trades; noticees nos 3- 11 have entered into reversal of trades and synchronized trades and noticees nos.- 12-16 have indulged in reversal of trades with other noticees thereby violating the provisions of section 12A (a), (b), (c) of SEBI Act 1992 read with Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2) (a) and (g) of SEBI PFUTP Regulations which is liable for monetary penalty under section 15HA of SEBI Act.

Service of SCN and Reply

6. It is noted that the noticees have not replied to the Show Cause Notice (SCN). Various attempts to deliver the SCN and hearing notices to the noticees failed. Therefore the SCNs were served through affixture of the notices at their last known addresses. However, no reply from the noticees was received. The emails as available with the brokers/ KYC forms were utilised to deliver the SCN and Hearing Notice to the noticees nos 1, 2, 6 8, 9,10,11,12 and 13 was delivered through digitally signed email. Further it is noted that with respect to the noticees nos. 1,5,6,8,9,10,11,12,13 and 15 public notice was given through newspaper advertisements in two national newspapers in English and Hindi.
7. The SCN was delivered to the noticees nos 3,4, 7 and 14 nos and they had sought inspection of documents. In spite of two opportunities for inspection of documents being provided to them, they did not avail the same. They also did not avail an opportunity of hearing provided to them vide hearing notice dated January 17, 2018, which was duly served on them by speed post.

8. However, noticee nos. 3 and 4 , Mr, Bakul Chitalia and Mr. Vipul Chitalia had in their reply dated February 23, 2016 stated that they were brothers and had supplied the common address for communication convenience. They stated that “ *with reference to the provisions under Insider Trading Regulations, we had not done any profit making, trading or any such trading respect to unpublished price sensitive information.*” This I don't find relevant to the proceedings as there is no charge under the Insider Trading regulations. They also denied that they had any intention to create any artificial volume. However, I note that they have not denied their being director in Fiber Texfab and Style Check Garments respectively and being connected to other entities. I have taken note of their submissions.
9. I also note that the SCN was delivered to Noticee no. 1, Fiber Texfab through its broker M/s. Ventura Securities and the noticee replied stating that it would submit the reply to SCN. However no reply was submitted. Further, an opportunity of hearing was given to noticee on March 29, 2016 which was availed by the Noticee. An employee of the company Mr. Niraj Verma came on behalf of the director of the company but without any authorisation letter/covering letter and without any reply to SCN. Mr. Verma agreed to submit the reply within a week but no such reply was submitted.
10. With regard to noticee no.16, Mr. Sunil D, Ingawale, the SCNs and hearing notices were all delivered but no reply was received.
11. In view of the above, I am constrained to pass ex-parte order with respect to the above noticees based on the material available on record.
12. In this respect, I find it pertinent to refer to the judgment dated December 08, 2006 of Hon'ble Securities Appellate Tribunal in the matter of Classic Credit Ltd. v SEBI (Appeal No. 68 of 2003) wherein, it observed, “... *the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them*”. I also observe that the Hon'ble Securities Appellate Tribunal in the matter of Sanjay Kumar Tayal & Ors. v SEBI (Appeal 68 of 2013 dated February 11, 2014) had inter alia

observed that, “... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices...” Thus, I am of the view that the allegations levelled in the SCN against Noticees and the evidences therewith are not in dispute in absence of any reply from them.

CONSIDERATION OF ISSUES

13. I have carefully perused the SCN and documents available on record. I have relied on the analysis of the trade and order log in order to come to a conclusion as noticees have not replied to the SCN. The issues for consideration before me are the following:

13.1. Whether the Noticees are connected to each other and have acted with a common objective?

13.2. Whether Noticees have violated the provisions of Regulation 3 (a),(b),(c), (d) and 4(1), 4(2) (a) and (g) of SEBI (PFUTP) Regulations, 2003;

13.3. Does the violation, if any, on the part of the Noticees attract any penalty under Section 15 HA of the SEBI Act? And if so, what should be the quantum of penalty?

14. I observe that the allegation levelled against Noticees is that they had as a group executed reversal of trades/ synchronized trades/ self trades in the scrip of Karma leading to creation of artificial volumes and thereby violated the provisions of Sections 12A(a),(b),(c) of SEBI Act read with Regulation 3 (a),(b),(c), (d) and 4(1), 4(2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

ISSUE-1: Whether the Noticees are connected to each other and have traded in the scrip with a common objective?

15. At the very outset it is important to determine whether the noticees were connected and have traded in the scrip with a common objective. For this purpose I have not only

examined the basis of the connections alleged in the SCN but also have considered the pattern of trades of the noticees. On examination , I have noted the following parameters:

- 15.1. I find that as per the KYC documents, these entities are connected on the basis of common telephone number, common address, common introducer etc. The connections brought out at *Table-1* has a strong basis and clearly shows that the noticees are connected.
- 15.2. All the noticees have traded in the same scrip and the same period in large quantities and that 9 (nine) of them appear in the top 10 buyers and also appear in the top sellers list.
- 15.3. I find that the reversal of trades among the noticees, especially when it has been repeatedly executed clearly points to the fact that the same was not coincidence and was deliberate.
- 15.4. The trading quantity among the members of the noticee group was high at 28% indicating a high counterparty concentration. This shows that 28% of the trades volume was where the noticees appeared on both buy and sell side.

In view of the above, I conclude that the noticees were connected and acted as a group.

ISSUE-2: Whether the Noticee has violated the provisions of Regulation 3 (a), (b), (c), (d) and 4 (1) 4 (2) (a) and (g) of SEBI (PFUTP) Regulations?

16. Before moving forward, it is pertinent to refer to the relevant provisions of SEBI (PFUTP) Regulations, which are reproduced hereunder.

Regulation 3: - 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 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:-

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

ANALYSIS and FINDINGS

17. During the investigation period top 10 trading clients contributed 35.55% and 33.07% of the gross buy and gross sell respectively. The details thereof are as follows:-

SL. No.	Top 10 Buy Clients	Traded Qty	% to total vol.	Top 10 Sell Clients	Traded Qty	% to total vol.
1	Majestic Garments P.Ltd	4540082	7.79%	Majestic Garments P.Ltd	3441531	5.90%
2	Multiplast Trading Co. P.Ltd	2368430	4.06%	Sharad Bhagwatiprasad Nemani	2000000	3.43%
3	Kina Dilip Mewada	1893511	3.25%	Anita Sharad Nemani	2000000	3.43%
4	Bakul Chandrakant Chitalia	1862342	3.19%	Pankaj Trikamlal Shah	1938903	3.33%
5	Texfab Yarns P.Ltd	1856119	3.18%	Parkes Multi Trade P.Ltd	1894308	3.25%

6	Polymers Multi Trade P Ltd	1816941	3.12%	Bakul Chandrakant Chitalia	1859760	3.19%
7	Parkes Multi Trade P.Ltd	1726958	2.96%	Multiplast Trading Co.P.Ltd	1789147	3.07%
8	Ceeplast Trading Co P Ltd.	1622385	2.78%	Kina Dilip Mewada	1598225	2.74%
9	Pankaj Trikamlal Shah	1598739	2.74%	Prakash Gaurishankar Joshi	1380394	2.37%
10	Golden Gale Inc	1438083	2.47%	Jayesh Kantilal Doshi	1375358	2.36%
	Total of top 10 buy clients	20723590	35.55%	Total of top 10 sell clients	19277626	33.07%
	Remaining clients	37577209	64.45%	Remaining clients	39023173	66.93%
	Total gross volume	58300799	100%	Total gross volume	58300799	100%
	Volume of connected clients	19285507	33.08%	Volume of connected clients	15277626	26.20%

17.1. It is observed that 9 entities at gross buy and 7 entities at gross sell (given in bold) are the noticees forming part of a connected group. Further six group entities appear on the sell side on gross basis are also appearing on the buy side on gross basis.

17.2. It is further noted that the volume of the connected clients including the noticees are substantial forming 33.08% of the gross buy and 26.20% of the gross sell volume.

Trading Details of the Noticee Group:

17.3. The analysis of trade log and order log for the entire period of investigation reveals that, on a daily basis, the Noticee group had traded on 279 trading days out of 376 trading days. The group was also trading amongst themselves and contributing to the total traded volume in the scrip. The following observations were made from the analysis of such trades:

Market volume (one side)	Total no. of shares bought by the noticee group	Total no. of shares sold by the noticee group	Total traded qty among the group entities	Traded qty among the group as a % of mkt.vol.	Traded Qty. among the group as a % of total no. shares bought	Traded Qty. among the group as a % of total no. shares sold
A	B	C	D	E	F	G
5,83,00,799	3,00,19,268	2,45,50,933	1,65,23,001	28.34%	55.04%	67.30%

17.4. From the above, it is observed that the Noticee group had altogether entered into trades among themselves for 1,65,23,001 shares constituting 28.34% of the

market volume. Further these shares constituted 55.04% of buy volume and 67.30% of the sell volume of the group.

17.5. The aforesaid data clearly shows that not only the notice group's trading form substantial part of the market volume but their trading among themselves also formed substantial part of the market volume.

18. I now proceed to examine the trades of the individual noticees and whether they have violated the regulations referred above.

Noticee No.-1: Fiber Texfab P. Ltd.

19. The charge against the Noticee no.1 is that it had in association with the other noticees had created artificial volumes in the scrip. Individually, it had indulged in self-trades and also synchronized trades with other noticees in the Noticee group. It has a total buy of 19,34,994 shares and total sale of 8,16,737 shares. The details of its self trades and synchronized trades are given below:

Self Trades

19.1. It has been alleged that the noticee no. 1 has executed 4 self trades amounting to 10,864 shares over 2 days. The details are as below:

TRADE_DATE	CLIENT_NAME	CP_CLIENTNAME	ORDER_NO	CP_ORDER_NO	TRADE_ID	TRADE_RATE	TRADED_QTY	ORDER_QTY	CP_ORDER_QTY
27/01/2011	FIBER TEXFAB PVT LTD	FIBER TEXFAB PVT LTD	23000070015244	12000070036701	1262	69	4850	5000	100000
27/01/2011	FIBER TEXFAB PVT LTD	FIBER TEXFAB PVT LTD	23000070022142	12000070036701	1263	69	5200	5200	100000
18/04/2011	FIBER TEXFAB PVT LTD	FIBER TEXFAB PVT LTD	22000122052206	16000086019036	1221	195	500	500	5000
18/04/2011	FIBER TEXFAB PVT LTD	FIBER TEXFAB PVT LTD	22000122052700	16000086019036	1222	195	314	500	5000
TOTAL							10864		

19.2. The daywise contribution of the above self trades to the day's volume was computed which is as below:

Sl. No.	Date	Day's volume	Self trade	% of self trade to day's volume
1.	27/01/2011	1,51,769	10,050	6.62%
2.	18/04/2011	2,70,502	814	0.30%

19.3. It is noted that the self trades executed by the noticee formed 6.62% of the volume on 27.01.2011.

Synchronized Trades

19.4. Further, the entity entered in to synchronized deals with other noticee which is given below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronised volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
30/08/2010	FIBER TEXFAB PVT LTD	VIPUL C.CHITALIA	25000	1	96785	25.83	1	1

19.5. From the above it is noted that there was only one synchronized deal of 25000 shares on 30.08.2010. However on the said day the total volume was 96,785 shares and the contribution of the noticee's synchronized trades was 25.83 % to the day's traded volume, which was significant.

Noticee No.-2 : Majestic Garment Pvt. Ltd.

20. The charge against Noticee no.2 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in self-trades, reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of

46,65,264 shares and total sale of 34,43,471 shares. Examination of the self trades, reversal of trades and synchronized trades are given below:

Self Trades

20.1. It was observed that the noticee executed 223 self trades over 35 days amounting to 1,81,495 shares. On analysis I find that on 12 days the volume of these self trades contributed more than 1%. The volume contribution of the self trades on these 12 days are shown in the table below:

Sl. No.	TRADE_DATE	Day's Volume	Self trade Qty	Self Trade Count	% of self trade to day's volume
1	02/11/2011	552649	45300	75	8.20
2	21/11/2011	508059	32200	9	6.34
3	23/09/2011	117770	6512	11	5.53
4	11/11/2011	593974	23445	47	3.95
5	05/12/2011	707583	25001	9	3.53
6	18/10/2011	74831	2003	6	2.68
7	15/11/2011	267579	6101	4	2.28
8	15/12/2011	422238	9000	2	2.13
9	14/12/2011	250093	5011	3	2.00
10	22/11/2011	618634	11597	5	1.87
11	28/10/2011	81256	1000	1	1.23
12	13/10/2011	82226	901	2	1.10
	Total		181495	223	

20.2. From the above it can be concluded that the volume contribution of the self trades on the day's volume was significant.

Synchronize Trades

20.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
28/10/2011	MAJESTIC GARMENTS	KINA DILIP MEWADA	30000	3	81256	36.92	3	3
31/10/2011	MAJESTIC GARMENTS	MAHENDRA C. SHAH	28000	2	171864	16.29	2	2
31/10/2011	CEEPLAST TRADING	MAJESTIC GARMENTS	19911	1	171864	11.59	1	1
09/11/2011	SEEMA PANKAJ SHAH	MAJESTIC GARMENTS	15000	2	151953	9.87	2	2
26/10/2011	MAJESTIC GARMENTS	ROHINI N.BHAVSAR	36900	3	388712	9.49	3	3
08/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	17975	2	226154	7.95	2	2
25/11/2011	MULTIPLAST TRADING	MAJESTIC GARMENTS	36500	5	495118	7.37	5	5
03/11/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	19500	2	353707	5.51	2	2
26/10/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	20000	4	388712	5.15	4	4
09/01/2012	STYLECHECK GARMENTS	MAJESTIC GARMENTS	25815	2	502324	5.14	2	2
22/11/2011	MAJESTIC GARMENTS	POLYMERS MULTI	31000	2	618634	5.01	2	2
24/11/2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	20000	1	451151	4.43	1	1
01/12/2011	MAJESTIC GARMENTS	BAKUL C. CHITALIA	19401	2	463824	4.18	2	2
14/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	250093	4.00	1	1
09/12/2011	MULTIPLAST TRADING	MAJESTIC GARMENTS	10999	2	340636	3.23	2	2
05/12/2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	20000	1	707583	2.83	1	1
05/12/2011	MAJESTIC GARMENTS	TEXFAB YARNS PRIVATE	19500	1	707583	2.76	1	1
30/11/2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	10000	1	363115	2.75	1	1
19/10/2011	MAJESTIC GARMENTS	PRAKASH G. JOSHI	10000	2	370194	2.70	2	2
28/11/2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	15000	3	598730	2.51	3	3
15/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	2	422238	2.37	2	2
21/11/2011	MAJESTIC GARMENTS	CEEPLAST TRADING	10000	1	508059	1.97	1	1

22/11/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	618634	1.62	1	1
05/12/2011	CEEPLAST TRADING	MAJESTIC GARMENTS	10000	2	707583	1.41	2	1
Total			455501	48				

20.4. From the above it is evident that the synchronized deals of the noticee with connected counterparty clients has definitely created artificial volumes in the scrip on the days when the synchronized trades were executed. The contribution to the day's volume range from a high of 37% to a low of 1.41% which by no means can be considered as insignificant.

Reversal of trades

20.5. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
28.10.2011	Majestic Garments	Kina D. Mewada	30000	28000	28000	34.45
29.11.2011	Majestic Garments	Bakul C. Chitalia	20760	15193	15193	10.39
09.11.2011	Majestic Garments	Seema P Shah	15000	15000	15000	9.87
08.12.2011	Majestic Garments	Kina Dilip Mewada	20000	29975	20000	8.84
01.11.2011	Majestic Garments	Kina D. Mewada	19152	14810	14810	8.12
15.12.2011	Majestic Garments	Kina Dilip Mewada	37119	29702	29702	7.03
12.12.2011	Majestic Garments	Kina Dilip Mewada	19999	15001	15001	6.97
09.11.2011	Majestic Garments	Kina D. Mewada	10018	10000	10000	6.58
03.11.2011	Majestic Garments	Kina D. Mewada	19203	19500	19203	5.42
07.12.2011	Majestic Garments	Kina Dilip Mewada	10000	11125	10000	5.06
Total					176909	

- 20.6. From the above it is observed that the noticee has entered into reversal of trades on 10 instances on 9 days wherein these reversals have contributed 34.45% to 5.06% to the day's volume. These trades have been carried out repeatedly and their contribution to the day's volume is substantial.
- 20.7. I find that the Noticee has executed a large quantity and repeated number of self trades, reversal of trades and also synchronized trades on many days which can only be concluded as deliberate. These trades have clearly created artificial volume in the scrip and have violated the provisions Regulation 3 (a),(b),(c), (d) and 4(1), 4(2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

Noticee No.-3 : Bakul Chandrakant Chitalia

21. The charge against Noticee no.3 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 18,62,342 shares and total sale of 18,59,760 shares. Examination of the reversal of trades and synchronized trades are given below:

Synchronized Trades

- 21.1. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
23/12/2011	BAKUL C.CHITALIA	PARKES MULTI TRADE	30000	3	368571	8.14	3	3
05/01/2012	BAKUL C.CHITALIA	PARKES MULTI TRADE	10000	1	193770	5.16	1	1

01/12/2011	MAJESTIC GARMENTS	BAKUL C. CHITALIA	19401	2	463824	4.18	2	2
05/12/2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	20000	1	707583	2.83	1	1
30/11/2011	BAKUL C.CHITALIA	MAJESTIC GARMENTS	10000	1	363115	2.75	1	1
Total			84901					

21.2. From the above, it is observed that the synchronized trades executed by the noticee had contributed to the day's volume in the range of 8.14% to 2.75%.

Reversal of Trades:

21.3. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
29.11.2011	Majestic Garments	Bakul C. Chitalia	20760	15193	15193	10.39
03.03.2011	Bakul Chitalia	Prakash g. Joshi	14584	9985	9985	5.28

21.4. From the above it is observed that the noticee has entered into reversal of trades on 2 days wherein these reversals have contributed 10.39% and 5.28% to the day's volume.

Noticee No.-4 : Vipul Chandrakant Chitalia

22. The charge against Noticee no.4 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 8,67,761 shares and total sale of 11,80,861 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades:

22.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
27.08.2010	Vipul Chitalia	Pankaj T.Shah	14450	25644	14450	11.04

22.2. From the above it is observed that the noticee has entered into reversal of trades on one day wherein these reversals have contributed 11.04% to the day's volume.

Synchronized Trades

22.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
30/08/2010	FIBER TEXFAB PVT LTD	VIPUL C.CHITALIA	25000	1	96785	25.83	1	1

22.4. From the above, it is observed that the noticee has executed synchronized trade on one day which had contributed 25.83% to the day's which is substantial.

Noticee No.-5 : Ramesh Bhailal Chitalia

23. The charge against Noticee no.5 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 3,26,500 shares and total sale of 3,26,500 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades:

23.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
25.04.2011	Ramesh Chitaliya	Pankaj T.Shah	25000	24900	24900	12.15
26.04.2011	Ramesh Chitaliya	Pankaj T.Shah	24513	14195	14195	11.15

23.2. From the above it is observed that the noticee has entered into reversal of trades on two days wherein these reversals have contributed 12.15% and 11.15% respectively to the day's volume .

Synchronized Trades

23.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
29/09/2011	KINA DILIP MEWADA	RAMESH B. CHITALIYA	48500	6	465851	10.41	6	6
29/09/2011	ROHINI N. BHAVSAR	RAMESH B.CHITALIYA	21000	5	465851	4.51	5	5
29/09/2011	ROHINI N. BHAVSAR	RAMESH B.CHITALIYA	21000	5	465851	4.51	5	5
Total			90500					

23.4. From the above, it is observed that the noticee has executed 11 synchronized trades wherein he was the seller and the connected entities

wer buyers. These trades have contributed 19.43% to the day's volume which is substantial.

Noticee No.-6 : Kina Dilip Mewada

24. The charge against Noticee no.6 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 18,93,511 shares and total sale of 15,98,225 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of trades

24.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
28.10.2011	Majestic Garments	Kina D. Mewada	30000	28000	28000	34.45
08.12.2011	Majestic Garments	Kina Dilip Mewada	20000	29975	20000	8.84
01.11.2011	Majestic Garments	Kina D. Mewada	19152	14810	14810	8.12
15.12.2011	Majestic Garments	Kina Dilip Mewada	37119	29702	29702	7.03
12.12.2011	Majestic Garments	Kina Dilip Mewada	19999	15001	15001	6.97
09.11.2011	Majestic Garments	Kina D. Mewada	10018	10000	10000	6.58
03.11.2011	Majestic Garments	Kina D. Mewada	19203	19500	19203	5.42
07.12.2011	Majestic Garments	Kina Dilip Mewada	10000	11125	10000	5.06

24.2. From the above it is observed that the noticee has entered into eight number of reversal of trades on eight days wherein these reversals have contributed in the range of 34.45% to 5.06% to the respective day's volume. This shows that the volume contribution was substantial on the days when the reversals took place.

24.3. It is noted that the reversals have been executed repeatedly over a period of eight days which leaves no doubt about the deliberate intent to enter into these trades.

Synchronized Trades

24.4. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
28/10/2011	MAJESTIC GARMENTS	KINA DILIP MEWADA	30000	3	81256	36.92	3	3
14/10/2011	KINA DILIP MEWADA	MULTIPLAST TRADING	39500	2	367367	10.75	2	2
29/09/2011	KINA DILIP MEWADA	RAMESH B. CHITALIYA	48500	6	465851	10.41	6	6
08/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	17975	2	226154	7.95	2	2
03/11/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	19500	2	353707	5.51	2	2
26/10/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	20000	4	388712	5.15	4	4
21/12/2011	KINA DILIP MEWADA	PARKES MULTI TRADE.	10000	1	239625	4.17	1	1
21/12/2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	1	239625	4.17	1	1
14/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	250093	4	1	1
26/12/2011	KINA DILIP MEWADA	CEEPLAST TRADING	10000	1	362688	2.76	1	1
15/12/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	2	422238	2.37	2	2

22/11/2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	2	618634	1.62	2	2
22/11/2011	KINA DILIP MEWADA	MAJESTIC GARMENTS	10000	1	618634	1.62	1	1
Total			2,45,475	28				

24.5. The above table shows that the noticee has entered into synchronized trades with the connected entities on 11 days amounting to 2,45,475 shares. There were 28 such trades which contributed in the range of 36.92% to 1.62%.

24.6. The repetitive nature of these trades and the high volume contribution on these days clearly show that these trades have created artificial volume in the scrip in these days.

Noticee No.-7 : Seema Pankaj Shah

25. The charge against Noticee no.7 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 10,59,910 shares and total sale of 10,71,069 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades

25.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
07.07.2011	Manish Waghela	Seema P Shah	18100	20047	18100	10.82
09.11.2011	Majestic Garments	Seema P Shah	15000	15000	15000	9.87

25.2. The above table shows that the noticee has entered into two number of reversal of trades on two days wherein these reversals have contributed 10.82% and 9.87% respectively.

Synchronized Trades

25.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
09/11/2011	SEEMA PANKAJ SHAH	MAJESTIC GARMENTS	15000	2	151953	9.87	2	2

25.4. From the above, it is observed that the noticee has executed synchronized trade on one day which had contributed 9.87% to the day's volume.

Noticee No.- 8 : Stylecheck Garments P. Ltd.

26. The charge against Noticee no.8 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 6,98,706 shares and total sale of 5,62,751 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades

26.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
22.12.2011	Parkes Multi T	Stylecheck Garments	10000	10000	10000	5.55

26.2. The above table shows that the noticee has entered into one reversal of trade on one day wherein this reversal has contributed 5.55% to the day's volume.

Synchronized Trades

26.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
13/12/2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	170143	5.88	1	1
22/12/2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	179993	5.56	1	1
09/01/2012	STYLECHECK GARMENTS	MAJESTIC GARMENTS	25815	2	502324	5.14	2	2
21/12/2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	1	239625	4.17	1	1
26/12/2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	362688	2.76	1	1
23/12/2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	368571	2.71	1	1
22/11/2011	STYLECHECK GARMENTS	KINA DILIP MEWADA	10000	2	618634	1.62	2	2

26.4. The above table shows that the noticee has entered into synchronized trades with the connected entities on seven days amounting to 85,815 shares. There were nine such trades which contributed in the range of 5.88% to 1.62%.

26.5. The repetitive nature of these trades and the high volume contribution on these days clearly show that these trades have created artificial volume in

the scrip in these days.

Noticee No.- 9 : Prakash Gaurishankar Joshi

27. The charge against Noticee no.9 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 10,80,394 shares and total sale of 13,80,394 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades

27.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
10.03.2011	Prakash G.Joshi	Kumar D.Mewada	9869	10455	9869	8.66
03.03.2011	Bakul Chitalia	Prakash g. Joshi	14584	9985	9985	5.28

27.2. The above table shows that the noticee has entered into two reversal of trades on two days wherein these reversals have contributed 8.66% and 5.28% respectively to the day's volume.

Synchronized Trades

27.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
19/10/2011	MAJESTIC GARMENTS	PRAKASH G. JOSHI	10000	2	370194	2.70	2	2

27.4. From the above, it is observed that the noticee has executed synchronized trade on one day which had contributed 2.70% to the day's volume.

Noticee No.-10 : Polymers Multi Trade P. Ltd.

28. The charge against Noticee no.10 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 18,18,741 shares and total sale of 7,80,966 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades

28.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
20.01.2011	Polymers Multi T	Mohini D.Mewada	14821	20999	14821	8.34
20.01.2011	Polymers Multi T	Sunil D.Ingawale	14450	10000	10000	5.63

28.2. The above table shows that the noticee has entered into two reversal of trades on one day wherein these reversals have contributed 13.97% to the day's volume.

Synchronized Trades

28.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
28/12/2011	POLYMERS MULTI	TEXFAB YARNS P	43226	3	174639	24.75	3	3

29/12/2011	TEXFAB YARNS	POLYMERS MULTI	43229	3	209514	20.63	3	3
29/12/2011	CEEPLAST TRADING	POLYMERS MULTI	40000	2	209514	19.09	2	2
04/01/2012	POLYMERS MULTI TRADE	TEXFAB YARNS PRIVATE	25000	1	434490	5.75	1	1
22/11/2011	MAJESTIC GARMENTS	POLYMERS MULTI	31000	2	618634	5.01	2	2
Total			182455	11				

28.4. The above table shows that the noticee has entered into synchronized trades with the connected entities on four days amounting to 1,82,455 shares. There were eleven such trades which contributed in the range of 24.75% to 5.01% which is substantial on the said days.

28.5. The repetitive nature of these trades and the high volume contribution on these days clearly show that these trades have created artificial volume in the scrip in these days.

Noticee No.-11 : Parkes MultiTrade P. Ltd.

29. The charge against Noticee no.11 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades and synchronized trades with other noticees in the Noticee group. It has a total buy of 17,54,452 shares and total sale of 19,01,402 shares. Examination of the reversal of trades and synchronized trades are given below:

Reversal of Trades

29.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
22.12.2011	Parkes Multi T	Stylecheck Garments	10000	10000	10000	5.55

29.2. The above table shows that the noticee has entered into one reversal of trade on one day wherein this reversal has contributed 5.55% to the day's volume.

Synchronized Trades

29.3. The details of the synchronized trades of the noticee where the counterparty is another connected entity/ part of the noticee group is given in the table below:

DATE	Buy Client Name	Sell Client Name	Sum of Synchronized Qty.	Sum of No. of Trades	Day's Volume	% of noticee's synchronized volume to day's volume	Sum of No. of Buy Orders	Sum of No. of Sell Orders
23/12/2011	BAKUL C.CHITALIA	PARKES MULTI TRADE	30000	3	368571	8.14	3	3
13/12/2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	170143	5.88	1	1
22/12/2011	STYLECHECK GARMENTS	PARKES MULTI TRADE	10000	1	179993	5.56	1	1
05/01/2012	BAKUL C.CHITALIA	PARKES MULTI TRADE	10000	1	193770	5.16	1	1
24/11/2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	20000	1	451151	4.43	1	1
21/12/2011	KINA DILIP MEWADA	PARKES MULTI TRADE.	10000	1	239625	4.17	1	1
14/12/2011	PARKES MULTI TRADE	MULTIPLAST TRADING	10000	1	250093	4.00	1	1
26/12/2011	MULTIPLAST TRADING	PARKES MULTI TRADE	10000	1	362688	2.76	1	1
26/12/2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	362688	2.76	1	1
23/12/2011	PARKES MULTI TRADE	STYLECHECK GARMENTS	10000	1	368571	2.71	1	1
28/11/2011	MAJESTIC GARMENTS	PARKES MULTI TRADE	15000	3	598730	2.51	3	3
09/01/2012	PARKES MULTI TRADE	MULTIPLAST TRADING	10000	1	502324	1.99	1	1
Total			155000	16				

- 29.4. The above table shows that the noticee has entered into synchronized trades with the connected entities on ten days amounting to 1,55,000 shares. There were sixteen such trades which contributed in the range of 8.14% to 1.99% which is significant on the given days.
- 29.5. The repetitive nature of these trades and the high volume contribution on these days clearly show that these trades have created artificial volume in the scrip in these days.

Noticee No.-12 : Kumar Dilip Mewada

30. The charge against Noticee no.12 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades with other noticees in the Noticee group. It has a total buy of 3,95,243 shares and total sale of 3,95,243 shares. Examination of the reversal of trades are given below:

Reversal of Trades

- 30.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
04.03.2011	Harsh J Gala	Kumar D.Mewada	25000	24025	24025	9.01
10.03.2011	Prakash G.Joshi	Kumar D.Mewada	9869	10455	9869	8.66

- 30.2. The above table shows that the noticee has entered into two reversal of trades on two days wherein these reversals have contributed 9.01% and 8.66% respectively to the day's volume.

Noticee No.-13 : Mohini Dilip Mewada

31. The charge against Noticee no.13 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades with other

noticees in the Noticee group. It has a total buy of 3,53,227 shares and total sale of 5,40,627 shares. Examination of the reversal of trades are given below:

Reversal of Trades

31.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
20.01.2011	Polymers Multi T	Mohini D.Mewada	14821	20999	14821	8.34

31.2. The above table shows that the noticee has entered into one reversal of trade on one day wherein this reversal has contributed 8.34% to the day's volume.

Noticee No.-14 :Pankaj Trikamlal Shah

32. The charge against Noticee no.14 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades with other noticees in the Noticee group. It has a total buy of 15,98,739 shares and total sale of 19,38,903 shares. Examination of the reversal of trades are given below:

Reversal of Trades

32.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
25.04.2011	Ramesh Chitaliya	Pankaj T.Shah	25000	24900	24900	12.15
26.04.2011	Ramesh Chitaliya	Pankaj T.Shah	24513	14195	14195	11.15
27.08.2010	Vipul Chitalia	Pankaj T.Shah	14450	25644	14450	11.04

32.2. The above table shows that the noticee has entered into three reversal of

trades on three days wherein these reversals have contributed 12.151%, 11.15% and 11.04% respectively to the day's volume.

Noticee No.-15 : Bharat Sureshbhai Mistry

33. The charge against Noticee no.15 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades with other noticees in the Noticee group. It has a total buy of 6,67,947 shares and total sale of 6,67,947 shares. Examination of the reversal of trades are given below:

Reversal of Trades

33.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by client B from client C	No. of shares bought by client C from client B	Reversal Qty.	% of reversal Qty to day mkt volume
A	B	C	D	E	F	G
07.07.2011	Manish Waghela	Bharat S.Mistry	10000	19496	10000	5.97

33.2. The above table shows that the noticee has entered into one reversal of trade on one day wherein this reversal has contributed 5.97% to the day's volume.

Noticee No.-16 : Sunil D. Ingawale

34. The charge against Noticee no.16 is that it had in association with the other noticees created artificial volumes in the scrip by indulging in reversal of trades with other noticees in the Noticee group. It has a total buy of 3,45,724 shares and total sale of 1,77,102 shares.

Reversal of Trades

34.1. The reversal of trades executed by the noticee are shown in the table below:

Date	Client Name	Client Name	No. of shares bought by	No. of shares bought by	Reversal Qty.	% of reversal Qty to day
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			client B from client C	client C from client B		mkt volume
A	B	C	D	E	F	G
20.01.2011	Polymers Multi T	Sunil D.Ingawale	14450	10000	10000	5.63

34.2. The above table shows that the noticee has entered into one reversal of trade on one day wherein this reversal has contributed 5.63% to the day's volume.

Conclusion

35. I note that the noticees are connected to each other there is a sound basis for such conclusion which has been explained in Table-1. Further, the noticees have entered into reversal of trades and synchronized trades with each other which have also been done repeatedly on many days by several noticees. Reversal of trade per se is considered to be deliberate as it has two legs one of trade and other of reversal and both matching with the same person/ counterparty cannot be a matter of chance especially when such trades happen repeatedly. The fact of reversal of trades among the noticees also confirms that they are connected and acted with a common objective.
36. I find that the reversal of trades executed by the noticees have created artificial volume significantly on the days such trades have been executed. Given that these trades were executed repeatedly by several noticees and that they are connected, the cumulative trades of the noticees have certainly impacted the volume by creating artificial volume.
37. I further find that the noticees have also entered into synchronized trades with each other thereby further creating and adding to the artificial volume.
38. Apart from the above, I note that the Noticee group had altogether entered into trades among themselves for 1,65,23,001 shares constituting 28.34% of the market volume indicating a high counterparty concentration among themselves.

39. In view of the above reasons I conclude that the Noticees have created artificial volume in the scrip and have violated the provisions Regulation 3 (a),(b),(c), (d) and 4(1), 4(2) (a) and (g) of SEBI (PFUTP) Regulations, 2003.

40. In view of the above, I am convinced that it is a fit case to impose monetary penalty under Section 15HA of the SEBI Act which reads as under :

15HA [Penalty for fraudulent and unfair trade practices.]

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

41. I have considered the factors stipulated in Section 15J of SEBI 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. "*

42. I note that from the material available on record it is not possible to quantify the amount of disproportionate gain or unfair advantage made as a result of the default by the noticees or the amount of loss caused to an investor or group of investors as a result. Further, no repetitive default against the noticees have been brought out wherein they have been found to have violated in other cases. Therefore, for the purpose of deciding the quantum of penalty, I have considered

the instances of reversal of trade, synchronized trades and the self trades carried out by the noticees and the volume these trades have contributed on the days they have been executed. Where the noticees have indulged in only one of these the penalty imposed have been minimum and the noticees who have indulged in all three the penalty imposed is the highest among them. The following table summarizes the instances of the defaults:

Sl. No.	Name of the Noticees	Self Trades		Reversal of trades		Synchronised trades	
		Qty.	Instances	Qty.	Instances	Qty.	Instances
1	Fiber Texfab Pvt. Ltd.	10864	4	-	-	25000	1
2	Majestic Garment Pvt. Ltd	181495	223	176909	10	455501	48
3	Bakul Chandrakant Chitalia	-	-	25178	2	89401	8
4	Vipul Chandrakant Chitalia	-	-	14450	1	25000	1
5	Ramesh Bhailal Chitalia	-	-	39095	2	90500	16
6	Kina Dilip Mewada	-	-	146716	8	245475	28
7	Seema Pankaj Shah	-	-	33100	2	15000	2
8	Stylecheck Garments P. Ltd.	-	-	10000	1	85815	9
9	Prakash Gaurishankar Joshi	-	-	19854	2	10000	2
10	Polymers Multi Trade P. Ltd.	-	-	24821	2	182455	11
11	Parkes Multitrade P. Ltd.	-	-	10000	1	155000	16
12	Kumar Dilip Mewada	-	-	33894	2	-	-
13	Mohini Dilip Mewada	-	-	14821	1	-	-
14	Pankaj Trkamlal Shah	-	-	53545	3	-	-
15	Bharat Sureshbhai Mistry	-	-	10000	1	-	-
16	Sunil D. Ingawale	-	-	10000	1	-	-

ORDER

43. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15I of the SEBI Act, 1992 read with Rule 5 of the Adjudication rules, I hereby impose a the following penalties on the individual noticees as specified in the table below under Section 15 HA, which will be commensurate with the violations committed by them.

Sl. No.	Name of the Noticees	Regulation Violated	Section under which penalty imposed	Penalty Amount in Rupees
1	Fiber Texfab Pvt. Ltd.	Section 12A(a),(b),(c) of SEBI Act, 1992 read with Regulation 3(a),(b),(c),(d) and Regulation 4(1), 4(2)(a) and (g) of SEBI PFUTP Regulations.	Section 15HA of SEBI Act, 19992.	Rs. 7,00,000/-
2	Majestic Garment Pvt. Ltd			Rs. 15,00,000/-
3	Bakul Chandrakant Chitalia			Rs. 7,00,000/
4	Vipul Chandrakant Chitalia			Rs. 6,00,000/
5	Ramesh Bhailal Chitalia			Rs. 10,00,000/-
6	Kina Dilip Mewada			Rs. 12,00,000/-
7	Seema Pankaj Shah			Rs. 8,00,000/
8	Stylecheck Garments P. Ltd.			Rs. 8,00,000/
9	Prakash Gaurishankar Joshi			Rs. 8,00,000/
10	Polymers Multi Trade P. Ltd.			Rs. 9,00,000/
11	Parkes Multitrade P. Ltd.			Rs. 9,00,000/
12	Kumar Dilip Mewada			Rs. 5,00,000/
13	Mohini Dilip Mewada			Rs. 5,00,000/
14	Pankaj Trkamlal Shah			Rs. 6,00,000/
15	Bharat Sureshbhai Mistry			Rs. 5,00,000/
16	Sunil D. Ingawale			Rs. 5,00,000/

44. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

45. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment in the format as given in table below to “ The Division Chief, EFD- DRA-I, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C-4 A, ‘G’ Block, Bandra Kurla Complex, Bandra (E), Mumbai- 400051”.

1.	Case Name	
2.	Name of the Payee	
3.	Date of Payment	
4.	Amount Paid	
5.	Transaction No.	
6.	Bank Details in which payment is made	
7.	Payment is made for (like penalty/disgorgement/ recovery/ settlement amount and legal charges)	
8.	Order Reference	

46. In terms of rule 6 of the Adjudication Rules, a copy of this order is sent to the Noticee and to Securities and Exchange Board of India.

Date: 31.01.2018

Place: Mumbai

**Dilip B J
Adjudicating Officer**