BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AA/MG/2019-20/7315]

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 Kaushik Rajnikant Mehta (PAN: ANNPM6298A)

In the matter of Well Pack Papers & Containers Limited

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed huge rise in the traded volumes and/or price of the shares of the Well Pack Papers & Containers Limited (herein after referred to as '**Well Pack /Company**'). SEBI conducted an investigation in the scrip of Well Pack which is listed on the Bombay Stock Exchange (hereinafter referred to as '**BSE'**) for the period November 28, 2008 to June 30, 2010 (hereinafter referred to as '**Investigation Period /IP'**). The IP was divided in two parts (1) First investigation period- November 28, 2008 to March 12, 2010 (2) Second investigation period- March 15, 2010 to June 30, 2010 due to the split in the shares of the Well Pack. The Price Movement during the IP is given in Table–1-

Table - 1

Name of scrip	Investigation Period	Price variation (based on closing price) (in Rs.)
Well Pack Papers & Containers Limited	**Pre Bonus & Split:** November 28, 2008 to March 12, 2010	9.54 to 499.45
	Post Bonus & Split: March 15, 2010 to June 30, 2010	23.20 to 73.90

2. The Adjudicating Officer (hereinafter referred to as '**AO**') of SEBI in its order dated February 16, 2015 (hereinafter referred to as '**AO order**') concluded that certain entities including Shri Kaushik Rajnikant Mehta (hereinafter referred to as '**Noticee/ by name'**) has created artificial volume and manipulated the price in the scrip of Well Pack and imposed penalties accordingly. The aforesaid AO order was challenged by the Noticee in the Hon'ble Securities Appellate Tribunal (hereinafter referred as '**SAT**') in Appeal No. 286 of 2015 and the SAT vide order dated March 14, 2016 (herein after referred to as '**SAT Order**') set aside the AO order with respect to the Noticee and restored the matter to the file of AO.

APPOINTMENT OF ADJUDICATING OFFICER

3. Considering the directions of SAT, the Competent Authority of SEBI, vide order dated May 17, 2018 appointed Shri Suresh B. Menon as AO to conduct the adjudication proceedings in the manner specified under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**AO Rules**') and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of the Adjudication Rules and Section 15HA of the SEBI Act. Pursuant to the posting of Shri Suresh B. Menon to another department of SEBI, the undersigned was appointed as the Adjudicating Officer vide order dated March 18, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice No. EAD-2/RG/29419/2013 dated November 20, 2013 (herein after referred to as **'SCN'**) issued to the Noticee by the erstwhile AO

under Rule 4(1) of the AO Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon it under section 15HA of the SEBI Act for the alleged violation of the Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relation to Securities market), 2003 (hereinafter referred to as the '**PFUTP Regulations'**) is being relied upon in the instant proceedings.

5. The details in respect of violation/ non-compliance by the Noticee as observed from the SCN are as given below:

First Investigation Period-

a) *The shares of WPPCL are traded at Bombay Stock Exchange Limited (BSE). On analysis of the trading activity in the scrip of WPPCL on BSE for the period from November 28, 2008 to March 12, 2010, the investigation, prima facie, revealed that a group of entities namely, Santosh Deshmal Oswal, Samir Sureshbhai Shah (HUF), Spectrum Chemicals Pvt. Ltd, Pradeepkumar Jashbhai Patel, Amar Premchand Walmiki, Bharat Shantilal Thakkar, Ragini Bipinbhai Thakkar, Bipin Jayant Thaker, Navneetlal Jeevanlal Gandhi, Janaki Bipin Thakkar, Rajesh Ravinarayan Hati, Chirag Rajnikant Jariwala, Kishore Chauhan, Manish Suresh Joshi, Tushar Rameshbhai Patel, Shashikant Keshavlal Shah, Samir Sureshbhai Shah, Rakesh Gokulbhai Patel, Manoj Bhandari, Samirkumar Kanubhai Patel, Santosh Vishram Ghadshi, Jignesh C. Shah, Shalin Kiritkumar Parikh, Bipinkumar Gandhi, Mayank Navnitbhai Gandhi, Aditi M Gandhi, Avinash Bothra, Bhavesh Pabari, Anand Kalu Marathe, Rekha Bhandari, Prem Mohanlal Parikh, Sunil Bhandari, Nareshbhai Devabhai Patel,* ***Kaushik Rajnikant Mehta****, Hemant Madhusudan Sheth, Ashokkumar Bhikhalal Parmar, Manisha Navneetlal Gandhi, Pandya Yaminiben M, Pandya Hardik M, Bharatkumar Baldevbhai Parmar, Dhirubhai Antolbhai Parmar, Laxman Dhirubhai Parmar, Shobhnaben R Parmar, Rameshbhai V Parmar, Amisha Samir Patel, Vipul Hiralal Shah, Dipika Dinesh Kankaria, Shreedhar Yellaiah Kodam, Mala Hemant Sheth, Ankit Sanchaniya and Vivek Kishanpal Samant (hereinafter referred to as the Walmiki Shah Group) were connected to each other and had traded heavily in the scrip of WPPCL through multiple brokers. The details of the 51 Walmiki Shah Group entities along with their connection with each other are provided in Table 2-*

Table – 2 Connection among WSG 1 entities

Client Name	*KYC Relation*	*Fund Movement*	*Share movement through off market*	*Client Name*	*KYC Relation*	*Fund Movement*	*Share movement through off market*
1.Santosh Deshmal Oswal			*With sl. no.39, 17, 2, 5, 11, 19, 21, 38, 43, 44.*	***27.Avinash Bothra***	*Sl. no. 47 is his wife. Sl. no. 32 has offered him Rs.10,000/- per month for lending its trading a/c.*		*With sl. no. 17, 43, 44, 47.*
2.Samir Sureshbhai Shah (HUF)	*Sl. no. 4, 7, 8, 10, 20, 22, 23, 25, 26, 33, 36, 38, 41, 42, 43, 44, 45, 37 are its clients. Sl. no. 1, 5, 19, 21, 24, 32, 39 & 29 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.*	*With sl. no.41, 39, 18, 37, 29, 36, 19, 45, 17, 38, 42, 5, 43, 25,*	*With sl. no. 39, 2, 1, 17, 26, 33, 44, 45.*	***28.Bhavesh Pabari***	*Sl. no. 6 is his uncle & sl. no. 51 is his brother in law. Sl. no. 31 is cousin of sl. no.28. Sl. no. 28 & 35 both directors of Rajnandi Yarns Pvt. Ltd. Share common Tel. no. with sl. no. 50, 51, 8. BR* with sl. no. 8, 12, 13, 31, 35, 49, 50.*		*With sl. no. 31, 35, 6, 8, 50, 51, 24, 5, 19, 39.*
3.Spectrum Chemicals Pvt. Ltd	*Have common address as that of Khodiyar Industry (Ramniklal Patel). Ramniklal Patel has the same address as that of sl. no. 24, who has share and fund movement with sl. no. 28.*			***29.Anand Kalu Marathe***	*Sl. no. 5 is witness in nomination form.*	*With sl. no. 31, 39, 5.*	
4.Pradeepkumar Jashbhai Patel			*With sl. no. 17, 5, 20, 33, 36.*	***30.Rekha Bhandari***	*Sl. no. 30 is wife of sl. no. 32.*	*With sl. no. 5, 39.*	*With sl. no. 5.*
5.Amar Premchand Walmiki		*With sl. no.19, 29, 32, 39, 28, 17, 21, 30, 38.*	*With sl. no.28, 1, 4, 9, 15, 17, 18, 19, 21, 25, 26, 28, 37, 40, 41, 44.*	***31.Prem Mohanlal Parikh***	*Sl. no. 31 is cousin of sl. no.28. Common email with sl. 50, 31 & 51. Sl. no. 35 is nominee of sl. no.31. BR* with sl. no. 6, 8, 12, 13, 28, 35, 50, 51.*	*With sl. no. 28, 35, 13.*	*With sl. no. 28, 35, 13, 6, 8, 35, 50, 51.*
6.Bharat Shantilal Thakkar	*Sl. no. 28 is his nephew. Same address with sl. no.28. Sl. no. 28 is his nominee. Joint a/c with sl. no. 28. BR* with sl. no. 8, 12, 13, 31, 35, 50, 51*	*With sl. no. 28, 31, 50.*	*With sl. no. 19, 28.*	***32.Sunil Bhandari***	*Sl. no. 32 is the husband of sl. no. 30.*	*With sl. no 5, 21.*	
7.Ragini Bipinbhai Thakkar	*Same address as sl.no. 10 who was introduced by sl. no. 17. Introduced by sl. no. 39 –as per KYC submitted by VSE Stock Services Ltd.*		*With sl. no. 17, 26, 38.*	***33.Nareshbhai Devabhai Patel***	*Sl. no. 9 has off market transaction with sl. no. 37, sl. no. 37 has off-market transaction with sl. no. 5 & 17.*	*With sl. no. 17, 36, 18.*	*With sl. no. 2, 4, 9, 17.*
8.Bipin Jayant Thaker	*Same Tel. no. with sl. no. 28. BR* with sl. no. 6, 12, 13, 28, 31, 35, 50, 51.*	*With sl. no. 28..*	*With sl. no. 12, 28, 31, 35.*	***34.Kaushik Rajnikant Mehta***	***Sl. no. 46 is linked to sl. no. 28 and sl.no. 17.***	***With sl. no. 46, 21.***	***With sl. no 28, 17, 40, 46.***
9.Navneetlal Jeevanlal Gandhi	*Introduced by sl. no. 39 –as per KYC submitted by VSE Stock Services Ltd.*		*With sl. no.5, 17, 33, 37, 44.*	***35.Hemant Madhusudan Sheth***	*Sl. no. 28 & 35 both directors of Rajnandi Yarns Pvt. Ltd. Same email with sl. no. 51. BR* with 6, 31, 50, 51, 8, 12, 13, & sl. no. 49 is his wife.*	*With sl. no. 28, 31, 13.*	*With sl. no. 28, 31, 13, 49, 50, 51, 8, 39.*
10.Janaki Bipin Thakkar	*Introduced by sl. no. 17 –as per KYC submitted by Active Finstock.*			***36.Ashokkumar Bhikhalal Parmar***	*Introduced by sl. no. 17 –as per KYC submitted by VSE Stock Services Ltd. Sl.no. 36 knows sl. no. 17 who is a stock broker. Sl. no. 42, 43, 44, 41 are his relatives and he has lent his demat a/c for Rs.6,000/- to S.*	*With sl. no.17, 39, 18.*	*With sl. no.17, 4, 11, 38, 39, 43, 44, 45.*

Client Name	KYC Relation	Fund Movement	Share movement through off market	Client Name	KYC Relation	Fund Movement	Share movement through off market
					no. 17 for third party use on the instruction of Mr. Paras Chaplot.		
11.Rajesh Ravinarayan Hati			*With sl. no. 39, 5, 1, 21, 36, 38, 45, 46, 50, 51,*	***37.Manisha Navneetlal Gandhi***	*Sl. no. 5 has off-market transaction with sl. no. 28 and fund movement with sl. no. 39.*		*With sl. no. 5, 17, 9.*
12.Chirag Rajnikant Jariwala	*Same Tel. no. with sl.no.28. Sl. no. 28 is his uncle. BR* with sl. no. 6, 8, 13, 28, 35, 50, 51.*	*With sl. no. 28, 35.*	*With sl. no. 8.*	***38.Pandya Yaminiben M***	*Same address as that of sl. no. 39. Sl. no. 39 is his relative and he is known to Sl. no. 17.*	*With sl. no. 39, 17, 51, 21, 18.*	*With sl. no. 42, 1, 7, 11, 17, 36, 39, 41, 42, 43, 44.*
13.Kishore Chauhan	*Join a/c with sl. no. 28. Sl. no. 28 & 35 are witness for demat a/c. BR* with sl. no. 6, 8, 12, 28, 31, 35, 50.*	*With sl. no. 28, 31, 35.*	*With sl. no. 28, 31, 35, 51.*	***39.Pandya Hardik M***	*Having common tel. no. as that of sl. no. 17. From KYC submitted by VSE Stock Services Limited, it is observed that sl. No. 17 is the promoter of M/s. Samir Shah & Co. and Sl.no.39 is one of its employees. Sl. no. 38 is his relative and he is known to Sl. no. 17.*	*With sl. no. 19, 30, 5, 17, 29, 18, 38, 21, 2, 30, 25.*	*With sl. no. 28, 35, 17, 36, 38, 44, 1, 11, 16, 18, 21,*
14.Manish Suresh Joshi	*Introduced by Narendra Ganatra – as per KYC submitted by Ford Brothers Capital Services Ltd.*			***40.Bharatkumar Baldevbhai Parmar***	*Has common tel. no. with sl. no. 44.*		*With sl. no.15, 5, 17, 18.*
15.Tushar Rameshbhai Patel			***With sl. no.5, 17, 21, 40.***	***41.Dhirubhai Antolbhai Parmar***	*Introduced by sl. no. 39.*	*With sl. no.17,*	*With sl. no.5, 17, 38, 43, 44,*
16.Shashikant Keshavlal Shah	*Sl. no. 46 is witness as per KYC furnished by Gogia Capital Services Ltd.*		*With sl. no.17, 18, 39,*	***42.Laxman Dhirubhai Parmar***	*Having common tel. no. as that of sl. no. 17- KYC document submitted by Shah Investor's Home Limited. Sl. no. 36, 43, 44, 41 are his relatives & sl. no. 17 is a stock broker and his advisor and well wisher. It may also be noted that he lent his demat a/c for a sum of Rs.6,000/- per month for third party use upon the instruction of Sl. no. 17 for the third party use by Mr. Paras Chaplot.*	*With sl. no.39, 17.*	*With sl. no.17, 38, 18, 26, 41.*
17.Samir Sureshbhai Shah	*Sl. no. 9 is his father. Sl. no. 4, 7, 8, 10, 20, 22, 23, 25, 26, 33, 36, 38, 41, 42, 43, 44, 45, 37 are its clients. Sl. no. 1, 5, 19, 21, 24, 32, 39 & 29 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.*		*With sl. no.5, 17, 39, 26, 43, 1, 2, 4, 7, 9, 15, 18, 20, 21, 23, 25, 27, 33, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 47,*	***43.Shobhnaben R Parmar***	*Sl. no. 43 has the same address as that of sl. no. 44. Sl. no. 36, 42, 44, 41 are his relatives & he knows sl. no. 17.*	*With sl. no.17, 18.*	*With sl. no.5, 17, 1, 27, 36, 38, 41, 44, 47.*
18.Rakesh Gokulbhai Patel		*With sl. no. 33, 39, 17.*	*With sl. no.17, 5, 16, 20, 22, 26, 39, 40, 42, 45, 47.*	***44.Rameshbhai V Parmar***	*Having common tel. no. with sl. no. 17. Sl. no. 42, 43, 41 are his relatives & he knows sl. no. 17.*	*With sl. no. 18, 17*	*With sl. no.5, 38, 39, 1, 2, 9, 17, 27, 36, 41, 43,*

Client Name	KYC Relation	Fund Movement	Share movement through off market	Client Name	KYC Relation	Fund Movement	Share movement through off market
19.Manoj Bhandari	*Sl. no. 32 is his office staff.*	*With sl. no. 39, 5, 17,*	*With sl. no. 28, 5, 50, 13, 1, 6, 20, 45,*	**45.Amisha Samir Patel**		*With sl. no. 17,*	*With sl. no. 17, 2, 11, 19, 36, 18.*
20.Samirkumar Kanubhai Patel		*With sl. no.17.*	*With sl. no.2, 4, 17, 18, 19.*	**46.Vipul Hiralal Shah**	*Sl. No. 34 has off-market transaction with sl. No. 28.*	*With sl. No. 34.*	*With sl. no.28, 11, 17, 48.*
21.Santosh Vishram Ghadshi		*With sl. no. 39, 5, 15, 17.*	*With sl. no.5, 17, 1, 48, 11, 15.*	**47.Dipika Dinesh Kankaria**	*Sl. no. 27 is his husband. Sl. no. 32 offered him Rs.10,000/- per month for lending its trading account.*	*With sl. No. 33, 39, 17.*	*With sl. No. 17, 43, 18, 27,*
22.Jignesh C. Shah	*Sl. No. 39 is the introducer of Sl. no. 22. Sl. no. 39 has off market transactions with sl. no. 28 and 35.*		*With sl. no.18.*	**48.Shreedhar Yellaiah Kodam**			*With sl. No. 21.*
23.Shalin Kiritkumar Parikh	*Introduced by sl. no. 17 –as per KYC submitted by VSE Stock Services Ltd. Sl. no. 17 has off market transactions with sl. no. 5 & 28.*		*With sl. no. 17.*	**49.Mala Hemant Sheth**	*Sl. no. 49 is the wife of sl. no. 35.*	*With sl. no. 28, 31.*	*With sl. no. 35.*
24.Bipinkumar Gandhi			*With sl. no. 28.*	**50.Ankit Sanchaniya**	*Same Tel. no. with sl. no. 31 and also shares Tel. no. with sl. no. 28 who is the nominee for his a/c. BR* with sl. no.6, 8, 12, 13, 28, 31, 35, 51.*	*With sl. no. 28, 31.*	*With sl. no. 28, 31, 35, 12, 51, 11.*
25.Mayank Navnitbhai Gandhi	*Same address with sl. no. 26. Sl. no. 17 is his relative. Sl. no. 25 & 26 have joint bank a/c.*	*With sl. no. 17, 18, 39.*	*With sl. no. 5, 17, 26.*	**51.Vivek Kishanpal Samant**	*Sl. no. 28 is the brother in law & shares common Tel. no. & sl.no. 28 is the nominee of sl. no. 28 for trading a/c & bank a/c. Shares email with sl. no. 35. Shares email with sl. no. 31.*	*With sl. no. 35.*	*With sl. no. 28, 35, 12, 13, 31, 50, 11.*
26.Aditi M Gandhi	*Sl. no. 17 is his relative. Sl. no. 25 & 26 have joint bank a/c.*	*With sl. no. 29.*	*With sl. no.5, 17, 2, 7, 42, 5, 18, 25, 26.*				

b) *It was observed from the trade log analysis that 51 Walmiki Shah Group entities dealing through multiple brokers purchased 2,64,36,837 shares accounting for 52.78% of the total traded volume and sold 1,82,98,802 shares accounting for 36.54 % of the total traded volume during the period under investigation. From the analysis it was observed that Arcadia Share & Stock Brokers Pvt. Ltd. (hereinafter referred to as Arcadia) dealing for Yaminiben Maheshbhai Pandya contributed 5.50 % of the total market volume on buy side transaction and contributed 4.25% of the market volume on sale side of the transactions for Laxmanbhai Dhirubhai Parmar. Upon examination of the material collected during the investigation period, it was revealed that the Walmiki Shah Group had indulged in off-market transfer of 2,91,86,301 shares of WPPCL amongst themselves during the period January 01, 2009 and January 31, 2011. These off-market transfers among the group further establish the connection between the group.*

c) *It was observed that out of the total purchase and sale of 2,64,36,837 shares and 1,82,98,802 shares, respectively, by the 51 Walmiki Shah Group entities, 50 Walmiki Shah Group entities traded for 98,66,868 shares (i.e. 19.70% of the market volume) accounting for 37.32 % of the total purchase by the group and 53.92% of the total sale of the group, within themselves.*

d) *Out of the total trading of 98,66,868 shares within the group entities, for 45,99,077 shares accounting for 9.18% of the market volume, the buy and sale orders were placed within one minute time difference. It may be noted that 45,99,077 shares constituted 17.39% of the total purchase of Walmiki Shah Group entities and 25.13% of the total sale of the Walmiki Shah Group entities. Out of 45,99,077 shares, it was observed that 7,21,545 shares accounting for 1.44% of the total market volume the buy and sale orders were placed in synchronised manner (i.e. difference between placement of order by buyer and seller within one minute and order rate as well as order quantity of buy side and sale side being same). It was noted that 7,21,545 shares constituted for 2.73% of the total purchase of Walmiki Shah Group entities and 3.94% of the total sale of the Walmiki Shah Group entities. The summary of the synchronised trades by various clients is given below:*

Table – 3 Synchronised trades by WSG 1 Entities

Sr. No.	*Buy client name*	*Synchronised buy trades*	*% of Market Volume*	*% of sync to total buy by client*	*Synchronised sale trades*	*% of Market Volume*	*% of sync to total sale by client*
1	Santosh Deshmal Oswal	9680	0.02	1.75	0	0.00	0.00
2	Pradeepkumar Jashbhai Patel	2100	0.00	0.97	2400	0.00	2.27
3	Amar Premchand Walmiki	40299	0.08	1.10	45887	0.09	2.22
4	Bharat Shantilal Thakkar	32639	0.07	54.98	37053	0.07	66.92
5	Ragini Bipinbhai Thakkar	0	0.00	0.00	1500	0.00	0.69
6	Bipin Jayant Thaker	7800	0.02	20.55	7496	0.01	23.06
7	Navneetlal Jeevanlal Gandhi	50	0.00	0.02	2124	0.00	0.63
8	Rajesh Ravinarayan Hati	697	0.00	0.13	7660	0.02	2.41
9	Chirag Rajnikant Jariwala	18800	0.04	38.96	11537	0.02	30.44
10	Kishore Chauhan	30530	0.06	17.02	58737	0.12	37.81
11	Tushar Rameshbhai Patel	11000	0.02	0.95	20763	0.04	4.63
12	Shashikant Keshavlal Shah	22800	0.05	10.93	5000	0.01	2.63
13	Samir Sureshbhai Shah	1924	0.00	0.25	250	0.00	0.05
14	Manoj Bhandari	2500	0.00	0.38	21250	0.04	4.29
15	Samirkumar Kanubhai Patel	0	0.00	0.00	490	0.00	1.19
16	Santosh Vishram Ghadshi	63856	0.13	5.76	15065	0.03	1.94
17	Jignesh C. Shah	0	0.00	0.00	3000	0.01	2.67
18	Shalin Kiritkumar Parikh	4038	0.01	1.92	0	0.00	0.00
19	Mayank Navnitbhai Gandhi	2301	0.00	0.55	17310	0.03	4.46
20	Aditi M Gandhi	476	0.00	0.13	10000	0.02	3.01
21	Bhavesh Pabari	25792	0.05	18.33	22465	0.04	11.07
22	Rekha Bhandari	0	0.00	0.00	12000	0.02	5.09
23	Prem Mohanlal Parikh	12000	0.02	8.88	9865	0.02	9.37
24	Sunil Bhandari	19320	0.04	5.28	2990	0.01	2.71
25	Nareshbhai Devabhai Patel	1227	0.00	0.42	1500	0.00	2.07
26	**Kaushik Rajnikant Mehta**	**45490**	**0.09**	**18.21**	**22376**	**0.04**	**14.21**

Sr. No.	Buy client name	Synchronised buy trades	% of Market Volume	% of sync to total buy by client	Synchronised sale trades	% of Market Volume	% of sync to total sale by client
27	Hemant Madhusudan Sheth	77695	0.16	21.17	30573	0.06	11.46
28	Ashokkumar Bhikhalal Parmar	2000	0.00	0.73	2000	0.00	3.17
29	Manisha Navneetlal Gandhi	8609	0.02	1.00	424	0.00	0.11
30	Pandya Yaminiben M	29350	0.06	1.04	81111	0.16	3.83
31	Pandya Hardik M	33900	0.07	1.44	62298	0.12	3.90
32	Bharatkumar Baldevbhai Parmar	13905	0.03	11.86	0	0.00	0.00
33	Laxman Dhirubhai Parmar	42574	0.09	1.90	68679	0.14	3.22
34	Shobhnaben R Parmar	35323	0.07	1.85	32574	0.07	2.36
35	Rameshbhai V Parmar	0	0.00	0.00	10000	0.02	1.80
36	Amisha Samir Patel	0	0.00	0.00	4010	0.01	7.48
37	Vipul Hiralal Shah	69532	0.14	19.29	29060	0.06	8.52
38	Dipika Dinesh Kankaria	14392	0.03	7.71	8890	0.02	5.33
39	Shreedhar Yellaiah Kodam	5486	0.01	1.24	14163	0.03	3.31
40	Ankit Sanchaniya	19001	0.04	15.62	30050	0.06	26.16
41	Vivek Kishanpal Samant	14459	0.03	30.00	8995	0.02	38.47
	Grand Total	**721545**	**1.44**	**2.73**	**721545**	**1.44**	**3.94**

e) *It was observed from the Price volume data that the scrip was traded for 312 trading days. Out of 312 trading days, the group entities traded among themselves on 296 days, i.e. for about 94.87% of the total number of days the scrip was traded during the period under investigation. It was further observed that the Walmiki Shah Group entities contributed 89.17% daily market volume on December 19, 2008. Further, the Walmiki Shah Group entities had contributed to daily market volume ranged from 5.63% on December 01, 2008 to 89.17% on December 19, 2008. Out of 312 Walmiki Shah Group trading days, on 255 trading days both buy and sell orders were placed within a time difference of one minute. It is also alleged that the Walmiki Shah Group entities contribution to daily market volume ranged from 41.68% on December 02, 2008 to 52.47% on December 03, 2009.*

f) *Further, it was observed that out of 255 trading days, on 103 trading days the trades executed by the Walmiki Shah Group entities were synchronised in nature. It is, therefore, alleged that by executing synchronised trades among the group entities, Walmiki Shah Group entities contributed to the total market volume ranged from 3.59% on December 29, 2009 to 15.35% on September 14, 2009.*

Second Investigation Period-

g) *The trading activity in the scrip of WPPCL was further investigated for the period from March 15, 2010 to June 30, 2010 on BSE and the investigation, prima facie, revealed 40 Walmiki Shah Group entities namely, Santosh Deshmal Oswal, Anand Finstock Services Ltd, Bhupesh Rathod, Samir Sureshbhai Shah (HUF), Pradeepkumar Jashbhai Patel, Amar Premchand Walmiki, Ragini Bipinbhai Thakkar, Navneetlal Jeevanlal Gandhi, Janaki Bipin Thakkar, Rajesh Ravinarayan Hati, Tushar Rameshbhai Patel, Shashikant Keshavlal Shah, Samir Sureshbhai Shah, Rakesh Gokulbhai Patel, Santosh Vishram Ghadshi, Jignesh C. Shah, Shalin Kiritkumar*

Parikh, Mayank Navnitbhai Gandhi, Aditi M Gandhi, Avinash Bothra, Rekha Bhandari, Jayvishal Dilipsingh Barot, Sunil Bhandari, Nareshbhai Devabhai Patel, ***Kaushik Rajnikant Mehta***, Ashokkumar Bhikhalal Parmar, Vishal Pare, Pandya Yaminiben M, Pannalal Ukaram Prajapati, Pandya Hardik M, Bharatkumar Baldevbhai Parmar, Dhirubhai Antolbhai Parmar, Laxman Dhirubhai Parmar, Shobhnaben R Parmar, Rameshbhai V Parmar, Vipul Hiralal Shah, Dipika Dinesh Kankaria, Shreedhar Yellaiah Kodam, Vaishali Ashvinbhai Parmar and Ankit Sanchaniya were connected to each other and had traded heavily in the scrip of WPPCL through multiple brokers. The details of the 40 Walmiki Shah Group entities along with their connection with each other are provided in Table 4.*

Table – 4 Details of Connections among WSG 2 Entities

Client Name	*KYC Relation*	*Fund Movement*	*Share movement through off market*	*Client Name*	*KYC Relation*	*Fund Movement*	*Share movement through off market*
1.Santosh Deshmal Oswal			*With sl. no.30, 13, 4, 6, 10, 15, 28, 34, 35.*	***21.Rekha Bhandari***	*Sl. no. 21 is wife of sl. no. 23.*	*With sl. no. 6, 30.*	*With sl. no. 6.*
2.Anand Finstock Services Ltd	*Introduced by sl. no. 13 –as per KYC submitted by Arcadia.*	*With sl. No. 13.*	*With sl. No.13.*	***22.Jayvishal Dilipsingh Barot***	*Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.*	*With sl. no. 13.*	*With sl. no.6, 7, 9, 13, 14, 17, 33, 39.*
3.Bhupesh Rathod		*With Sl. No. 40.*		***23.Sunil Bhandari***	*Sl. no. 23 is the husband of sl. no. 21.*	*With sl. no 6, 15.*	
4.Samir Sureshbhai Shah (HUF)	*Sl. no. 5, 7, 9, 16, 17, 18, 19, 24, 26, 28, 32, 33, 34, 35, are its clients.* *Sl. no. 1, 6, 15, 22, 23, 30 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.*	*With sl. no.32, 30, 14, 26, 13, 28, 33, 6, 34, 18, 22.*	*With sl. no. 30, 4, 1, 13, 19, 24, 35.*	***24.Nareshbhai Devabhai Patel***	*Sl. no. 8 has off market transaction with Manisha Navneetlal Gandhi, Manisha Navneetlal Gandhi has off-market transaction with sl. no. 6 & 13.*	*With sl. no. 13, 26, 14.*	*With sl. no. 4, 5, 8, 13.*
5.Pradeepkumar Jashbhai Patel			*With sl. no. 13, 6, 24, 26.*	***25.Kaushik Rajnikant Mehta***	***Sl. no. 36 is linked to Bhavesh Pabari and sl. no. 13.***	***With sl. no.36, 15.***	***With sl. No, 13, 31, 36, Bhavesh Pabari.***
6.Amar Premchand Walmiki		*With sl. no. 23, 30, 13, 15, 21, 28.*	*With sl. no.1, 5, 8, 11, 13, 14, 15, 18, 19, 31, 32, 35, 22, 39.*	***26.Ashokkumar Bhikhalal Parmar***	*Introduced by sl. no. 13 –as per KYC submitted by VSE Stock Services Ltd.* *Sl.no. 26 knows sl. no. 13 who is a stock broker.* *Sl. no. 33, 34, 35, 32 are his relatives and he has lent his demat a/c for Rs.6,000/- to S. no. 13 for third party use on the instruction of Mr. Paras Chaplot.*	*With sl. no.13, 30, 14.*	*With sl. no.13, 5, 10, 28, 30, 34, 35.*
7.Ragini Bipinbhai Thakkar	*Same address as sl.no. 9 who was introduced by sl. no. 13.* *Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.*		*With sl. no. 13, 19, 28, 22.*	***27.Vishal Pare***	*Sl. No. 20 is his friend.* *Sl. No.37 is the wife of sl. No.20 & she is known to him.* *Sl. no. 23 has offered him Rs.10,000/- per month for lending its trading a/c.*		
8.Navneetlal Jeevanlal Gandhi	*Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.*		*With sl. no.6, 13, 24, 35.*	***28.Pandya Yaminiben M***	*Same address as that of sl. no. 30.*	*With sl. no. 30, 13, 15, 14, 39.*	*With sl. no. 33, 1, 7, 10, 13, 26, 30,*

Client Name	KYC Relation	Fund Movement	Share movement through off market	Client Name	KYC Relation	Fund Movement	Share movement through off market
					Sl. no. 30 is his relative and he is known to Sl. no. 13.		32, 33, 34, 35.
9.Janaki Bipin Thakkar	Introduced by sl. no. 13 –as per KYC submitted by Active Finstock.		With sl. no.22.	**29.Pannalal Ukaram Prajapati**			With sl. no.30, 10, 13.
10.Rajesh Ravinarayan Hati			With sl. no.30, 6, 1, 16, 26, 28, 29, 36, 40.	**30.Pandya Hardik M**	Having common tel. no. as that of sl. no. 13. From KYC submitted by VSE Stock Services Limited, it is observed that sl. No. 13 is the promoter of M/s. Samir Shah & Co. and Sl.no.30 is one of its employees. Sl. no. 28 is his relative and he is known to Sl. no. 13.	With sl. no. 21, 6, 13, 14, 28, 15, 4, 21, 18, 39.	With sl. no. 13, 26, 28, 29, 35, 1, 10, 12, 14, 15.
11.Tushar Rameshbhai Patel			With sl. no.6, 13, 15, 31.	**31.Bharatkumar Baldevbhai Parmar**	Has common tel. no. with sl. no. 35.		With sl. no.11, 6, 13, 14.
12.Shashikant Keshavlal Shah	Sl. no. 36 is witness as per KYC furnished by Gogia Capital Services Ltd.		With sl. no.13, 14, 30.	**32.Dhirubhai Antolbhai Parmar**	Introduced by sl. no. 30.	With sl. no.13,	With sl. no.6, 13, 28, 34, 35, 39.
13.Samir Sureshbhai Shah	Sl. no. 8 is his father. Sl. no. 5, 7, 9, 16, 17, 18, 19, 22, 24, 26, 28, 32, 33, 34, 35, are its clients. Sl. no. 1, 6, 15, 23, 30 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.		With sl. no.6, 13, 30, 19, 34, 1, 4, 5, 7, 8, 11, 14, 15, 17, 18, 20, 22, 24, 26, 28, 29, 30, 31, 32, 33, 34, 35, 37,	**33.Laxman Dhirubhai Parmar**	Having common tel. no. as that of sl. no. 13- KYC document submitted by Shah Investor's Home Limited. Sl. no. 26, 34, 35, 32 are his relatives & sl. no. 13 is a stock broker and his advisor and well wisher. It may also be noted that he lent his demat a/c for a sum of Rs.6,000/- per month for third party use upon the instruction of Sl. no. 13 for the third party use by Mr. Paras Chaplot.	With sl. no.30, 13.	With sl. no.13, 22, 28, 14, 19, 32.
14.Rakesh Gokulbhai Patel		With sl. no. 24, 30, 13.	With sl. no.13, 6, 12, 16, 19, 22, 30, 31, 33, 37.	**34.Shobhnaben R Parmar**	Sl. no. 34 has the same address as that of sl. no. 35. Sl. no. 26, 33, 35, 32 are his relatives & he knows sl. no. 13.	With sl. no.13, 14.	With sl. no.6, 13, 1, 20, 26, 28, 32, 35, 37.
15.Santosh Vishram Ghadshi		With sl. no. 30, 6, 11, 13.	With sl. no.6, 13, 1, 38, 10, 11.	**35.Rameshbhai V Parmar**	Having common tel. no. with sl. no. 13. Sl. no. 33, 34, 32 are his relatives & he knows sl. no. 13.	With sl. no. 14, 13.	With sl. no.6, 28, 30, 1, 4, 8, 13, 20, 26, 32, 34.
16.Jignesh C. Shah	Sl. No. 30 is the introducer of Sl. no. 16. Sl. no. 30 has off market transactions with Bhavesh Pabari and Hemant Sheth.		With sl. no.14.	**36.Vipul Hiralal Shah**	Sl. No. 25 has off-market transaction with Bhavesh Pabari.	With sl. No. 25.	With sl. no 10, 13, 38.
17.Shalin Kiritkumar Parikh	Introduced by sl. no. 13 –as per KYC submitted by VSE Stock Services Ltd. Sl. no. 13 has off market transactions with sl. no. 6 & Bhavesh Pabari		With sl. no. 13, 22.	**37.Dipika Dinesh Kankaria**	Sl. no. 20 is his husband. Sl. no. 23 offered him Rs. 10,000/- per month for lending its trading account.	With sl. No. 24, 30, 13.	With sl. No. 13, 34, 14, 20.

Client Name	*KYC Relation*	*Fund Movement*	*Share movement through off market*	*Client Name*	*KYC Relation*	*Fund Movement*	*Share movement through off market*
18.Mayank Navnitbhai Gandhi	*Same address with sl. no. 19.* *Sl. no. 13 is his relative.* *Sl. no. 25 & 26 have joint bank a/c.*	*With sl. no. 13, 14, 30.*	*With sl. no. 6, 13, 19.*	***38.Shreedhar Yellaiah Kodam***			*With sl. No.15.*
19.Aditi M Gandhi	*Sl. no. 13 is his relative.* *Sl. no. 25 & 26 have joint bank a/c.*		*With sl. no.6, 13, 4, 7, 33, 14, 18,*	***39.Vaishali Ashvinbhai Parmar***	*Same address as that of sl. No. 33.*	*With sl. No.13.*	*With sl. No.13, 6, 22, 32.*
20.Avinash Bothra	*Sl. no. 37 is his wife.* *Sl. no. 23 has offered him Rs.10,000/- per month for lending its trading a/c.*		*With sl. no. 13, 34, 35, 37.*	***40.Ankit Sanchaniya***	*Same Tel. no. with Prem Parikh and also shares Tel. no. with Bhavesh Pabari who is the nominee for his a/c.*		*With sl. no. 10.*

h) *It was observed from the trade log analysis that these 40 Walmiki Group entities dealing through multiple brokers had purchased 11,66,30,714 shares accounting for 45.81% of the total traded volume and sold 11,60,46,856 shares accounting for 45.58% of the total traded volume during the period under investigation. From the analysis it was observed that SSJ Finance & Securities Pvt. Ltd. dealing for Bharatkumar Baldevbhai Parmar contributed for 3.79 % to the total market volume on buy side transaction and 3.75 % of the market volume on sale side of the transactions.*

i) *It was observed that out of the total purchase and sale of 11,66,30,714 shares and 11,60,46,856 shares, respectively, by the 40 Walmiki Shah Group entities, 38 Walmiki Shah Group entities traded for 5,59,14,388 shares (i.e. 21.96% of the market volume) accounting for 47.94% of the total purchase by the group and 48.18% of the total sale by the group within Walmiki Shah Group entities and 21.96% of the market volume from within the group entities.*

j) *It was observed that out of the total trading of 5,59,14,388 shares within the group entities, for 1,72,17,572 shares accounting for 6.76% of the market volume the buy and sale orders were placed within one minute time difference. It was noted that 1,72,17,572 shares constituted 14.76% of the total purchase of Walmiki Shah Group entities and 14.84% of the total sale of the Walmiki Shah Group entities. Out of 1,72,17,572 shares, it was observed that for 14,27,634 shares accounting for 0.56% of the total market volume, the buy and sale orders were placed in synchronised manner (i.e. difference between placement of order by buyer and seller within one minute and order rate as well as order quantity of buy side and sale side being same). It was noted that 14,27,634 shares constituted 1.22% of the total purchase of Walmiki Shah Group entities and 1.23% of the total sale of the Walmiki Shah Group entities. The summary of the synchronised trades by various clients is given below:*

Table – 5 Synchronized Trades by WSG 2 Entities

Client Name	Synchronised buy trades	% of Market Volume	% of sync to total buy by client	Synchronised sale trades	% of Market Volume	% of sync to total sale by client
Anand Finstock Services Ltd	*0*	*0.00*	*0.00*	*24990*	*0.01*	*0.45*
Amar Premchand Walmiki	*65000*	*0.03*	*0.58*	*0*	*0.00*	*0.00*
Tushar Rameshbhai Patel	*49200*	*0.02*	*1.11*	*50000*	*0.02*	*1.20*
Santosh Vishram Ghadshi	*16458*	*0.01*	*0.19*	*2998*	*0.00*	*0.04*
Jignesh C. Shah	*0*	*0.00*	*0.00*	*14604*	*0.01*	*1.58*
Mayank Navnitbhai Gandhi	*14604*	*0.01*	*0.26*	*50000*	*0.02*	*0.87*
Aditi M Gandhi	*0*	*0.00*	*0.00*	*45426*	*0.02*	*0.75*
Avinash Bothra	*56196*	*0.02*	*4.89*	*66109*	*0.03*	*4.44*
Rekha Bhandari	*0*	*0.00*	*0.00*	*181267*	*0.07*	*9.57*
Sunil Bhandari	*141366*	*0.06*	*8.32*	*23004*	*0.01*	*1.03*
Kaushik Rajnikant Mehta	***39899***	***0.02***	***1.41***	***20000***	***0.01***	***0.83***
Ashokkumar Bhikhalal Parmar	*89901*	*0.04*	*3.38*	*0*	*0.00*	*0.00*
Vishal Pare	*0*	*0.00*	*0.00*	*247000*	*0.10*	*5.75*
Pandya Yaminiben M	*26530*	*0.01*	*0.39*	*49001*	*0.02*	*0.66*
Pannalal Ukaram Prajapati	*74990*	*0.03*	*11.96*	*23000*	*0.01*	*3.53*
Bharatkumar Baldevbhai Parmar	*102998*	*0.04*	*1.01*	*101040*	*0.04*	*1.00*
Laxman Dhirubhai Parmar	*23004*	*0.01*	*0.47*	*93745*	*0.04*	*1.67*
Shobhnaben R Parmar	*39250*	*0.02*	*0.52*	*72397*	*0.03*	*1.01*
Rameshbhai V Parmar	*65109*	*0.03*	*1.32*	*54205*	*0.02*	*1.08*
Vipul Hiralal Shah	*297184*	*0.12*	*6.06*	*198848*	*0.08*	*5.10*
Dipika Dinesh Kankaria	*273000*	*0.11*	*20.16*	*100000*	*0.04*	*6.10*
Shreedhar Yellaiah Kodam	*2945*	*0.00*	*0.18*	*10000*	*0.00*	*0.55*
Ankit Sanchaniya	*50000*	*0.02*	*50.00*	*0*	*0.00*	*0.00*
Grand Total	***1427634***	***0.56***	***1.22***	***1427634***	***0.56***	***1.23***

k) *The Price volume data revealed that the scrip was traded on 75 trading days. Out of 75 trading days the group entities traded among themselves on all 75 days. It was observed that the Walmiki Shah Group entities contributed for 44.97% to the daily market volume on April 01, 2010. Their contribution to daily market volume ranged from 0.26% on March 16, 2010 to 44.97% on April 01, 2010. Out of the 75 Walmiki Shah Group trading days, on 73 trading days both buy and sell orders were placed within time difference of one minute. It is, therefore, alleged that the Walmiki Shah Group entities contributed to the daily market volume ranged from 0.03% on March 16, 2010 to 25.35% on April 20, 2010.*

l) *Out of 73 trading days, on 32 trading days the trades executed by the Walmiki Shah Group entities were synchronised in nature. It is alleged that by executing synchronised trades among the group entities, Walmiki Shah Group entities contributed to the total market volume ranged from 0.08% on April 19, 2010 to 4.07% on May 27, 2010.*

m) *Further, the price of the scrip opened at Rs. 34.00 and touched a high of Rs. 74.50 i.e. there was increase of Rs. 40.50 during the relevant period. It was observed that on 18 trading days and 291 occasions a new high price was discovered. Further, it was* *observed that out of 291 occasions on 195 occasions (on 17 days out of 18 days), Bharatkumar Baldevbhai Parmar, Kaushik Rajnikant Mehta, Anand Finstockservices Ltd, Ashokkumar Bhikhalal Parmar, Santosh Deshmal Oswal, Mayank Navnitbhai Gandhi, Hardik Maheshbhai Pandya, Shobhnaben Rameshbhai Parmar, Laxmanbhai Dhirubhai Parmar, Vaishali Ashvinbhai Parmar, Vipul Hiralal Shah and Aditi Mayank Gandhi contributed to increase of Rs. 29.30 (out of Rs. 40.50).*

n) *In view of the above, it is alleged that the Walmiki Shah Group entities indulged in trading among themselves by way of executing synchronised trades resulting in no change of beneficial ownership and thereby, created artificial volume in the scrip of WPPCL which gave a false and misleading appearance of trading in the scrip on the exchange. Further, as alleged in earlier paragraphs, certain group entities have increased the price of the scrip by carrying out trades among themselves and by placing the buy orders at rates higher than the best available sell order rates thereby affecting the equilibrium of the market. Therefore, it is alleged that the group entities have violated provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the PFUTP Regulations.*

6. The Hon'ble SAT vide order dated March 14, 2016, set aside the AO order, with respect to the Noticee and restored the matter to the file of AO, in the light of the Judgment of the Hon'ble Supreme court dated November 26, 2015, in the case of SEBI vs. Roofit Industries Limited. Thereafter, in view of the change in AO, the Noticee was granted an opportunity of personal hearing on December 19, 2019, vide hearing notice dated December 06, 2019, in the interest of natural justice.

The Noticee vide letter dated December 11, 2019, requested for inspection of documents which was acceded to and vide letter dated December 30, 2019, the Noticee was granted an opportunity of inspection of documents. Inspection was completed on January 21, 2020. Thereafter, the Noticee was granted a final opportunity of personal hearing on February 12, 2020 vide email dated February 03, 2020. The Authorized Representative of the Noticee (herein after referred to as '**AR**') attended the hearing on scheduled date and requested for trade log of the scrip for the investigation period. Copy of order and trade log was provided to the Noticee, in a CD, on February 20, 2020. Vide hearing notice dated March 03, 2020, the Noticee was granted a further opportunity of hearing on March 12, 2020. The AR attended the hearing on the scheduled date and submitted the reply to the SCN dated March 09, 2020 and reiterated contents of the same. The Noticee in its replies dated March 09, 2020, *inter alia* made following submissions:

i. *All the details are not available in trade log provided to the Noticee.*
ii. *SCN is issued after 45 months from the date of remanding back.*
iii. *In my reply I am only dealing with the violations which are alleged against me.*
iv. *The allegations made in the SCN are based on surmises and conjectures. SCN is replete of inconsistencies.*
v. *I deny each and every statement, allegation, observation etc. made in the captioned SCN. I deny and refute that I had violated the provisions of PFUTP Regulations as alleged in the SCN.*
vi. *I deny that I was part of Pabari Parikh Group and Walmiki Shah Group. I had purchased shares of Well Pack through off market transactions from Mr. Vipul Hiralal Shah.*
vii. *That except aforesaid off market transaction with Mr. Vipul Hiralal Shah, I have no connection with the purported group.*
viii. *That the connection table has several faults.*
ix. *The evidence to strengthen the connection such as KYC documents etc. are not provided with the SCN and during the inspection of the documents. Complete details of trades were not provided to me.*
x. *It is further submitted that there has to be sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party. In the present SCN, no such iota of evidence of collusion with the counterparties to my trades has been found.*
xi. *Synchronized trades and off market transactions are not illegal.*
xii. *That volume of my synchronized trades are not significant in comparison to the total traded volume and therefore, cannot influence the market equilibrium.*
xiii. *That the synchronized trades were not executed intentionally.*
xiv. *No allegation of self or reversal trades are against me.*
xv. *Data provided in LTP tables are faulty. No details of New high price created by me has been provided to me.*
xvi. *I further, reiterate my submissions made vide letter dated December 09, 2014.*
xvii. *The Noticee also cited various case laws and judgments in support of its submissions.*

The Noticee in its reply dated December 09, 2014, has *inter alia* made following submissions

i. *That there are discrepancies in the data provided to the Noticee and data cannot be relied upon.*
ii. *That my trading has not caused any new high price.*
iii. *I was not provided a copy of Investigation Report and Trade & Order Log. Therefore, the principles of natural justice has not been followed in the present proceeding.*
iv. *I may have direct/indirect connection with few entities/person whose name were mentioned in SCN but it does not make me liable for violation of SEBI FUTP Regulation.*

CONSIDERATION OF EVIDENCE AND FINDINGS

7. I have perused the reply, oral & written submissions of the Noticee and all the documents available on record. The issues that arise for consideration in the present case are :
   a) Whether the Noticee has violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of PFUTP Regulations by indulging in manipulative trades.
   b) Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act?
   c) If yes, what should be the quantum of penalty?

8. Before moving forward, it is pertinent to refer to the relevant provisions of the PFUTP Regulations read as under:

> ***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 there under;*
> ***(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 there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices
(1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
(2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
(a) *indulging in an act which creates false or misleading appearance of trading in the securities market;*
(b) *dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;*
(c)............
(d)............
(e) *any act or omission amounting to manipulation of the price of a scrip*
(g) *entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

9. The first issue for consideration is whether the Noticee has violated provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) & 4(2)(a), (b), (e) and (g) of PFUTP Regulations. On consideration of the SCN, its annexures and other material available on record, I observe that a Group of fifty one (51) entities (hereinafter collectively referred to as the '**WSG 1 entities**') including the Noticee, in collusion with each other, had traded heavily in the scrip of Well Pack during the period November 28, 2008 to March 12, 2010. I also observe that another Group of forty (40) entities (hereinafter collectively referred to as the '**WSG 2 entities**') including the Noticee had traded heavily, in collusion with each other, in the scrip of Well Pack during a different period March 15, 2010 to June 30, 2010.

10. I note from the SCN that the Noticee is alleged to be connected to the WSG 1 & 2 entities, on the basis of off market share transfer and fund transfer with WSG 1 & 2 entities. I note that the copy of bank account statement of the Noticee showing fund transfers with WSG 1 & 2 entities is not available in the

records and thus connection of the Noticee on the basis of fund transfer is not established. With respect to connection based on the off market share transfer, I note from the **Annexure EE** of the SCN, which contains Off market share transfer data in the scrip of Well Pack for the period January 01, 2009 to January 31, 2011, that the Noticee has transferred total 3,47,990 shares of Well Pack to Mr. Vipul Hiralal Shah, in the year 2009 and 2010, in five transactions. In addition to that, the Noticee in its reply has also admitted that he has executed some off market transactions with Mr. Vipul Hiralal Shah. Therefore, I find that the Noticee is connected to the WSG 1 & 2 entity viz. Mr. Vipul Hiralal Shah through off market transfer. Details of such connections are provided at Table – 2 & 4 above and further elaborated in the SCN.

<u>First Investigation period: November 28, 2008 to March 12, 2010</u>

a) Creation of Artificial Volume

11. I note from the available records that the Noticee, in collusion with the other WSG 1 entities, was alleged to have contributed to the creation of artificial volume in the scrip of Well Pack during the First Investigation period. I observe that out of 312 days on which the scrip of Well Pack was traded during the first investigation period, the trades amongst WSG 1 entities were executed on 296 days, i.e., 94.87% of the total number of days the scrip was traded during the first investigation period. Further, the WSG 1 entities purchased 2,64,36,837 shares accounting for 52.78% of the total volume traded and sold 1,82,98,802 shares accounting for 36.54% of the total volume traded during the first investigation period. Further, out of these 51 WSG 1 entities, 50 WSG 1 entities traded 98,66,868 shares (19.70% of the market volume) within the group entities, accounting for 37.32% of the total purchase of the group and 53.92% of the total sale of the group. Thus, I find that the WSG 1 entities contributed significant volume in the scrip of Well Pack during the first investigation period.

12. I observe from the available records and the trade log, that the Noticee and other WSG 1 entities have executed the following trades, in the scrip during the first investigation period:

Table – 6

Sr. No.	Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
1	Santosh Deshmal Oswal	553504	1.11	287701	273000	0.55	165882
2	Shah Samir Sureshbhai	70058	0.14	29989	143986	0.29	80085
3	Spectrum Chemicals Pvt. Ltd.	396	0.00	396	24700	0.05	19000
4	Pradeepkumar Jashbhai Patel	215793	0.43	152065	105527	0.21	72912
5	Amar Premchand Walmiki	3659394	7.31	1116928	2065126	4.12	1229013
6	Bharat Shantilal Thakkar	59369	0.12	51745	55369	0.11	55012
7	Ragini Bipinbhai Thakkar	219064	0.44	57377	217668	0.43	129941
8	Bipin Jayant Thaker	37953	0.08	34706	32503	0.06	25271
9	Navaneetlal Jeevanlal Gandhi	311274	0.62	108480	337171	0.67	171036
10	Janaki Bipin Thakkar	5416	0.01	5107	5416	0.01	224
11	Rajeshkumar Ravinarayan Hati	517973	1.03	223670	318412	0.64	241946
12	Chirag Rajnikant Jariwala	48258	0.10	46595	37905	0.08	30907
13	Kishorbhai Balubhai Chauhan	179356	0.36	120727	155356	0.31	143537
14	Manish Suresh Joshi	10000	0.02	10000	10000	0.02	10000
15	Tushar Rameshbhai Patel	1152435	2.30	222486	448779	0.90	281910
16	Shashikant Keshavlal Shah	208600	0.42	107758	190240	0.38	153311
17	Samir Sureshchandra Shah	779800	1.56	307476	468794	0.94	253592
18	Rakesh Gokulbhai Patel	17195	0.03	5872	13709	0.03	2235
19	Manoj B Bhandari	657036	1.31	83441	495109	0.99	165964
20	Samirkumar Kanubhai Patel	208066	0.42	140143	41145	0.08	28935
21	Santosh Vishram Ghadshi	1107847	2.21	661662	777695	1.55	525251
22	Jignesh Chandrakant Shah	115908	0.23	27809	112450	0.22	47287
23	Shalin Kiritkumar Parikh	210451	0.42	89349	212501	0.42	133722
24	Bipinkumar Ramniklal Gandhi	49048	0.10	0	63281	0.13	18173
25	Mayank Navnitbhai Gandhi	415782	0.83	137014	388162	0.78	187124
26	Aditi Mayank Gandhi	362296	0.72	71083	332103	0.66	163352
27	Avinash Bothra	800	0.00	0	500	0.00	0
28	Bhavesh Prakash Pabari	140730	0.28	81015	203000	0.41	181021
29	Anand Kalu Rapu Marathe	180924	0.36	22985	116511	0.23	49421
30	Rekha Bhandari	544940	1.09	226234	235819	0.47	116434
31	Prem Mohanlal Parikh	135160	0.27	86347	105315	0.21	92729
32	Sunil K Sunil Bhandari	365860	0.73	259548	110458	0.22	62753
33	Nareshbhai Devabhai Patel	293607	0.59	208515	72417	0.14	53467
34	**Kaushik Rajnikant Mehta**	**249840**	**0.50**	**200500**	**157474**	**0.31**	**123168**
35	Hemant Madhusudan Sheth	367024	0.73	254445	266825	0.53	213184
36	Ashokkumar Bhikhalal Parmar	274020	0.55	168847	63086	0.13	36762
37	Manishaben Navneetlal Gandhi	862555	1.72	224075	397466	0.79	210118
38	Yaminiben Maheshbhai Pandya	2812779	5.62	850041	2118841	4.23	852280
39	Hardik Maheshbhai Pandya	2350885	4.69	709004	1597062	3.19	707684
40	Bharatkumar Baldevbhai Parmar	117213	0.23	53380	116754	0.23	77343
41	Dhirubhai Antolbhai Parmar	220240	0.44	81135	215160	0.43	100208

Sr. No.	Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
42	Laxmanbhai Dhirubhai Parmar	2242500	4.48	683073	2133192	4.26	1013238
43	Shobhnaben Rameshbhai Parmar	1908227	3.81	506411	1378547	2.75	596157
44	Rameshbhai Vitthalbhai Parmar	814920	1.63	279975	556712	1.11	246626
45	Amisha Samir Patel	221049	0.44	129094	53586	0.11	40943
46	Vipul Hiralal Shah	360384	0.72	264201	341236	0.68	255420
47	Dipika Dinesh Kankaria	186771	0.37	26412	166834	0.33	14973
48	Shreedhar Yellaiah Kodam	444049	0.89	317948	427434	0.85	364030
49	Mala Hemant Sheth	205	0.00	0	205	0.00	200
50	Ankit Rajendra Sanchaniya	121680	0.24	93901	114881	0.23	100609
51	Vivek Kishanpal Samant	48203	0.10	40203	23380	0.05	22478
	Total	**26436837**	**52.78**	**9866868**	**18298802**	**36.54**	**9866868**

13. I note from the available records that the Noticee’s buy quantity was 2,49,840 shares which contributed 0.50% of the total market volume in the scrip of Well Pack. The Noticee’s sell quantity was 1,57,474 shares, which contributed 0.31% of the total market volume in the scrip during the first investigation period. The Noticee’s buy & sell quantity within the WSG 1 entities, in the scrip, was 2,00,500 & 1,23,168 shares, respectively, which was 2.03 & 1.25% of the buy & sell volume, respectively, among the WSG 1 entities. From the above, I find that the Noticee, by trading amongst the WSG 1 entities, has contributed to the volume in the scrip of Well Pack.

b) Synchronized Trades

14. The WSG 1 entities, including the Noticee have executed synchronized trades, in the scrip, as shown in Table 3 above. I note that the WSG 1 entities including the Noticee have bought and sold 7,21,545 shares which is 1.44% of the total market volume, in a synchronized manner. The Noticee has bought 45,490 shares and sold 22,376 shares in a synchronized manner. I further note that 7,21,545 shares, traded by WSG 1 entities in synchronized manner, constituted 2.73% of the total purchase and 3.94% of the total sale of the WSG 1 entities. (Details of Synchronized trades were provided to the Noticee in the **Annexure – F** to the SCN)

Second investigation period: March 15, 2010 to June 30, 2010

a) Artificial Volume Creation

15. I note from the available records that the Noticee, in collusion with the other WSG 2 entities, was alleged to have contributed to the creation of artificial volume in the scrip of Well Pack during the Second Investigation period. I observe that out of 75 days on which the scrip of Well Pack was traded during the second investigation period, the trades amongst WSG 2 entities were executed on all 75 days. Further, the WSG 2 entities purchased 11,66,30,714 shares accounting for 45.81% of the total volume traded during the second investigation period and sold 11,60,46,856 shares accounting for 45.58% of the total volume traded during the second investigation period. Further, out of these 40 WSG 2 entities, 38 WSG 2 entities traded 5,59,14,388 shares (21.96% of the market volume) within the group entities, accounting for 47.94% of the total purchase of the group and 48.18% of the total sale of the group. Thus, I find that the WSG 2 entities contributed significant volume in the scrip of Well Pack during the first investigation period.

16. I observe from the available records and the trade log, that the Noticee and other WSG 2 entities have executed the following trades, in the scrip during the first investigation period:

Table – 7

Sr. No.	Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
1	Santosh Deshmal Oswal	1800000	0.71	1119130	1458750	0.57	627790
2	Anand Finstockservices Ltd	5853295	2.30	1968928	5533406	2.17	1724374
3	Bhupesh Harishchandra Rathod	3200	0.00	3200	1600	0.00	1600
4	Shah Samir Sureshbhai	165	0.00	60	28879	0.01	16176
5	Pradeepkumar Jasbhai Patel	0	0.00	0	13375	0.01	0
6	Walmiki Amar Premchand	11140657	4.38	6712511	11935307	4.69	7491011
7	Ragini Bipinbhai Thakkar	663276	0.26	203400	681205	0.27	366149

Sr. No.	Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
8	Navaneetlal Jeevanlal Gandhi	1150	0.00	0	1237	0.00	0
9	Janaki Bipin Thakkar	203369	0.08	106035	198239	0.08	97728
10	Rajesh Ravinarayan Hati	0	0.00	0	357000	0.14	48503
11	Tushar Rameshbhai Patel	4414040	1.73	2117744	4154750	1.63	2700853
12	Shashikant Keshavlal Shah	2428495	0.95	1121493	1868200	0.73	826589
13	Samir Sureshchandra Shah	186796	0.07	38153	124042	0.05	17622
14	Rakesh Gokulbhai Patel	53000	0.02	34458	43000	0.02	35000
15	Santosh Vishram Ghadshi	8464535	3.32	5538548	7230929	2.84	4916565
16	Jignesh Chandrakant Shah	929653	0.37	232461	923360	0.36	457234
17	Shalin Kiritkumar Parikh	5000	0.00	0	4000	0.00	3600
18	Mayank Navnitbhai Gandhi	5612692	2.20	2335436	5749473	2.26	2301655
19	Aditi Mayank Gandhi	5695018	2.24	2098366	6060708	2.38	2241831
20	Avinash Bothra	1150200	0.45	169020	1487700	0.58	245544
21	Rekha Bhandari	1960412	0.77	870834	1893166	0.74	638613
22	Jayvishal Dilipsinh Barot	265683	0.10	82597	265683	0.10	87830
23	Sunil Bhandari	1699883	0.67	1059012	2223584	0.87	1271989
24	Nareshbhai Devabhai Patel	0	0.00	0	87	0.00	87
25	**Kaushik Rajnikant Mehta**	**2824728**	**1.11**	**1857914**	**2417569**	**0.95**	**1651015**
26	Ashokkumar Bhikhalal Parmar	2662033	1.05	1494063	2768934	1.09	1379810
27	Vishal Pare	4661616	1.83	300110	4296456	1.69	526548
28	Yaminiben Maheshbhai Pandya	6854348	2.69	3250486	7372157	2.90	3366901
29	Pannalal Ukaram Prajapati	627000	0.25	445009	651500	0.26	495122
30	Hardik Maheshbhai Pandya	7240519	2.84	4079887	7338471	2.88	3920592
31	Bharatkumar Baldevbhai Parmar	10180688	4.00	3809206	10070174	3.96	4982980
32	Dhirubhai Antolbhai Parmar	431599	0.17	195426	413733	0.16	169501
33	Laxmanbhai Dhirubhai Parmar	4927944	1.94	1837572	5617052	2.21	1887149
34	Shobhnaben Rameshbhai Parmar	7486904	2.94	3549377	7176206	2.82	3457819
35	Rameshbhai Vitthalbhai Parmar	4917052	1.93	2462791	5040789	1.98	2024876
36	Vipul Hiralal Shah	4903038	1.93	3617521	3901687	1.53	3089911
37	Dipika Dinesh Kankaria	1354442	0.53	473683	1639000	0.64	492181
38	Shreedhar Yellaiah Kodam	1594500	0.63	1328377	1807987	0.71	1171235
39	Vaishali Ashvinbhai Parmar	3333784	1.31	1301580	3197461	1.26	1080405
40	Ankit Rajendra Sanchaniya	100000	0.04	100000	100000	0.04	100000
	Total	**116630714**	**45.81**	**55914388**	**116046856**	**45.58**	**55914388**

17. I note from the available records that the Noticee's buy quantity was 28,24,728 shares which contributed to 1.11% of the total market volume in the scrip of Well Pack. The Noticee's sell quantity was 24,17,569 shares, which contributed 0.95% of the total market volume in the scrip during the second investigation period. The Noticee's buy & sell quantity within the WSG 2 entities, in the scrip, was 18,57,914 & 16,51,015 shares, respectively, which was 3.32% & 2.08% of

the total buy & sell volume, respectively, among the WSG 2 entities. From the above, I find that the Noticee, by trading amongst the WSG 2 entities, has contributed to the volume in the scrip of Well Pack during the second investigation period.

b) Synchronized Trading

18. The WSG 2 entities, including the Noticee have executed synchronized trades as shown in Table - 5, in the scrip during the Second Investigation Period. I note that the WSG 2 entities including the Noticee have bought and sold 14,27,634 shares which is 0.56% of the total market volume, in the synchronized manner. The Noticee has bought 39,899 shares and sold 20,000 shares in the synchronized manner. I further note that 14,27,634 shares constituted for 1.22% of the total purchase and 1.23% of the total sale of the WSG 2 entities. (Details of Synchronized trades were provided to the Noticee in the **Annexure – F** to the SCN)

c) Contribution in New High Price

19. It is alleged in the SCN that certain WSG 2 entities including the Noticee have created New High Price and thus contributed to the artificial increase in the price of the scrip during the second investigation period. However, from the records available in the file, I find that data in respect of creation of New High Price in the scrip is not available and hence, and the allegation that the Noticee has contributed to the price manipulation in the scrip is not sustainable. In view of the above, the allegation against the Noticee for violation of the provisions of Regulation 4(2)(e) of the PFUTP Regulations does not stand established.

20. Having considered the details described above, I conclude that the Noticee being part of the WSG 1 & 2 entities, executed synchronized trades, indulged

in trading among the group entities, in the first and second investigation period, which involved no change in beneficial ownership. I find that the trading of the Noticee has also contributed to the creation of artificial volume and such trading is fraudulent in nature. Therefore, I find that the dealings of the Noticee are manipulative and therefore, the charges levelled against him in the SCN regarding the contravention of the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a), (b) & (g) of PFUTP Regulations stand established.

21. I note that the Noticee has *inter alia* stated that the evidence to strengthen the connection are not provided with the SCN. However, as discussed in paragraph 10 above, of this order, the Noticee is connected to the WSG 1 & 2 entity viz. Mr. Vipul Hiralal Shah, on the basis of Off market transfers of shares between the Noticee and Mr. Vipul Hiralal Shah. Further, Mr. Vipul Hiralal Shah is connected to other WSG 1 & 2 entities as shown in Table 2 & 4 above of this order. Further, it is seen that the data pertaining to the market trades and off market transaction of WSG 1 & 2 entities including that of the Noticee, relied upon in the instant proceedings, have already been provided to the Noticee.

22. The Noticee has also submitted that there are discrepancies in the trade data and submitted instances of data discrepancy. The Noticee submitted that on January 28, 2010, the Noticee punched a buy order at a price of Rs. 428/- and the sell order price was Rs. 430/-, yet the trade was executed at a price Rs.430.05. On perusal of aforesaid trade details, it was observed that buy order (Order No. 12000026050596) was modified by the Noticee before it was executed/matched. Further, despite this, the fact remains that the trades were matched at the price(s) mentioned in the Annexure - D of the SCN. The understanding of the noticee that there is discrepancy in the data provided to him, is therefore incorrect. The Noticee also submitted that all the details are not available in trade log provided to the Noticee. In this regard I note that the

Noticee was provided a copy of trade and order log in a Compact Disc (CD) wherein all the trade details were provided to the Noticee.

23. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".*

24. In view of the above, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, which reads as under:

<u>SEBI Act</u>

Penalty for fraudulent and unfair trade practices.

15HA. 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.

25. While determining the quantum of penalty under Section 15HA of the SEBI Act, it is important to consider the relevant factors as stipulated in the Section 15J of the SEBI Act which reads as under:-

Factors to be taken into account while adjudging quantum of penalty.

15J.While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or 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.

Explanation.— For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.

26. I note that the available records do not mention the specific profits made by the Noticee or loss suffered by the investors due to price manipulation committed by the Noticee in the instant case. The noticee has also submitted about the delay involved in the proceedings since the remand. However, I cannot ignore the gravity of violations involved in the matter. Having established that the Noticee had executed trades through which he contributed to the volume manipulation, in my opinion, such trades are certainly in the nature of causing adverse impact in disturbing the equilibrium of fair market mechanism. I also note that the other WSG 1 & 2 entities have contributed significantly to the artificial volume creation by trading among themselves and by indulging in synchronized trades in the scrip during both the investigation periods.

ORDER

27. Having considered all the facts and circumstances of the case as stated above, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the AO Rules, I hereby impose a penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on the Noticee viz. Shri Kaushik Rajnikant Mehta under the provisions of Section 15HA of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

28. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

29. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-DRA- II, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of 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 penalties/ disgorgement/recovery/ settlement amount and legal charges along with order details)	

30. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

31. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are being sent to Shri Kaushik Rajnikant Mehta and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: March 20, 2020

Dr. ANITHA ANOOP
ADJUDICATING OFFICER