BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OFINDIA
[ADJUDICATION ORDER NO. EAD/SR/VV/AO/38-39/2018-19]

UNDER SECTION15-I OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

Against

S.N.	Name of the Entity	PAN	Order No.
1	**Tarunkumar Brahmbhatt**	ADSPB2534M	EAD/SR/VV/AO/38/2018-19
2	**Prarthana Tarunkumar Brahmbhatt**	AGLPB2425P	EAD/SR/VV/AO/39/2018-19

In the matter of BGIL Films and Technologies Limited

BACKGROUND

1. Securities and Exchange Board of India (hereinafter, referred to as **SEBI**) conducted investigation in the scrip of BGIL Films & Technologies Ltd. (hereinafter, referred to as **BFTL/Company**) for the period June 19, 2008 to March 20, 2009 (hereinafter, referred to as the **Investigation Period**) on receiving information that the share price of the scrip of the Company shot up from below par to Rs. 100/- on account of the company's merger announcements. The company was listed on Bombay Stock Exchange Limited (hereinafter, referred to as **BSE**) during the investigation period. The Investigating Authority (hereinafter, referred to as **IA**) observed that 22 entities viz. (1) Tarunkumar Brahmbhatt (hereinafter also referred to as **Tarun/Noticee 1),** (2) Prarthana Tarunkumar Brahmbhatt (hereinafter also referred to as **Prarthana/Noticee 2),** (3)Krushnakumar Guruvachan Brahmbhatt (Krushnakumar), (4) Jinesh Devendra Bhatt (Jinesh), (5) Zakirbhai Habibbhai Motani (Zakir), (6) Deendayal Atmaram Patodia (Deendayal), (7) Milan H Deliwala (Milan), (8) Jasu Joitalal Doshi (Jasu), (9) Prakash J Shah (Prakash),(10) Nilesh Kanakrai Vakharia (Nilesh), (11) Bipin Bhogilal Rawal (Bipin), (12) Tanuja Singh (Tanuja), (13) Jitendra Kumar Bhatia (Jitendra), (14) Rajiv Kumar Agarwal (Rajiv), (15) Yogeswari Gupta (Yogeswari), (16) Kartik Share Traders Private Limited (Kartik), (17) Shabnam Uppal Kapoor (Shabnam), (18) Chetan Dogra (Chetan), (19) Vishal Thapar (Vishal), (20) Chhaya Mitesh Mehta (Chhaya), (21)

Kishor Mitesh Mehta (Kishor) and (22) Puran Chand Choudhary (Puran) (hereinafter referred to as **Brahmbhatt Group**) had created misleading appearance of trading in the scrip of the company, by indulging in synchronized trades, contributing to Last trade price (LTP), New high price (NHP), self-trades etc. IA also observed that these 22 entities including Noticee 1 and Noticee 2 (collectively referred to as **Noticees**) were connected through common address(es), telephone number(s), off-market transfer(s) of shares and family ties. The IA observed that Noticee 1 and Noticee 2 have allegedly violated regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b) 4(2)(e) and 4(2)(g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as **PFUTP Regulations, 2003**) and thereby adjudication proceedings were initiated in the matter against the Noticees for the alleged violations.

APPOINTMENT OF ADJUDICATING OFFICER

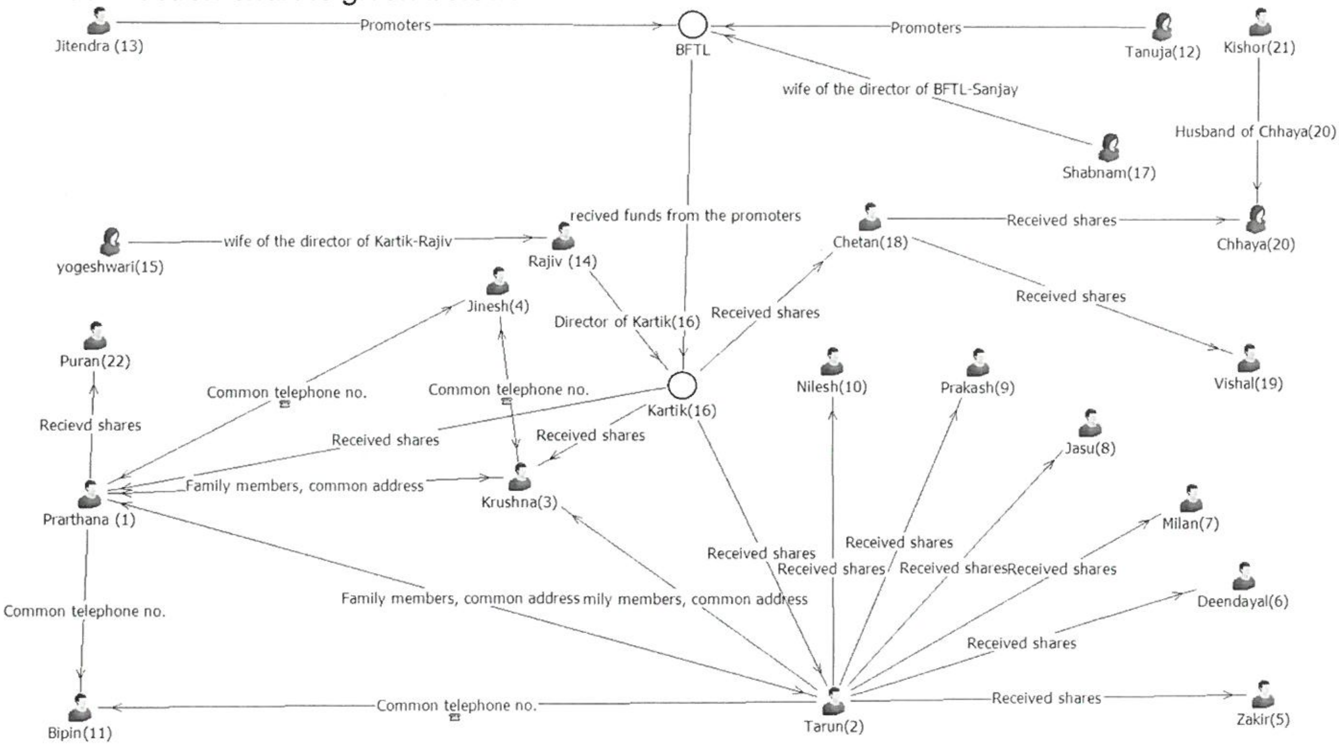
2. SEBI appointed Shri. Nagendraa Parakh as Adjudicating Officer (hereinafter, referred to as **AO**) vide communique dated July 26, 2016 to inquire into and adjudge under section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter, referred to as **the SEBI Act, 1992**) and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, (hereinafter, referred to as **Adjudication Rules, 1995**) for the alleged violations of provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b) 4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003, by the Noticees. Subsequently, the matter was transferred to me and I was appointed as AO vide order dated July 10, 2017.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A common Show Cause Notice no. EAD/NP/AS/OW/4046/1/2017 and EAD/NP/AS/OW/4046/2/2017 dated February 20, 2017 (hereinafter, referred to as the **SCN**) was issued to the Noticees in terms of the rule 4 of the Adjudication Rules, 1995 requiring the Noticees to show cause as to why an inquiry should not be held against them and penalty be not imposed under section 15HA of the SEBI Act, 1992 for the alleged violations of provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b)

4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003 by the Noticees. Details of the SCN are given below:

- *It was noted that during the Investigation period, BFTL made three corporate announcements on February 04, 2009, February 12, 2009 and February 24, 2009 respectively on proposal of the merger of certain divisions of Bhartiya Global Infomedia Ltd., (BGIL), a company under the same management with BFTL. BFTL informed BSE that the Board of Directors had considered and approved the merger of certain divisions of BGIL during the month of February, 2009. Thereafter, it was stated in the Annual Report of BGIL for the year 2009-2010 that the merger of digital post production division from its group company BGIL could not take place due to disagreement on the pricing and equity ratio. However, the said development was not intimated to the Stock Exchange.*
- *IA identified 22 entities (Brahmbhatt Group) which traded in the scrip of BFTL during investigation period and were connected to each other through common address, telephone number, off-market transfers of shares and family members. The connection chart is given below:*



- *IA observed that Brahmbhatt Group had bought 21,98,073 shares (i.e. 51.82% of the market volume) and sold 19,07,165 shares (i.e. 44.96 % of the market volume) during the investigation period. The entity-wise trading details are provided to the Noticees in the following tabular format:*

S. N.	Client Name	Gross Buy	Gross Sell	Net (=Buy-Sell)	Gross Buy % to Mkt. Buy volume	Gross Sell % to Mkt. Sell volume	Net Trade % to Mkt. trade volume
1.	Chetan	5,42,401	6,43,334	-100,933	12.79	15.17	-2.38
2.	Tarun (Noticee 1)	4,51,107	3,44,082	107,025	10.64	8.11	2.52
3.	Prarthana (Noticee 2)	4,26,377	2,99,810	126,567	10.05	7.07	2.98
4.	Jinesh	2,83,853	1,67,652	116,201	6.69	3.95	2.74
5.	Krushnakumar	1,70,805	96,100	74,705	4.03	2.27	1.76
6.	Puran	1,26,998	68,682	58,316	2.99	1.62	1.38
7.	Kishor	86,234	86,134	100	2.03	2.03	0.00
8.	Vishal	33,198	14,800	18,398	0.78	0.35	0.43
9.	Zakirbhai	30,787	15,318	15,469	0.73	0.36	0.37
10.	Chhaya	20,000	20,419	-419	0.47	0.48	-0.01
11.	Deendayal	10,254	8,254	2,000	0.24	0.20	0.05
12.	Milan	8,629	4,705	3,924	0.20	0.11	0.09
13.	Bipin	3,605	3,175	430	0.09	0.08	0.01
14.	Jasu	3,000	0	3,000	0.07	0.00	0.07
15.	Prakash J Shah	750	750	0	0.02	0.02	0.00
16.	Nilesh	75	75	0	0.00	0.00	0.00
17.	Jitendra	0	14,000	-14,000	0.00	0.33	-0.33
18.	Shabnam	0	8,650	-8,650	0.00	0.20	-0.20
19.	Kartik	0	19,871	-19,871	0.00	0.47	-0.47
20.	Rajiv Kumar Agarwal	0	20,370	-20,370	0.00	0.48	-0.48
21.	Yogeshwari Gupta	0	33,284	-33,284	0.00	0.79	-0.79
22.	Tanuja Singh	0	37,700	-37,700	0.00	0.89	-0.89
	Total	21,98,073	19,07,165	290,908	51.82	44.96	

- *IA observed that during the investigation period one of the Brahmbhatt group entites namely Kartik, which has Rajiv Kumar Agarwal, (the key managerial person of BGIL) transferred 1.80 lakh shares of BGIL through off-market transfer to three (3) Brahmbhatt group entities viz., Prarthana, Tarun and Krushnakumar, who thereafter alongwith other Brahmbhatt group entities were alleged to have manipulated the price of the scrip of BFTL, by creating a misleading appearance of trading in the securities market and so that promoter/director connected Brahmbhatt group entities could offload their shares at increased price.*

- *IA observed that the Noticees were two of the top 10 buyers and sellers for the scrip of BFTL on BSE during the investigation period. The top 10 entity-wise trading details are provided to the Noticees in the following tabular format:*

Buy Client Name	Trade Volume	% to market. volume
Chetan	5,42,401	12.79
Tarun	4,51,107	10.64
Prarthana	4,26,377	10.05
Jinesh	2,83,853	6.69
Krushnakumar	1,70,805	4.03
Minoti dhawan	1,50,388	3.55
Puran	1,26,998	2.99
Vipul hiralal shah	1,13,110	2.67
Ketan a shah	92,500	2.18
Rajashri kanaiyalal mathuria	89,023	2.10
Top 10 Buy Clients	**24,46,562**	57.68
Remaining Clients	**17,95,016**	42.32
Total Traded Volume	**42,41,578**	100.00

Sell Client Name	Trade Volume	% to market. volume
Chetan	6,43,334	15.17
Tarun	3,44,082	8.11
Prarthana	2,99,810	7.07
Jinesh	1,67,652	3.95
Minoti dhawan	1,55,488	3.67
Vipul hiralal shah	1,28,110	3.02
Deepak gupta	97,200	2.29
Krushnakumar	96,100	2.27
Ketan a shah	92,500	2.18
Rajashri kanaiyalal mathuria	89,023	2.10
Top 10 Selling Clients	**21,13,299**	49.82
Remaining Clients	**21,28,279**	50.18
Total Traded Volume	**42,41,578**	100.00

- *IA observed that the Brahmbhatt Group entities had executed synchronized trades to the quantity of 1,62,006 shares (i.e., 3.82% of market volume of 42,41,578 shares). As the Brahmbhatt Group executed significant buy and sell transactions during the period, the said synchronized trades of the Brahmbhatt Group were further examined by IA and it was found that those trades were mainly concentrated during the period December 29, 2008 to January 28, 2009 (herein after referred to as 'Patch period') i.e., 17.66% of the market volume of 6,38,628 shares during the patch period. In the said patch period, the price of the scrip moved from Rs.32.75 to Rs.71.90. The details of the synchronized trades during the patch was provided to the Noticees in the following tabular format:*

Gross buy quantity of suspected entities	Gross sell quantity of suspected entities	Gross Total	Total traded quantity among the Group	Synchronized traded quantity of the Group	Synchronized Trades as % of total traded quantity among the group	Synchronized Trades as % of Total market volume (patch)	Sum of LTP at Synchronized Trades	Sum of NHP at Synchronized trades
3,79,660	2,48,472	6,28,132	1,90,986	1,12,790	59.06	17.66	3.50	0.00

- *On further examination of these synchronized trades, IA observed that three Brahmbhatt group entities viz., Prarthana, Tarun and Krushnakumar carried out synchronized trades. The synchronized trades executed by these three entities among themselves during the patch period was provided to the Noticees in the following tabular format:*

Seller→ / Buyer↓	Krushnakumar		Prarthana (Noticee 2)		Tarunkumar (Noticee 1)		Total as buyer	
	Traded Quantity	**No. of trades**	**Traded Quantity**	**No. of trades**	**Traded Quantity**	**No. of trades**	**Traded Quantity**	**No. of trades**
Krushnakumar	0	0	20,564	4	2,500	1	23,064	5
Prarthana (Noticee 2)	15,000	4	0	0	43,884	11	58,884	15
Tarun (Noticee 1)	4,324	1	23,717	6	2,801	2	30,842	9
Total as seller	**19,324**	**5**	**44,281**	**10**	**49,185**	**14**	**1,12,790**	**29**

- *IA observed that Prarthana executed synchronized trades for the quantity of 1,03,165 shares in 25 trades in 9 days (58,884 shares in 15 trades as buyer and 44,281 shares in 10 trades as seller), Tarunkumar executed synchronized trades for the quantity of 80,027 shares in 23 trades on 7 days (30,842 shares in 9 trades as buyer and 49,185 shares in 14 trades as seller). Hence, it is alleged that the Noticees along with Krushnakumar had created the misleading appearance of trading by executing synchronized trades.*

- *Further, IA observed that the group entities had executed self-trades repeatedly in two and above instances of occurring and which were above 5,000 shares traded quantity. IA observed that the Noticees had executed self-trades on repeated instances and created artificial volume, giving a false and misleading appearance of trading in the scrip at the exchange. The self-trades executed by these Noticees and by the other group entities was provided to the Noticees in the following tabular format:*

Entity Name	Total self-trade Volume	Total self trade Count	Self-trade count from same terminal	No of days on which self-trades done	% Of Self Traded quantity to market volume	Net LTP contribution by self-trades
Chetan	41,551	48	8	16	0.98	-2.08
Tarun (Noticee 1)	23,596	22	5	13	0.56	-1.20
Jinesh	15,239	7	0	3	0.36	0.75
Prarthana (Noticee 2)	8,947	19	4	9	0.21	5.40

- *During the period of investigation, IA observed that the price of scrip moved from Rs.10.23 to Rs.108.80 which was an increase of Rs.98.57. It was observed by IA that Group's contribution to NHP was Rs.40.86 out of total NHP of Rs.98.57. Out of Rs.40.86 of NHP, Rs.4.85 was contributed while trading among the group. The entity-wise contribution to NHP was provided to the Noticees in the following tabular format:*

Buyer Name	NHP contribution (in Rs.)	NHP contribution to total NHP (%)	LTP difference (Rs.)	No. of Trades	NHP quantity	NHP contribution among the group in Rs.
Tarun (Noticee 1)	12.00	12.14	16.75	46	10,170	2.60
Prarthana (Noticee 2)	11.75	11.91	17.05	26	22,794	0.25
Chetan	10.86	11.00	14.72	45	17,932	0.50
Krushna	3.95	4.00	5.65	12	6,233	0.60
Kishor	0.80	0.80	0.85	10	3,518	0.30
Jinesh	0.50	0.50	0.50	2	595	0.20
Zakir	0.40	0.41	0.40	1	1,973	0.40
Deendayal	0.40	0.41	0.40	1	50	0.00
Bipin	0.20	0.20	0.20	1	55	0.00
Total	40.86	41.37	56.52	144	63,320	4.85

- *It was observed by IA that Noticee-1 had contributed to NHP variation of Rs.12/- (12.14% of total market NHP) in 46 trades. Out of 46 trades, the counter-parties for 7 trades were pertained to the group and NHP contribution of Rs.2.60 and LTP of Rs.3.45. The counter parties to the remaining trades were scattered and unconnected to the group.*

- *It was observed by IA that Noticee-2 had contributed to NHP variation of Rs.11.75/- (11.91% of total market NHP) in 26 trades. Out of 26 trades, the counter-parties for 3 trades were pertained to the group and NHP contribution of Rs.0.25 and LTP contribution of Rs.2.25. The counter parties to the remaining trades were scattered and unconnected to the group.*

- *Further the Last trade price (LTP) analysis was carried out for the entire investigation period by IA. It was observed from Investigation that the group had contributed the net LTP of Rs.306.36 and positive LTP contribution of Rs.938.73 i.e., 56.87% of total market positive LTP in 1,784 trades. On further examination, it was observed by IA that out of 1,783 trades, in 124 trades, Rs.103.29 positive LTP was contributed where buy orders were placed first and in 1336 trades, LTP Rs.698.11 was contributed where buy orders were placed after the sell order and counterparties for these trades were scattered and unconnected. In remaining 323 trades, the counter parties were group entities and they had contributed positive LTP of Rs.137.33. Out of Rs.137.33, eight group entities alone created a positive LTP of Rs.101.26 by trading among themselves and positive LTP contribution of other group entities was insignificant. The details of LTP contribution through trading among themselves by each of these eight entities provided to the Noticees in the following tabular format:*

Seller→ / Buyer↓	Prarthana (Noticee 2)	Tarun (Noticee 1)	Jinesh	Puran	Chetan	Zakir	Kartik	Tanuja	Total LTP as buyer
Prarthana (Noticee 2)	6.25	4.60	6.85	1.50	5.30	7.00	16.25	13.55	61.30
Tarun (Noticee 1)	5.85	0.80	1.40	2.60	0.80	2.85	1.65	9.50	25.45
Jinesh	1.75	0.40	0.90	1.15	4.85	0.00	0.00	0.05	9.10
Puran	0.15	0.40	0.10	1.80	0.00	0.00	0.00	0.00	2.45
Chetan	0.00	0.00	0.00	0.00	2.11	0.00	0.00	0.00	2.11
Zakir	0.00	0.40	0.45	0.00	0.00	0.00	0.00	0.00	0.85
Total LTP as seller	14.00	6.60	9.70	7.05	13.06	9.85	17.90	23.10	101.26

- *It was observed by IA that Noticee 2 contributed to positive LTP of Rs.74.30 (Rs.61.30 as buyer and Rs.14 as seller) and Noticee 1 contributed positive LTP of Rs.32.05 (Rs.25.45 as buyer and Rs.6.60 as seller). As the Noticees along with other six entities as mentioned in above table contributed significant amount of Rs.101.26 positive LTP (6.13 % of market positive LTP)and thereby, it is alleged in SCN that both the Noticees were also involved in manipulation of the price of the scrip of BFTL.*

- *In view of the above it is alleged that the Noticees were involved in manipulation of the price of BFTL and created the misleading appearance of trading in the securities market by executing self-trades and their act was in violation of regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003.*

4. The said common SCNs were issued to the Noticees at the common address viz. *1203/1303, Gaurav Geet Cooperative Housing Society, 13 Bunder Pakhadi Road, Kandivali West, Mumbai-400067* through speed post with acknowledgement due (SPAD). As seen from the records available, the Noticees vide their individual letters dated March 20, 2017 informed that they have received the SCN. Also in the said letter, the Noticees requested for documents viz. policy note in the matter of BFTL (if any), Order logs and Trade logs and had also sought for inspection of documents. Further, the Noticees vide their individual letters dated May 30, 2017 had sent a reminder stating that they required the documents viz. Investigation report, the other documents sought vide their previous letter etc. to submit their reply to the SCN. As seen from available records, I note that EFD vide letter dated May 17, 2017 granted the Noticees

an opportunity for inspection of documents on May 26, 2017. The said letter of EFD was sent by Hand-Delivery but returned undelivered as seen from available records. Further, EFD vide letter dated June 12, 2017 granted another opportunity of inspection of documents to the Noticees on June 23, 2017. The said letter dated June 12, 2017 was affixed at the address of the Noticees and the affixture report is available on records. However, the Noticees did not come for inspection of documents as seen from available records.

5. Subsequently, upon my appointment as AO, vide individual hearing notices dated December 18, 2017, I granted an opportunity of personal hearing scheduled on January 22, 2018 and also advised the Noticees to submit their reply to the SCN by January 10, 2018. The said hearing notices were affixed at the last known address of the Noticees and the affixture reports are available on records. However, the Noticees had not replied to the SCNs and also did not attend the hearing as scheduled on January 22, 2018.

6. After taking into account, the allegations levelled in the SCN, and other evidences / materials available on records, I hereby proceed to decide the case on merit.

CONSIDERATION OF ISSUES

7. I have carefully perused the documents/evidences available on records and the issues that merit consideration in the said case are:

   (a) Whether the Noticees have violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003?

   (b) Do the violations, if any, on the part of the the Noticees attract any monetary penalty under section 15HA of the SEBI Act, 1992?

   (c) If yes, then what would be the monetary penalty that can be imposed upon the Noticees, taking into consideration the factors mentioned in section 15J of the SEBI Act read with rule 5(2) of the Adjudication Rules, 1995?

8. Before proceeding further, it will be appropriate to refer to the relevant provisions of PFUTP Regulations, 2003, which read as under:-

PFUTP Regulations, 2003

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;

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

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

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

<u>EVIDENCES AND FINDINGS</u>

10. **Issue (a): Whether the Noticees have violated regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003?**

a) On perusal of available records, I note that the instant adjudication proceedings were initiated against the Noticees alleging violation of PFUTP Regulations, 2003 for executing synchronized trades with other Brahmbhatt Group entities, contributing to LTP, NHP and self-trades which created a misleading appearance of trading in the scrip of the company, manipulated the price of the shares of the Company and created artificial volume in the securities market. As seen from records, the SCNs served to the Noticees and in this regard, I note that the Noticees had sought for certain documents (i.e. policy note in the matter of BGIL (if any), order logs and trade logs etc.) and also sought inspection of documents from SEBI. It is also noted from the records that the Noticees were granted opportunity of inspection of documents, however they have not availed the opportunities for inspection of documents granted and no reply is received from the Noticees w.r.t. the SCN. Further, Noticees did not attend the hearing as scheduled on January 22, 2018.

b) As stated above, sufficient opportunities were given to submit reply to the SCN and also to appear for personal hearing to the Noticees. It is 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*".

c) 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 "*...As rightly contended by Mr. Rustomjee, learned senior counsel for respondents, 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...*"

   In view of the above, it is concluded that by not submitting any reply to SCN, the Noticee has admitted the charges levelled against him in the SCN.

d) In addition to the above, I note from the records available that connection was established between 22 entities in the Brahmbhatt Group including the Noticees based on common address, telephone number, off-market transfers of shares of the Company and family ties. I note that three Brahmbhatt group entities viz. Tarun (Noticee 1), Prarthana (Noticee 2) and Krushnakumar had received 1.80 lakh shares of BFTL in total from another Brahmbhatt group entity named as Kartik through off-market transfer. Thereafter, the Noticees along with other Brahmbhatt group entities traded the shares of BFTL among themselves which resulted into price manipulation, misleading appearance of trading in the scrip, contributed to LTP, NHP and created artificial volume in the securities market through synchronised trades, self-trades etc.

e) Synchronized trades are the trades where the buy and sell order quantity and rate were identical and orders for these transactions were placed within time gap of one minute. I note from the records, that the Noticee-1 had executed synchronized trades for the quantity of 80,027 shares in 23 trades on 7 days. Out of these trades executed, Noticee 1 as a buyer traded for 30,842 shares in 9 trades and as a seller for 49,185 shares in 14 trades. Further, Noticee 2 has executed synchronized trades for the quantity of 1,03,165 shares in 25 trades on 9 days. Out of these trades, the Noticee-2 as a buyer traded for 58,884 shares in 15 trades and as a seller traded for 44,281 shares in 10 trades. Therefore, I note that the Noticees along with another Brahmbhatt Group entity created misleading appearance in the scrip of BFTL by trading among themselves through synchronized trades.

f) Further, it is noted from the records that eight (8) entities out of the Brahmbhatt Group entities namely Tarun (Noticee 1), Prathana (Noticee 2), Jinesh, Chetan, Zakir, Kartik, Tanuja and Puran contributed a significant amount of Rs. 101.26 positive LTP i.e. 6.13% of market positive LTP. Also, it is noted from the records that the Noticee 1 contributed to positive LTP of Rs.32.05 (Rs.25.45 as buyer and Rs.6.60 as seller) and Noticee 2 contributed to positive LTP of Rs.74.30 (Rs.61.30 as buyer and Rs.14 as seller) in the scrip of BFTL. (LTP contribution is calculated as difference between the trade price of current trade and the previous trade. For example, if the trade price of current trade is Rs. 50 and previous trade is Rs.49 then the LTP contribution is Rupee one). As seen from records, the Noticees alongwith other Brahmbhatt Group entities executed these trades among themselves during the investigation period, which resulted into contributing to positive LTP and hence involved in the price manipulation of the scrip in the securities market during the investigation period.

g) Further, it is alleged in the SCN that the Noticees were contributed to new high price NHP in the scrip of BFTL by executing trades among the Brahmabhatt Group entities. I note that during the period of investigation, the price of scrip moved from Rs.10.23 to Rs.108.80 which was an increase of Rs.98.57. It was observed that Group's contribution to NHP was Rs.40.86 out of total NHP of Rs.98.57. The first new high price during the investigation period is said to be made when the price of the scrip rises to a value greater than the last trade price. The subsequent new high price are said to be made whenever the price of the scrip exceeds the previously established new high price. Contribution to new high price is the difference between new high price established by the trade and previously established high price of the scrip. From the material available on records, I note that Noticee-1 had contributed to new high price of Rs.12.00 (12.14% of total market NHP) in 46 trades and that Noticee-2 had contributed to new high price of Rs.11.75 (11.91% of total market NHP) in 26 trades. Hence, Noticees manipulated the price of the BFTL by contributing new high price in the said scrip.

h) Further, It is alleged in the SCNs that the Noticees executed self-trades on repeated instances, which created artificial volume, giving a false and misleading appearance of trading in the scrip along with the group entities. self-trades are the trades in which both the buyer and the seller are the same entity. I note from the material available on records that Noticee 1 has executed self-trades to the volume of 23,596 shares in 22 trades and Noticee 2 has executed self-trades to the volume of 8,947 shares in 19 trades. By executing these self-trades, the Noticees also contributed to net last trade price of the scrip. As seen from material available on records, Noticee 1 has contributed -1.20 and Noticee 2 has contributed 5.40 to the net last trade price by executing self-trades. Hence, with regard to self-trades executed by the Noticees, they created artificial volume, giving a false and misleading appearance of trading in the scrip.

i) Regulation 3 of PFUTP Regulations, 2003 prevents any person from buying, selling or dealing in securities in fraudulent manner, use or employ any manipulative or deceptive device in contravention to the provisions of the Act, employ any device, scheme or artifice to defraud in connection with dealing in securities or engage in any act, practice, course of business which operates as fraud or deceit upon any person in connection with any dealing in or issue of securities. Regulation 4(1) of PFUTP Regulations, 2003 provides that no person shall indulge in a fraudulent or an unfair trade practice in securities. Regulation 4(2)(a) of PFUTP Regulations, 2003, prohibits a person from indulging in an act which creates false or misleading appearance of trading in the securities market Regulation, Regulation 4(2)(b) of PFUTP Regulations prohibits 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; Regulation 4(2)(e) of PFUTP Regulations, 2003, prohibits a person from indulging in any act or omission amounting to manipulation of the price of a security 4(2)(g) of PFUTP Regulations, 2003, prohibits entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security.

j) In this regard, it may be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated 14.7.2006 in Ketan Parekh Vs. SEBI, wherein it was held that: "*When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations.*"

k) In view of the above, I am of the view that the allegations levelled in the SCN and the evidences enclosed therewith are not in dispute in absence of any reply from the Noticees. I therefore conclude that as alleged in SCN, the Noticees have created a misleading appearance of trading in the scrip of the company and manipulated the price of the scrip by indulging in synchronized trades, contributing to New High Price and Last trade price of the scrip along with other Brahmbhatt group entities. Therefore, I conclude that the Noticees have violated regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003. The allegations against the Noticees thus stands established.

11. **Issue (b):- Do the violations, if any, on the part of the Noticees attract any monetary penalty under section 15HA of the SEBI Act, 1992?**

After taking into account the aforesaid entire facts / circumstance of the case, I am of the view that the violation of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of PFUTP Regulations 2003, by the Noticees, attracts the imposition of monetary penalty upon the Noticees under section 15HA of the SEBI Act, 1992, which is reproduced below:

The SEBI Act,1992

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 of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

12. **Issue (c):- If yes, then what would be the monetary penalty that can be imposed upon the Noticees, taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992 read with rule 5(2) of the Adjudication Rules, 1995?**

a) While determining the quantum of penalty under section 15HA of the SEBI Act,1992 it is important to consider the factors stipulated in section 15J of the SEBI Act, 1992 read with rule 5(2) of the Adjudication Rules, 1995 which reads as under:-

SEBI Act, 1992

Factors to be taken into account by the adjudicating officer

***15J** -: While adjudging quantum of penalty under section15-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."

b) I observe, that the material available on record, does not quantify any disproportionate gains or unfair advantage, if any, made by the Noticees and the loss, if any, suffered by the investors due to the synchronized trades executed by the Noticees. There is no evidence on record to show that the violation is repetitive in nature.

c) Therefore, taking into consideration the facts / circumstance of the case, I am of the view that the Noticees are liable for monetary penalty for violating the provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of the PFUTP Regulations, 2003.

ORDER

13. In exercise of the powers conferred under section 15-I of the SEBI Act, 1992 and rule 5 of the Adjudication Rules, 1995, I hereby impose a penalty of Rs. 5,00,000/- (Rupees Five Lakh only) on each of the Noticees viz. Tarunkumar Brahmbhatt and Prarthana Tarunkumar Brahmbhatt under section 15HA of the SEBI Act, 1992 for the violation of the provisions of regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), 4(2)(b), 4(2)(e) and 4(2)(g) of PFUTP Regulations, 2003. I am of the view that the said penalty is commensurate with the defaults committed by the Noticees.

14. 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 favour 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

15. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID: tad@sebi.gov.in.

Date	Department of SEBI	Name of Intermediary/ Other Entities	Type of Intermediary	SEBI Registration Number (if any)	PAN	Amount (in Rs.)	Purpose of Payment (including the period for which payment was made e.g. quarterly, annually)	Bank name and Account number from which payment is remitted	UTR No

16. In terms of the rule 6 of the Adjudication Rules, 1995 copy of this order is sent to the Noticees at their last known address and also to Securities and Exchange Board of India.

Date: June 22, 2018
Place: Mumbai

SANGEETA RATHOD
ADJUDICATING OFFICER