

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

FINAL ORDER

UNDER SECTION 12(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH REGULATION 28(2) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008.

IN THE MATTER OF ALLEGED IRREGULARITIES IN TRADING IN THE SCRIP OF MAHARASHTRA POLYBUTENES LIMITED –

IN RESPECT OF –

NOTICEE	SEBI REGISTRATION No.
VISHAL VIJAY SHAH	INB011277614

BACKGROUND –

1.1 Securities and Exchange Board of India (“SEBI”) had initiated Enquiry Proceedings against Vishal Vijay Shah (“**Vishal Shah**”), a registered Stock Broker, in terms of the SEBI (Intermediaries) Regulations, 2008 (“**Intermediaries Regulations**”). SEBI vide an Order dated June 11, 2015 under Section 19 of the SEBI Act, 1992 (“**SEBI Act**”) read with Regulation 24(1) of the Intermediaries Regulations appointed a Designated Authority (“**DA**”) to enquire into the violations alleged against the Noticee and submit the report in accordance with the provisions of the Intermediaries Regulations. Upon completion of the enquiry, an Enquiry Report dated May 31, 2017, was submitted by the DA to the Designated Member (“**DM**”).

1.2 In the Enquiry Report, the DA had noted that:

- A. The Noticee is alleged to have entered into circular and synchronized trades with 115 front entities in the scrip of Maharashtra Polybutenes Limited (“**Maharashtra Polybutenes**”).

As a result of the aforementioned, the Noticee is alleged to have created false or misleading appearance of trading in an otherwise illiquid scrip. Further, the Noticee is alleged to have entered into transactions in the aforesaid scrip without any intention of changing the ownership of shares thereby manipulating the price of the scrip.

- B. Further, in a large number of buy transactions, the Noticee is alleged to have given wrong instructions to the Clearing House for direct pay-out to 92 front entities, on dates when such entities had not traded, made demat transfer of shares to front entities (and not actual clients), misutilized client securities.
- C. The Noticee is alleged to have falsified records and issued fictitious contract notes to 20 front entities who had received shares through demat transfer/direct pay-out.

1.3 In view of the above, the DA had observed that the Noticee had violated the following provisions of securities law:

- A. Sections 12A(a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c) and (d) and Regulations 4(1), 4(2)(a), (b), (d), (e), (g) and (p) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations 2003**").
- B. SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003 and SEBI Circular no. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 through misutilization of clients' funds and securities.
- C. Clauses A(1), (2), (3), (4) and (5) of the Code of Conduct for Stock Brokers as specified in Schedule II of Regulation 9 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 ("**Stock Brokers Regulations**"), for failure to adhere to the prescribed Code of Conduct in respect of high standard of integrity, due skill, care and compliance with statutory requirements, etc.

- 1.4 In light of the above and in accordance with Regulation 27 of the Intermediaries Regulations, the DA recommended that the Certificate of Registration granted to Vishal Shah as a Stock Broker (INB011277614), be cancelled.
- 1.5 Thereafter, a post-enquiry Show Cause Notice (“SCN”) dated July 4, 2017 was issued to the Noticee enclosing a copy of the Enquiry Report submitted by the DA and calling upon him to show cause in terms of Regulation 28(1) and 28(2) of the Intermediaries Regulations as to why action as recommended by the DA or that of a higher nature should not be imposed on him, as deemed fit by the DM.
- 1.6 Subsequent to the issuance of SCN, the Noticee had replied vide a letter dated September 23, 2017 submitting that *“in the matter of Maharashtra Polybutenes, we were penalized by SEBI for the amount of ₹18,23,028 so we feel we should be pardoned by you. And as such, the matter is very old and the staff who used to handle the day to day activities at that time are not with us now. So we are unable to answer your questions for that the penalty was levied on us with interest and we obliged it. And we promise that such mistakes will not be repeated in future. ... Furthermore, we once again request you that as we have paid the penalty and given assurance of not repeating such mistakes in future, we should be let off with anymore punishments.”*
- 1.7 Thereafter, an opportunity of personal hearing was granted to the Noticee on various occasions and such dates along with details of appearances/responses are listed out hereunder:
- i. **March 6, 2019** – The Noticee requested for an adjournment of the hearing to March 13, 2019 on account of a personal emergency. Accordingly, the Noticee was granted an opportunity of hearing on March 13, 2019.*

- ii. **March 13, 2019** – The Noticee appeared in person for the hearing and requested for an adjournment to the 2nd week of April 2019, for enabling him to engage an appropriate representative for appearing on his behalf in the matter. The Noticee also submitted that a detailed reply to the aforementioned SCN would be filed. The Noticee was granted another opportunity of hearing on April 9, 2019.
- iii. **April 9, 2019** – The Noticee appeared for the hearing through his authorised representatives, viz. Advocate Vikas Bengani and Saurabh Bachhawat. The Noticee was granted one weeks' time to tender written submissions. Thereafter, vide a letter dated April 18, 2019, the Noticee tendered written submissions.

1.8 Vide his written submissions, the Noticee had submitted as under:

- i. *“SEBI had initiated another proceeding against the Noticee under Regulation 25 of the Intermediaries Regulations in the scrip of Maharashtra Polybutenes for the period from September to December 2009 alleging violation of Clauses A(1), (2), (3), (4) and (5) of the Code of Conduct under the Stock Brokers Regulations along with the SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003. On the basis of some vague logic, SEBI has divided the investigation in the scrip of Maharashtra Polybutenes into two periods and thereafter, issued two different SCNs (post-enquiry SCN dated July 4, 2017 and pre-enquiry SCN dated January 9, 2019) and would now be issuing two different recommendations on the Noticee in a single scrip. It is prayed that the learned WTM should wait for the Enquiry Report by the DA under the pre-enquiry SCN dated January 9, 2019 and should adjudicate on both the recommendations in one single proceeding.*

- ii. *As regards the allegation of executing circular and synchronized trades, the trades in the scrip of Maharashtra Polybutenes were executed on behalf of the clients who had given proper power of attorney to execute such trades and while executing such trades, the Noticee was unaware as to the counter parties of such trades. As a stock broker, the Noticee's job was to execute the trades as instructed by the clients and not to question the genuineness of the trades executed by the clients. The entities who were part of the purported Vipul Group were the Noticee's clients for more than 5 years and there were no such acts because of which any doubt would arise in the Noticee's mind as to the intentions of those parties while executing trades in the scrip of Maharashtra Polybutenes. The trades were executed on the screen-based trading platform as provided by the Stock Exchange and the party selling or buying is not aware as to who is the counter party to its trade. Further, no action has been taken by SEBI against the Brokers of the counter parties. If the allegation is of synchronized and circular trading, it is settled principle that without meeting of minds or collusion these types of trades cannot be executed by any entity, however, in the present case, no such allegation has been made against any of the counter parties including the Brokers to the counter parties. Reliance is placed on the SEBI Adjudicating Officer's Order dated April 16, 2019, passed against Vinod Shares in the matter of Maharashtra Polybutenes. Therefore, the violations of PFUTP Regulations cannot be alleged against me.*
- iii. *The Noticee has placed reliance on the judgment of the Hon'ble Supreme Court in SEBI vs. Kishore R. Ajmera, CA No. 2818 of 2008, and has contended that the ratio as laid down in the aforesaid judgment squarely applies to the present matter since the Noticee's clients were known to each other and were related entities and the said fact was also known to the Noticee and that the said clients executed the circular and synchronized trades in the scrip*

of Maharashtra Polybutenes. Apart from the said facts, there were no other facts in the present proceedings which makes the Noticee liable as a broker under the Code of Conduct and therefore, the SCN may be dropped against the Noticee.

- iv. As regards the failure to comply with SEBI Circulars dated August 27, 2003 and April 17, 2008, the Noticee submitted that the relevant information was not available with him and if any violations were committed by him, it would be on account of certain inadvertence which will not be repeated in future.*
- v. Further, SEBI vide an Order dated September 14, 2015 had imposed a penalty of ₹15 Lakhs on the Noticee in the same matter in the scrip of Maharashtra Polybutenes for the same investigation period, which has been paid by him. The Noticee has submitted that no such violations will be repeated in future and the business will now be conducted in a very fair manner without causing any harm to the integrity of the securities market in any manner whatsoever.*
- vi. In view of the above, the Noticee has requested SEBI to take a lenient view as the cancellation of his Certificate of Registration would affect the Noticee's livelihood and future business opportunities. The Noticee's stock broking registration is already suspended for a period of 6 months vide an Order dated December 12, 2018."*

Findings on the preliminary objection raised by the Noticee:

- 2.1 In his submissions, the Noticee has stated that SEBI has initiated two enquiry proceedings under Regulation 25 of the Intermediaries Regulations, in the scrip of Maharashtra Polybutenes. The Noticee has submitted that SEBI should adjudicate on both the recommendations that has been made under the post-enquiry SCN dated July 4, 2017 (read with the Enquiry Report dated May 31, 2017) and will be made under the pre-enquiry SCN dated January 9, 2019, in one single proceeding. It is noted that the instant proceedings have arisen on account of enquiry proceedings initiated against the Noticee for the alleged violation of the provisions of the SEBI Act read with the PFUTP Regulations 2003 and also the Code of Conduct violations read with SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003 and SEBI Circular no. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008, concerning alleged irregularities in trading of shares of Maharashtra Polybutenes for the period February–July 2009. Accordingly, the violations alleged in the instant proceedings are different from the violations in the proceedings referred to by the Noticee under the pre-enquiry SCN dated January 9, 2019 since therein the violations sought to be enquired upon are limited to the alleged violation of Clauses A(1), (2), (3), (4) and (5) of the Code of Conduct under the Stock Brokers Regulations along with the SEBI Circular no. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003. Having regard to the aforementioned, I am of the considered view that SEBI may proceed with the determination of charges alleged against the Noticee in the instant proceedings based on the Enquiry Report submitted by the DA independent of any other proceedings that may be pending against the Noticee. I therefore find no merit in the contention advanced by the Noticee.

CONSIDERATION OF ISSUES AND FINDINGS:

2.2 I have carefully considered material available on record including the Enquiry Report, SCN and reply/submissions received from the Noticee. The issues that arise for consideration in the instant proceedings are as under:

- I. Whether the Noticee has violated Sections 12A(a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c) and (d) and Regulations 4(1), 4(2)(a), (b), (d), (e), (g) and (p) of the PFUTP Regulations 2003?
- II. Whether the Noticee who is a SEBI registered Stock Broker, violated Clauses A(1), (2), (3), (4) and (5) of the Code of Conduct of Stock Brokers as specified in Schedule II of Regulation 9 of the Stock Brokers Regulations, for failure to adhere to the prescribed Code of Conduct in respect of high standard of integrity, due skill, care and compliance with statutory requirements, etc.?
- III. Whether Noticee has violated SEBI Circular No. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003 and SEBI Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 through misutilization of clients' funds and securities?

2.3 As per the SCN read with the Enquiry Report dated May 31, 2017 ("**Enquiry Report**"), the Noticee is alleged to have entered into circular and synchronized trades with 115 front entities in the scrip of Maharashtra Polybutenes. As a result, the Noticee is alleged to have created false or misleading appearance of trading in an otherwise illiquid scrip. In his submissions, the Noticee has contended that *"the trades in the scrip of Maharashtra Polybutenes were executed on behalf of the clients who had given proper power of attorney to execute such trades and while executing such trades, the Noticee was unaware as to the counter parties of such trades. As a stock broker,*

the Noticee's job was to execute the trades as instructed by the client and not to question the genuineness of the trades executed by the clients... If the allegation is of synchronized and circular trading, it is settled principle that without meeting of minds or collusion these types of trades cannot be executed by any entity, however, in the present case, no such allegation has been made against any of the counter parties including the Brokers to the counter parties. ... Therefore, the violations of PFUTP Regulations cannot be alleged against me."

2.4 In this context, the following is noted from the Enquiry Report:

- i. The price and volume of the scrip of Maharashtra Polybutenes before, during and after the investigation period was as under:

TABLE I – PRICE, VOLUME DATA		
PERIOD	PRICE MOVEMENT (RANGE)	AVG. TRADED DAILY VOLUME
Pre-Investigation period – January 1, 2009 to January 31, 2009	₹58 to ₹54	25,752
Investigation period – February, 2009 to July 2009	₹53.35 to ₹79.95	44,599
Post-Investigation period August 1, 2009 to August 31, 2009	₹81.45 to ₹108.60	38,741

- ii. The Noticee had the highest concentration of 54.27% in the scrip of Maharashtra Polybutenes at BSE in gross purchases (29,04,692 shares) and had traded for only 3 clients, viz. Vipul Bhagwandas Shah, Kamlesh Lalitkumar Nagarsheth and Rahul Ratailal Raghvan. The summary of the trading details during the period is given below.

TABLE II – SUMMARY OF TRADING DETAILS				
CLIENT NAME	BUY TQ	SELL TQ	BUY % TO MARKET	SELL % TO MARKET
Vipul Bhagwandas Shah	14,16,815	10,300	26.47	0.19
Kamlesh Lautkumar Nagarsheth	12,99,043	10,975	24.27	0.21
Rahul Ratailal Raghvan	1,88,834	249	3.53	0.00
TOTAL	29,04,692	21,524	54.27	0.40

iii. **Vipul Group:** Vijay Bhagwandas Shah & Co., was the sole proprietorship concern of Vijay Bhagwandas Shah. On demise of Vijay Bhagwandas Shah, the registration was transferred to his son Noticee, Vishal Vijay Shah. Vijay Bhagwandas Shah and Vipul Bhagwandas Shah are sons of Bhagwandas Bhogilal Shah. Hence, the Broker Noticee and the client Vipul are related to each other. Vide a letter dated April 19, 2010, the Noticee had admitted that all the three clients viz. Vipul Bhagwandas Shah, Kamlesh Lalitkumar Nagarsheth and Rahul Ratailal Raghvan were all connected and related entities (These three entities are hereinafter referred to as “**Vipul Group**”). Accordingly, the Noticee and Vipul group are related to each other. In addition to the aforementioned, it is noted that the Noticee had not provided any documents to support that all trades executed in the trading accounts of the Vipul Group were actually as per clients’ instructions. Further, most of the shares bought on behalf of the Vipul Group were transferred to 115 clients/front entities by the Noticee and the Vipul Group had only received a few shares in their respective demat accounts.

2.5 A summary of the artificial volumes created by the Noticee during the period February–July 2009, is as under:

TABLE III – DETAILS OF ARTIFICIAL VOLUMES CREATED BY THE NOTICEE				
CLIENT NAME	BUY TQ (THROUGH VISHAL)	CIRCULAR TRADE VOLUME	CIRCULAR TRADES % W.R.T. OWN TRADES	CIRCULAR TRADES % W.R.T. MARKET
Vipul Bhagwandas Shah	14,16,815	12,02,744	84.89	22.47
Kamlesh Lautkumar Nagarsheth	12,99,043	11,15,120	85.84	20.84
Rahul Ratailal Raghvan	1,88,834	1,51,176	80.06	2.82
TOTAL	29,04,692	24,69,040	85.00	46.13

i. The Noticee had transferred 26,33,376 shares of Maharashtra Polybutenes to a total of 115 front entities through direct pay-out from Clearing House or demat transfers (The aforementioned 115 entities and Vipul group are hereinafter referred to as “**Vishal Group**”),

which was subsequently sold in the securities market. Out of the aforementioned 26,33,376 shares, the Noticee had bought 24,69,040 shares on behalf of the Vishal Group, thereby creating a false and misleading appearance of trading in the scrip of Maharashtra Polybutenes. Most of the aforementioned 115 entities did not have any other transaction in the scrip of Maharashtra Polybutenes other than a solitary sell transaction during the **Investigation Period** i.e. February 2009 to July 2009. The details of the aforementioned transactions are discussed in the subsequent paragraphs.

- a. **Transfer of shares of Maharashtra Polybutenes to the Vishal Group through direct pay-out from Clearing House under wrong/incorrect instructions given by the Noticee:** It is noted that there were 136 instances wherein the Noticee had given wrong/incorrect instructions to the Clearing House for direct pay-out to 92 entities for 16,00,097 shares of Maharashtra Polybutenes. Of the aforementioned 92 entities, only Rahul Raghvan had traded through the Noticee during the Investigation Period; however, Rahul Raghvan had not traded on those days when he had received shares of Maharashtra Polybutenes through direct pay-out i.e. March 4, 6, and 12, 2009. Upon a consideration of the aforementioned, it is noted that the entire transfer of shares of Maharashtra Polybutenes by the Noticee were third party transfers i.e. shares were transferred to 92 entities other than clients of the Noticee as noted below:

S. N	Client Name	Trade date	Payout date	Transferred Qty
1	RAMESHWAR SHAW	27-07-2009	29-07-2009	25000
2	RAMESHWAR SHAW	16-07-2009	20-07-2009	25000
3	RAMESHWAR SHAW	28-07-2009	30-07-2009	25000
4	RAMESHWAR SHAW	06-07-2009	08-07-2009	25000
5	RAMESHWAR SHAW	03-07-2009	07-07-2009	20000
6	RAMESHWAR SHAW	31-07-2009	04-08-2009	15000
7	RAMESHWAR SHAW	08-07-2009	10-07-2009	15000
8	RAMESHWAR SHAW	09-07-2009	13-07-2009	15000
9	RAMESHWAR SHAW	10-07-2009	14-07-2009	5000
10	RAMESHWAR SHAW	02-07-2009	06-07-2009	5000
11	J. K PRASAD (HUF) .	22-06-2009	24-06-2009	25000
12	J. K PRASAD (HUF) .	23-06-2009	25-06-2009	25000
13	J. K PRASAD (HUF) .	13-05-2009	15-05-2009	20000
14	J. K PRASAD (HUF) .	16-06-2009	18-06-2009	15000
15	J. K PRASAD (HUF) .	17-06-2009	19-06-2009	15000
16	J. K PRASAD (HUF) .	21-05-2009	25-05-2009	12500
17	J. K PRASAD (HUF) .	24-06-2009	26-06-2009	5000
18	J. K PRASAD (HUF) .	19-06-2009	23-06-2009	5000
19	PIYUSH	17-03-2009	19-03-2009	50000
20	PIYUSH	24-03-2009	26-03-2009	40000
21	PIYUSH	25-03-2009	30-03-2009	30000
22	MAHENDRA KUMAR	25-06-2009	29-06-2009	25000
23	MAHENDRA KUMAR	10-07-2009	14-07-2009	20000
24	MAHENDRA KUMAR	01-06-2009	03-06-2009	15000
25	MAHENDRA KUMAR	02-06-2009	04-06-2009	10000
26	MAHENDRA KUMAR	09-07-2009	13-07-2009	10000
27	MAHENDRA KUMAR	03-06-2009	05-06-2009	10000
28	MAHENDRA KUMAR	04-06-2009	08-06-2009	10000
29	MAHENDRA KUMAR	08-07-2009	10-07-2009	9000
30	R RAGHAVAN	04-03-2009	06-03-2009	50000
31	R RAGHAVAN	06-03-2009	12-03-2009	34000
32	R RAGHAVAN	12-03-2009	16-03-2009	22000
33	ROHIT RAMNIWAS	24-02-2009	26-02-2009	25000
34	ROHIT RAMNIWAS	26-02-2009	02-03-2009	25000
35	ROHIT RAMNIWAS	27-02-2009	03-03-2009	3000
36	SHABBIR KHAN	18-02-2009	24-02-2009	25000
37	SHABBIR KHAN	17-02-2009	19-02-2009	24000
38	V KAVITA BHANDARI	30-06-2009	03-07-2009	25000
39	V KAVITA BHANDARI	02-07-2009	06-07-2009	20000
40	MOHD SAMIM KHAN	29-07-2009	31-07-2009	29000
41	MOHD SAMIM KHAN	15-06-2009	17-06-2009	6000
42	RAJESH	03-03-2009	05-03-2009	30000
43	PRAKASH N	20-07-2009	22-07-2009	18000
44	PRAKASH N	14-07-2009	16-07-2009	10000
45	RITESH BHANDARI A	29-06-2009	02-07-2009	25000
46	PRAKASH KUMAR	24-06-2009	26-06-2009	20000
47	PRAKASH KUMAR	25-06-2009	29-06-2009	2000
48	CHANDRA	19-06-2009	23-06-2009	22000
49	CHANDULAL LALJI	12-03-2009	16-03-2009	12000
50	CHANDULAL LALJI	07-07-2009	09-07-2009	10000
51	USHA BANKA	03-06-2009	05-06-2009	17000
52	USHA BANKA	04-06-2009	08-06-2009	3850
53	VAIBHAV BANKA	15-07-2009	17-07-2009	20450
54	SUBHASH MANGILAL	26-03-2009	31-03-2009	20000
55	NEHA JITENDRA	26-03-2009	31-03-2009	19150
56	SUBHASH CHAND	05-06-2009	09-06-2009	19000
57	MANUBHAI .	25-05-2009	27-05-2009	17000
58	MANOHAR MAL I	15-06-2009	17-06-2009	17000
59	PARAG AMICHAND	17-03-2009	19-03-2009	8000
60	PARAG AMICHAND	16-03-2009	18-03-2009	7500
61	BIPIN KUMAR M JAIN	10-07-2009	14-07-2009	15000
62	ANJALI AGARWAL	09-07-2009	13-07-2009	13600
63	SMITA AGARWAL	29-05-2009	02-06-2009	13600
64	VIMLA M JAIN	29-07-2009	31-07-2009	8500
65	VIMLA M JAIN	31-07-2009	04-08-2009	5000
66	TARUN . RAWAT	15-07-2009	17-07-2009	13300
67	SANJEEV NIHALCHAND	27-05-2009	29-05-2009	6600
68	SANJEEV NIHALCHAND	07-07-2009	09-07-2009	6500

S.N	Client Name	Trade date	Payout date	Transfer red Qty
69	SANJAYKUMAR MANUBHAI	29-07-2009	31-07-2009	12500
70	LATA S JAIN	17-07-2009	21-07-2009	12500
71	SANTOSH KUMAR SEWANI	06-07-2009	08-07-2009	12500
72	ASHISH DEEWAN	06-07-2009	08-07-2009	12500
73	INDIRA . RAWAT	25-05-2009	27-05-2009	12300
74	RAJ KUMAR AGARWAL	28-07-2009	30-07-2009	12000
75	SUNITA GARG	25-02-2009	27-02-2009	11702
76	SURESH MANILAL ZAVERI .	25-03-2009	30-03-2009	10400
77	G RAMESH	23-07-2009	27-07-2009	10145
78	CHITARMAL GYARSILAL	24-03-2009	26-03-2009	10000
79	MANISHKUMAR MANUBHAI	29-07-2009	31-07-2009	5000
80	MANISHKUMAR MANUBHAI	24-07-2009	28-07-2009	5000
81	PAVANDEVI C BHANSALI	13-07-2009	15-07-2009	10000
82	CHANDRALEKHA SUBHASH	26-03-2009	31-03-2009	10000
83	DEVSI LALJI PATEL	18-06-2009	22-06-2009	10000
84	RAKESH KUMAR	24-03-2009	26-03-2009	3500
85	RAKESH KUMAR	16-03-2009	18-03-2009	6500
86	KAVITA SUBHASH KOTHARI	26-03-2009	31-03-2009	10000
87	MANOHAR MAL	24-07-2009	28-07-2009	5000
88	MANOHAR MAL	23-07-2009	27-07-2009	4500
89	LATA B JAIN	03-07-2009	07-07-2009	7000
90	LATA B JAIN	22-06-2009	24-06-2009	2000
91	SANGEETA AGARWAL	02-07-2009	06-07-2009	8000
92	MANSUKHLAL HARIDAS	13-07-2009	15-07-2009	8000
93	BHANUMATI M SHAH	13-07-2009	15-07-2009	8000
94	MANJU DINESH BOHRA	17-07-2009	21-07-2009	7500
95	KISHORE KUMAR BHANDARI	17-07-2009	21-07-2009	7500
96	ASHISH SHARMA	01-07-2009	03-07-2009	7000
97	SANJAY MADANLAL PRUTHI	31-07-2009	04-08-2009	7000
98	MEENA PRUTHI	31-07-2009	04-08-2009	7000
99	MAHESH PRABHULAL	24-03-2009	26-03-2009	6800
100	RAJASHREE SANTOSH	03-06-2009	05-06-2009	6500
101	URMILA KISHORE BHANDARI	07-07-2009	09-07-2009	6500
102	NANALAL R KARVA	28-07-2009	30-07-2009	6000
103	REKHA KABRA	30-07-2009	03-08-2009	6000
104	REKHA MANOJ THAKKER	25-03-2009	30-03-2009	5700
105	TRILOK CHAND DEEWAN	14-07-2009	16-07-2009	3500
106	TRILOK CHAND DEEWAN	10-07-2009	14-07-2009	2000
107	SULABHA RAMESH GUDI	16-03-2009	18-03-2009	5000
108	RAJESHKUMAR MANUBHAI	24-07-2009	28-07-2009	5000
109	ROOPKANWAR	30-07-2009	03-08-2009	5000
110	ANSHU DEEWAN	19-06-2009	23-06-2009	5000
111	VISHNU PRAKASH MANTRI	16-03-2009	18-03-2009	5000
112	RAMESH BALKRISHNA GUDI	17-03-2009	19-03-2009	5000
113	RUPA SURESH ZAVERI .	24-03-2009	26-03-2009	4600
114	DHARMESH JAYANTILAL	24-03-2009	26-03-2009	4500
115	ALKA AJAYPRAKASH	24-03-2009	26-03-2009	4100
116	RADHA KRISHAN KOGTA	01-07-2009	03-07-2009	4000
117	NEHA KOGTA	18-06-2009	22-06-2009	4000
118	ARUN KOGTA	03-07-2009	07-07-2009	4000
119	MANJU KOGTA	18-06-2009	22-06-2009	4000
120	BAL MUKUND KOGTA	01-07-2009	03-07-2009	4000
121	BAHWARI LAL KOGTA	03-07-2009	07-07-2009	4000
122	HANSA PRADEEP MEHTA	07-07-2009	09-07-2009	3500
123	VIJAYKUMAR R AGRAWAL	24-03-2009	26-03-2009	3500
124	REKHA Y MEHTA	07-07-2009	09-07-2009	3500
125	SANJEEV AGRAWAL	26-05-2009	28-05-2009	3200
126	BHAGWANDAS RAMNATH	24-03-2009	26-03-2009	3000
127	NIRMALA AGARWAL	24-03-2009	26-03-2009	3000
128	RAHUL B AGARWAL	24-03-2009	26-03-2009	3000
129	SATYANARAYAN RAMNATH	24-03-2009	26-03-2009	3000
130	JADAVDEVI PUKHRAJ MEHTA	27-05-2009	29-05-2009	2600
131	SANTOSH SUWALAL	03-06-2009	05-06-2009	2500
132	MANOJ KESHAVLAL	25-03-2009	30-03-2009	2300
133	MAHENDRA KUMAR	15-06-2009	17-06-2009	2000
134	CHHAYA DEEPAK THAKKER	25-03-2009	30-03-2009	1800
135	VIPUL BANKA	29-06-2009	02-07-2009	1800
136	RAMESH KUMAR MEGRAJJI	13-05-2009	15-05-2009	1600
1600097				

- b. Further, the shares (1.9 Lakh shares) which were earlier received by Rahul Raghvan in March 2009 were transferred back to the Noticee. Subsequently, the shares were transferred by the Noticee to the front entities mentioned above through off-market transfers.
- c. **Transfer of shares of Maharashtra Polybutenes to the Vishal Group from the Noticee's demat accounts:** It is also noted that the Noticee had transferred a total of 10,33,279 shares of Maharashtra Polybutenes to 47 front entities from its 3 demat accounts, viz. IN30107180063672, 1205480000009822 and 1205480000009837, as under:

TABLE V – DETAILS OF DEMAT TRANSFERS			
Sr. No.	CLIENT NAME	PAN	TRADED QUANTITY
1.	KETAN HASMUKHLAL DOSHI	AAAPD8373R	221000
2.	SONI RAMNIWAS BANKATLAL HUF	AADHS0187H	106000
3.	ASHOK MOTILAL SUTHAR	BGLPS3711C	100000
4.	NISHA N SHAH	AASPS3544H	85000
5.	J. K PRASAD (HUF)	AAGHS9010Q	81192
6.	RAMNIWAS BANKATLAL SONI	AFHPS4429K	62000
7.	RACHITA ROHIT SONI	AHWPM2634F	30000
8.	PRAVEEN KUMAR	AOVPP7890G	30000
9.	PAPAL GOENKA	ALIPG0081A	24000
10.	NIMISH H SHAH	AMTPS1676D	22000
11.	DHIRENDRAKUMAR R.KHOKHANI	ACMPK1948B	22000
12.	APOORVASHREE KANORIA	AOFPK7326C	20000
13.	KANTILAL P CHHAHER	ADDPK6179L	20000
14.	DIMPLE PARAG MADHANI	AKMPM0281D	15600
15.	SURESH VRILAL SHAH (HUF)	AAPHS29178	13000
16.	OMPRAKASH GYARSILAL GARG HUF	AAAH05090E	12400
17.	BIJALJINESH SHAH	AAEPS2772F	12000
18.	MANJUBEN SURESHBHAI SHAH	AEAPS3797Q	11900
19.	PIYUSH PRAFULCHANDRA AVLANI	AABPA1996N	11800
20.	SNEHLATA AGRAWAL	ABEPA90293	11634
21.	DEEPAK KESHAVLAL THAKKER	AACHD5555M	11000
22.	VIMLA DEVI BADJATYA	ADSPB194OR	10000
23.	HARISH KUMAR	ACOPK2768D	10000
24.	VINODKUMAR AGARWAL	AABPA3586G	9000
25.	LAUTA SHARMA	AVRPS8053P.	6600
26.	SHASHI SHARMA	AVRPS8051R	6321
27.	BHARATHKUMAR R. KHOKHANI	ACMPK1947Q	6000
28.	NEETA PRAMOD	ABZPA2505Q	5500
29.	VANDANA AGARWAL	ACAPA6320P	5500
30.	KALA DINESH PATEL	ADAPP7045H	5000

31.	PRAMOD	AAAPA8435F	5000
32.	DHARAMSI RAM	AKBPP9575E	5000
33.	RUPA B. GUDI	ACAPG8692C	500
34.	ALKA AJAYPRAKASH	AASPK9806A	4070
35.	SANTOSH SUWALAL CHANGEDIA	AAKPC1858N	4000
36.	DURGA DEVI KOGTA	ABFPK1047H	4000
37.	BADAMBAI F	AAUP81718L	4000
38.	SURESH VRAJLAL SHAH	AAKPS1346P	4000
39.	VIPUL BANKA	AJAPI33954D	3200
40.	AMIT VIJAY BHATEWARA	ACMPB9579R	3000
41.	ANUJ SANJEEV	AKGPG0504M	2206
42.	LATA B JAIN	ABBPL2241E	1000
43.	NEHA JITENDRA KOTHARI	AQTPK9132C	850
44.	SUNITA GARG	ABTPG7470Q	596
45.	MOHD SAMIM KHAN	AHPPK0385C	456
46.	TRILOK CHAND DEEWAN	ABIPD4875D	354
47.	JINESH SURESH SHAH	AAVPS8893E	100
Total			10,33,279

- d. Upon a consideration of the aforementioned transfer of shares of Maharashtra Polybutenes as discussed at paragraphs 2.5(a) and (c), it is noted that a total of 115 front entities had received 26,33,376 (16,00,097 + 10,33,279) shares of Maharashtra Polybutenes from the Noticee. The aforementioned 115 entities had sold the aforesaid shares of Maharashtra Polybutenes in the securities market. Out of the 26,33,376 shares, 24,69,040 shares were bought by the Vishal Group (discussed in the subsequent paragraphs). Thus, the Noticee had created false and misleading appearance of trading in the scrip of Maharashtra Polybutenes.

2.6 Out of the above mentioned 24,69,040 shares sold by the aforementioned 115 entities, trades with respect to 23,82,687 such shares were executed within the Vishal group with a buy and sell order time difference of less than 60 seconds. Further, 15,91,179 shares were synchronized in terms of the buy and sell order quantity, rate and order time difference of less than 60 seconds, as detailed below:

S.N	Sell Client Name	Sell member name	Circular trade volume	TQ with <60 sec of order time diff.	Synchronized (PTQ)
1	PRASAD K J	DOHA	224399	224199	169999
2	RAMESHWAR	BGSE	159996	159995	153995
3	MAHENDRA	BGSE	124000	124000	124000
4	PIYUSH	SUNIDHI	194700	194424	82224
5	ROHIT RAMNIWAS	MOTILAL	52800	52771	52771
6	RAJESH	SAURASHTRA	50000	50000	49687
7	KETAN	SUNIDHI	119300	119150	45000
8	KAVITA	BGSE	45000	45000	35000
9	MOHD SAMIM	APOLLO	31999	31999	31500
10	RITESH	BGSE	34900	34900	30000
11	NARAYAN	BGSE	34497	33997	24497
12	CHANDRA	BGSE	22000	22000	22000
13	MAHENDRA	BGSE	22000	22000	22000
14	PRAKASH KUMAR	BGSE	22000	22000	22000
15	USHA RANKA	B.LODHA	20850	20850	20850
16	SUBHASH	B.LODHA	20000	20000	20000
17	VIPUL BANKA	B.LODHA	19999	19999	19999
18	NISHA NILESH	BCB	78700	25850	19944
19	PAYAL GOENKA	ISE SECURITIES	41225	40826	19174
20	SONI RAMNIWAS	MOTILAL	53000	53000	18000
21	GHEWARCHAND	SYKES & RAY	18090	18000	18000
22	ASHISH DEEWAN	B.LODHA	17500	17500	17500
23	ANSHU DEEWAN	B.LODHA	17487	17487	17487
24	MANOCHARMAL	GEOJIT	17000	17000	17000
25	PARAG	KIRTI R. SHAH	15500	15500	15500
26	LATA SJAIN	GEOJIT	15000	15000	15000
27	LATA SJAIN	GEOJIT	15000	15000	15000
28	RAMESHKUMAR	MSE FINANCIAL	14995	14995	14995
29	ROHIT SONI	MOTILAL	14751	14751	14651
30	SANTOSH	RELIGARE	14000	14000	14000
31	DHIRENDRAKUMA	VENTURA	22000	22000	13885
32	SNEH LATA	B.LODHA	13600	13600	13600
33	SMITA AGARWAL	B.LODHA	13600	13600	13600
34	ANJALI AGARWAL	B.LODHA	13600	13600	13600
35	SANJEEV	RELIGARE	20600	20600	13100
36	T C DEWAN	B.LODHA	12500	12500	12500
37	SANJAYKUMAR	MONARCH	12500	12500	12500
38	BUAL J SHAH	KIRTI R. SHAH	12000	12000	12000
39	SURESH VIRAJLAL	KIRTI R. SHAH	12000	12000	12000
40	JINESH SURESH	KIRTI R. SHAH	11995	11995	11995
41	VAIBHAV BANKA	B.LODHA	20449	20449	10449
42	TARUN RAWAT	MOTILAL	13300	13300	10000
43	ARUN KOGTA	MANGAL	10000	10000	10000
44	MANISHKUMAR	MONARCH	10000	10000	10000
45	RAJESHKUMAR	MONARCH	10000	10000	10000
46	PAWANIDEVI	HEM	9790	9790	9790
47	PATEL DEVSI LALI	VENTURA	20769	20769	9769
48	SANTOSH KUMAR	ANGEL	12490	12490	9490
49	MANOCHARMAL	GEOJIT	9420	9420	9420
50	INDIRA RAWAT	MOTILAL	12300	12300	9300
51	HARISH KUMAR	ANGEL	13500	8500	8500
52	VIMALA MAJIN	GEOJIT	8000	8000	8000
53	BANUMATI	INDIA INFOLINE	8000	8000	8000
54	MANOJ KHALIL	INDIA INFOLINE	8000	8000	7999
55	SURESH MANILAL	SUNIDHI	10400	10400	7900
56	DIMPLE PARAG	KIRTI R. SHAH	7800	7800	7800
57	RAMNIWAS	MOTILAL	61481	61140	7500
58	ALKA KANORIA	ANAND RATHI FINANCIAL SER	24050	23914	6600

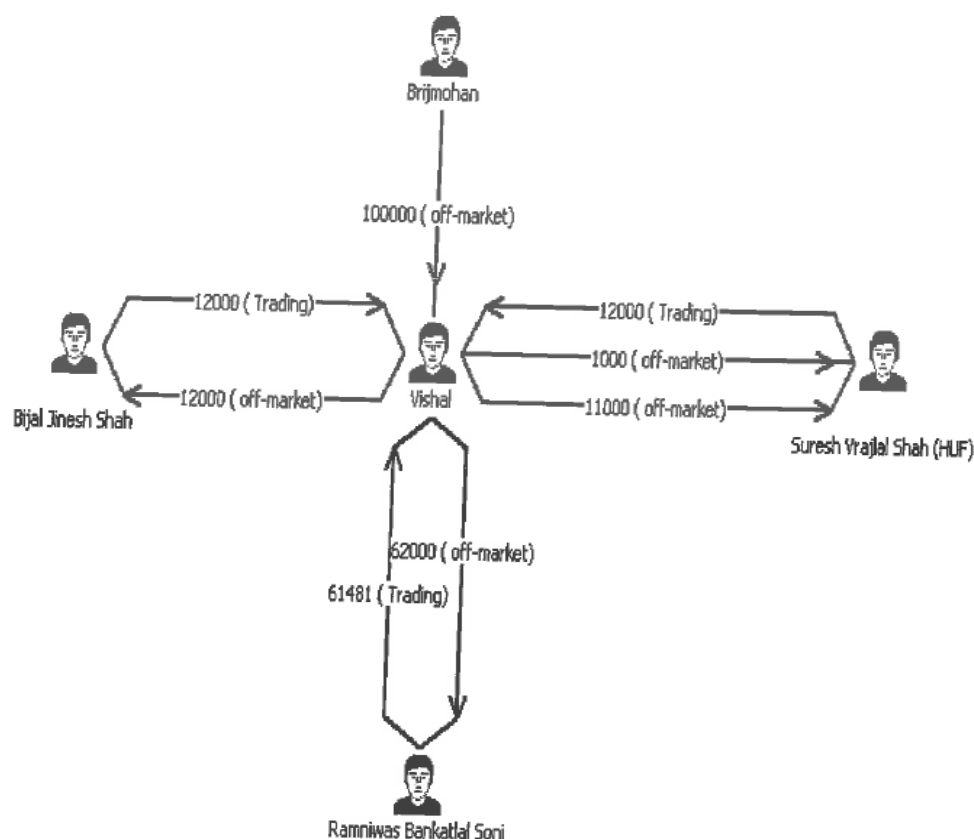
S.N.	Sell Client Name	Sell member name	Circular trade volume	TQ with <60 sec - order time diff.	Synchronized (PTQ)
59	RAKESH	ANAND	10000	10000	6500
60	AMIT VIJAY	MOTILAL	6500	6500	6500
61	URMILA K	TECHNO	6500	6500	6500
62	JADAVDEVI	ZODIAC	6100	6100	6100
63	CHANDULAL	VENTURA	21099	21099	6000
64	REKHA ARVIN D	CAPMAN	6000	6000	6000
65	VIMLA DEVI	MANGAL	6000	6000	6000
66	NANALAL	VENTURA	5999	5999	5999
67	RAMESH	MSE	16000	15910	5910
68	ASHISH	HEM	7000	7000	5800
69	VANDANA	SUSHIL	5500	5500	5500
70	SHABBIR KHAN	HEM	49150	39650	5000
71	LALITA	SYSTEMATIX	6600	6600	5000
72	RUPA BHARAT	VENTURA	5000	5000	5000
73	KALA DINESH	VENTURA	5000	5000	5000
74	DHARAMSI	VENTURA	5000	5000	5000
75	DHARMESH	SAMRUDDHI	4500	4500	4500
76	CHITARMAL	ANAND	10000	10000	4000
77	BAL KOGTA	MANGAL	4000	4000	4000
78	BANWARI	MANGAL	4000	4000	4000
79	RADHA KOGTA	MANGAL	4000	4000	4000
80	MANJU KOGTA	MANGAL	4000	4000	4000
81	DURGA KOGTA	MANGAL	4000	4000	4000
82	NEHA KOGTA	MANGAL	4000	4000	4000
83	SUBHASH	BONANZA	14250	11500	3500
84	VIJAYKUMAR	SUSHIL	3500	3500	3500
85	REKHA YOGESH	VENTURA	3500	3500	3500
86	HANSA	VENTURA	3500	3500	3500
87	SANJEEV	JSEL	3200	3200	3200
88	BHAGWANDAS	SUSHIL	3000	3000	3000
89	NIRMALA	SUSHIL	3000	3000	3000
90	SATYA	SUSHIL	3000	3000	3000
91	RAHUL	SUSHIL	3000	3000	3000
92	SHASHI	SYSTEMATIX	6600	6600	2600
93	NIMISH	INDIA	99600	96100	2400
94	RUPA SURESH	SUNIDHI	4600	4600	1600
95	NEHA	BONANZA	17500	7975	0
96	BHARATHKUM	VENTURA	16000	16000	0
97	BIPINKUMAR	GEOJIT	14500	14500	0
98	SURESH	KIRTI R.	12000	12000	0
99	MANUBEN	KIRTI R.	12000	12000	0
100	DEEPAK K	SAMRUDDHI	11000	11000	0
101	SUBHASH	BONANZA	9500	8444	0
102	SANGEETA	JSEL	8000	8000	0
103	MANJU DINESH	SUSHIL	7500	7500	0
104	MAHESH	SAMRUDDHI	6800	6800	0
105	RAJASHREE	RELIGARE	6500	6500	0
106	ANUJ SANJEEV	RELIGARE	6500	6500	0
107	REKHA MANOJ	SAMRUDDHI	5700	5650	0
108	NEETA	SUSHIL	5500	5500	0
109	PRAMOD	MONEYBEE	5000	5000	0
110	KISHORE B	TECHNO	5000	5000	0
111	SULABHA	VENTURA	5000	5000	0
112	ROOPKANWAR	VENTURA	5000	5000	0
113	VINODKUMAR	SUSHIL	4500	4500	0
114	MANOJ	SAMRUDDHI	2300	2300	0
115	CHHAYA	SAMRUDDHI	1800	1800	0
		Total	24,69,040	23,82,687	15,91,179

- ii. The Noticee had earlier received 1 Lakh shares of Maharashtra Polybutenes on February 2, 2009, from its Promoter i.e. Brijmohan Rathi, out of which it transferred 99,000 shares to 5 entities (three of whom belonged to the Vishal Group). Out of the said shares, the Vishal Group had received 75,000 shares and had in turn sold 86,000 shares (11,000 shares were received directly from the Noticee's pool account) in the securities market. The Noticee bought 85,481 such shares from three entities of the Vishal Group, viz. Bijal Jinesh Shah, Suresh Vrajlal Shah HUF and Ramniwas Bankatlal Soni, during the period February 4–17, 2009.

Name of client	Off-market transfer		On-market sale on BSE		Bought by NOTICEE
	Date	No. of shares	Date	No. of shares	
Bijal Jinesh Shah	Feb 05, 2009	12000	Feb 04 & 05, 2009	12000	12000
Suresh Vrajlal Shah (HUF)	Feb 06, 2009	1000	Feb 05 & 10 2009	12000*	12000
Badambai F Bedmutha	Feb 05, 2009	4000	-	-	-
Ramniwas Bankatlal Soni	Feb 05, 2009	62000	Feb 06, 09 & 10 2009	62000	61481
Apoorvashree Kanoria	Feb 16, 2009	20000	Feb 17, 2009	20000	-
Total		99000		104000	85481

*received 11000 shares through Noticee Shah's pool account.

2.7 The Noticee had created artificial volume and misleading appearance of trading in the scrip of Maharashtra Polybutenes through the aforesaid transactions involving circular trades as explained below:



- a. **Circular trades with Bijal Jinesh Shah:** The Vipul Group had bought 8,000 shares on February 4, 2009 and 4,000 shares on February 5, 2009 from Bijal Jinesh Shah in the market. In total, 12,000 shares were bought by Vipul Group from Bijal Jinesh Shah. The Noticee had transferred 12,000 shares to Bijal Jinesh Shah on Feb 5, 2009. Bijal Jinesh Shah had transferred 12,000 shares to its Broker, Kirti R. Shah Shares & Stock Brokers Private Limited's pool account for pay-in of securities of shares sold on February 4 and February 5, 2009. Since the Noticee had bought shares on behalf of the Vipul Group, the Noticee had received these 12,000 shares back as part of pay-out of securities. In this

manner, circular trades of 12,000 shares were executed between Noticee–Bijal Jinesh Shah–Noticee.

- b. **Circular trades with Suresh Vrajlal Shah–HUF:** Vipul Group had bought 6000 shares on February 5, 2009 and 6000 shares on February 10, 2009 from Suresh Vrajlal Shah HUF in the market. In total, 12,000 shares were bought by Vipul Group from Suresh Vrajlal Shah. The Noticee had transferred 12,000 shares to Suresh Vrajlal Shah–HUF on February 6, 2009. Suresh Vrajlal Shah–HUF had transferred 12,000 shares to its Broker, Kirti R Shah Shares & Stock brokers Private Limited's pool account on February 6 and 11, 2009 for pay–in of securities of shares sold on February 5 and 10, 2009. Since the Noticee had bought on behalf of Vipul Group, the Noticee had received 12,000 shares as part of pay–out of securities. Hence, 12,000 shares of the circular trades executed between Noticee–Suresh Vrajlal Shah HUF–Noticee. These shares were again transferred to different entities for further creation of artificial volumes.
- c. **Circular trades with Ramniwas Bankatlal Soni:** Vipul Group had bought 21,981 shares on February 6, 2009, 36,000 shares on February 9, 2009 and 3,500 shares on February 10, 2009, from Ramniwas Bankatlal Soni in the securities market. In total, Vipul Group had bought 61,481 shares from Ramniwas Bankatlal Soni out of 62,000 shares sold by him. The Noticee had transferred 62,000 shares to Ramniwas Bankatlal Soni on February 5, 2009, who in turn had transferred these shares to its Broker, Motilal Oswal Securities Private Limited's pool account for pay–in of securities for the shares sold on February 6, 2009 and February 10, 2009. Since the Noticee had bought on behalf of Vipul Group, the Noticee had received 61,481 shares as part of pay–out of securities. In this manner, Circular Trades of 61,481 shares were executed between Noticee–Ramniwas Bankatlal

Soni –Noticee. These securities were again transferred to different entities for further creation of artificial volumes.

- d. The above 3 instances are the first level circular trades started from the shares provided by the Promoter of Maharashtra Polybutenes, to the Noticee. The above cycles were continued by the Noticee and in total, the Noticee had transferred shares to 115 front entities as detailed in the preceding paragraphs and bought from the same entities thereby creating artificial volume of 24,69,040 shares by way of circular trades. These entities sold the shares received from the Noticee in the securities market.

2.8 The day-wise analysis of circular trades is given below.

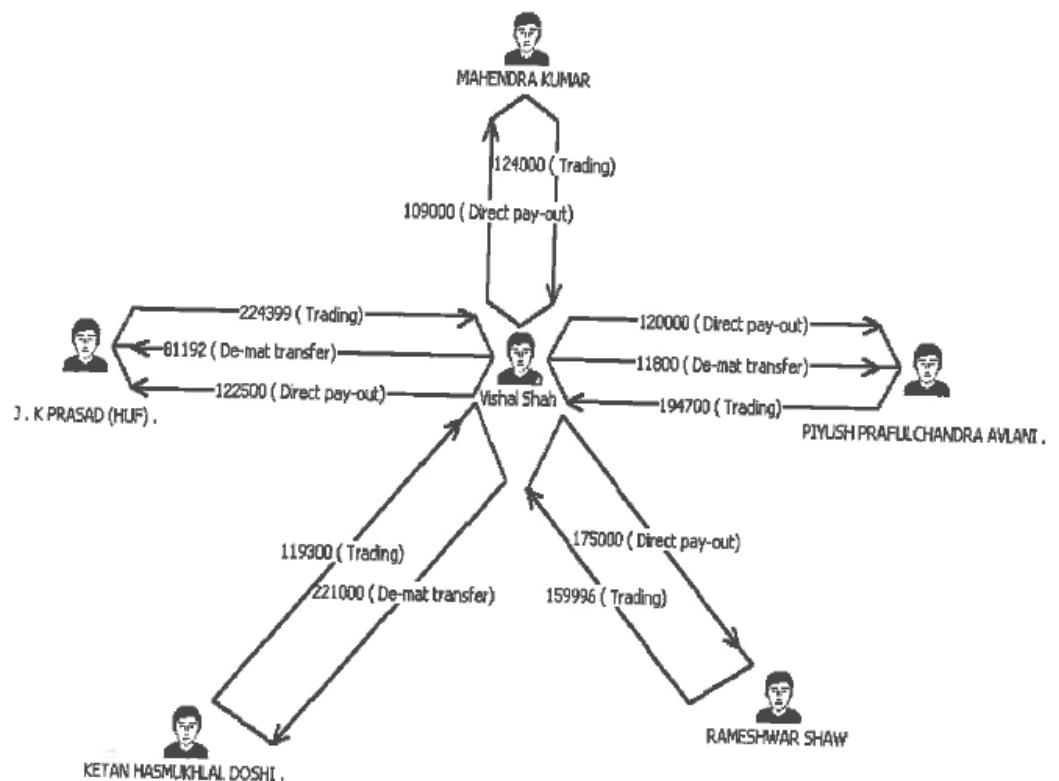
S. N	Trade Date	Sum of Trade Qty	Vipul group trades	Circular trades	Vipul group % w.r.t.	Circular trades %
1	15-May-2009	25190	25050	25000	99.44	99.25
2	03-July-2009	35266	35000	35000	99.25	99.25
3	28-July-2009	44892	44500	44418	99.13	98.94
4	14-July-2009	17223	17000	16987	98.71	98.63
5	24-June-2009	38029	37501	37499	98.61	98.61
6	25-June-2009	35540	35000	34998	98.48	98.47
7	06-July-2009	52028	51000	51000	98.02	98.02
8	20-July-2009	20537	20001	20000	97.39	97.39
9	10-July-2009	43181	42225	42000	97.79	97.27
10	02-July-2009	34005	33000	33000	97.04	97.04
11	23-June-2009	26215	25000	25000	95.37	95.37
12	17-June-2009	16832	16070	16000	95.47	95.06
13	21-July-2009	29458	28545	27800	96.90	94.37
14	09-July-2009	46139	44000	43489	95.36	94.26
15	29-June-2009	35218	33000	33000	93.70	93.70
16	19-May-2009	37810	35515	35400	93.93	93.63
17	20-May-2009	26703	25056	24995	93.83	93.60
18	09-June-2009	29460	27350	27350	92.84	92.84
19	15-April-2009	10775	10000	10000	92.81	92.81
20	13-July-2009	34560	33030	32000	95.57	92.59
21	16-July-2009	28028	26025	25790	92.78	92.02
22	23-April-2009	27700	25002	25000	90.26	90.25
23	22-April-2009	26600	24135	24000	90.73	90.23
24	01-June-2009	18578	16600	16600	89.35	89.35
25	04-June-2009	17011	15000	15000	88.18	88.18
26	22-July-2009	3427	3000	3000	87.54	87.54
27	08-June-2009	26413	23500	23000	88.97	87.08
28	24-July-2009	32909	33019	32949	87.10	86.92
29	17-July-2009	31925	27500	27500	86.14	86.14
30	15-July-2009	40782	35100	34598	86.07	84.84
31	28-May-2009	14694	13034	12300	88.70	83.71
32	07-July-2009	30226	30000	24999	99.25	82.71
33	04-March-	61434	50789	50500	82.67	82.20
34	19-June-2009	45899	37000	36769	80.61	80.11
35	26-June-2009	35517	27000	27000	76.02	76.02
36	31-July-2009	46440	35499	35000	76.44	75.37
37	20-April-2009	32175	24325	24000	75.60	74.59
38	27-July-2009	34272	29000	25500	84.62	74.40
39	03-March-	49017	35881	35800	73.20	73.04
40	26-March-	96323	68950	68650	71.58	71.27
41	08-July-2009	32786	24000	23099	73.20	70.45
42	29-May-2009	25885	24600	18200	95.04	70.31
43	24-March-	133574	91239	90300	68.31	67.60
44	11-June-2009	23755	22000	16000	92.61	67.35
45	08-April-2009	31275	21375	21000	68.35	67.15
46	19-March-	84808	56700	56400	66.86	66.50
47	23-July-2009	18923	15000	12500	79.27	66.06
48	12-June-2009	15304	13200	10000	86.25	65.34
49	03-June-2009	44541	37889	28600	85.07	64.21
50	10-June-2009	32230	29000	20000	89.98	62.05
51	29-July-2009	68519	58005	39498	84.66	57.65
52	24-April-2009	8760	5025	5000	57.36	57.08
53	30-July-2009	31212	17501	17500	56.07	56.07
54	15-June-2009	27527	25000	15000	90.82	54.49
55	17-March-	115673	64176	62500	55.48	54.03
56	07-May-2009	72289	40855	37426	56.52	51.77
57	18-February-	54183	28000	28000	51.68	51.68
58	09-February-	71115	36000	36000	50.62	50.62
59	23-March-	99868	51000	50000	51.07	50.07
60	06-April-2009	25294	15113	12500	59.75	49.42
61	30-June-2009	52116	25001	24900	47.9	47.78
62	29-April-2009	62766	45187	29099	71.9	46.36
63	25-March-	171671	75600	75500	44.0	43.98
64	06-March-	45972	37925	20000	82.5	43.50
65	28-April-2009	60336	25595	24600	42.4	40.77
66	06-February-	54565	22500	21981	41.2	40.28
67	17-April-2009	35465	14115	14000	39.8	39.48
68	05-June-2009	47654	19100	18600	40.0	39.03
69	25-May-2009	51531	39000	20000	75.6	38.81
70	20-March-	67225	25000	24800	32.1	36.89
71	27-April-2009	24385	16455	8900	67.4	36.50
72	12-May-2009	35376	12950	12600	36.6	35.62
73	26-February-	71990	25000	24900	34.7	34.59
74	18-June-2009	77031	25500	25500	33.1	33.10
75	11-February-	56952	27500	18500	48.2	32.48
76	11-May-2009	12370	4100	4000	33.1	32.34
77	22-June-2009	85481	27000	27000	31.5	31.59
78	12-March-	64292	34350	19751	53.4	30.72
79	16-February-	81600	25000	25000	30.6	30.64
80	04-May-2009	35279	22279	10100	63.1	28.63
81	13-May-2009	53507	36127	15000	67.5	28.03
82	05-February-	36367	10000	10000	27.5	27.50
83	22-May-2009	36673	30600	10000	83.4	27.27
84	02-April-2009	35895	13050	9750	36.3	27.16
85	16-June-2009	76230	20200	20000	26.5	26.24
86	27-February-	96154	30000	24800	31.2	25.79
87	02-June-2009	10116	10100	2600	99.8	25.70
88	13-March-	49407	19150	12000	38.7	24.29
89	17-February-	104405	24000	23995	22.9	22.98
90	10-February-	42108	13891	9500	32.9	22.56
91	26-May-2009	22950	21100	5000	91.9	21.79
92	21-May-2009	45914	17988	10000	39.1	21.78
93	16-March-	51187	24410	11000	47.6	21.49
94	04-February-	41121	8000	8000	19.4	19.45
95	24-February-	137912	31950	24250	23.1	17.58
96	06-May-2009	32231	17100	5000	53.0	15.51
97	27-May-2009	46114	28200	7000	61.1	15.18
98	01-July-2009	66622	15000	6000	22.5	9.01
99	18-March-	202905	43000	18000	21.1	8.87
100	27-March-	67476	5000	5000	7.41	7.41
101	02-February-	27774	0	0	0.00	0.00
102	03-February-	31190	0	0	0.00	0.00
103	12-February-	79754	12000		15.0	0.00
104	13-February-	28360	0	0	0.00	0.00
105	19-February-	26585	0	0	0.00	0.00
106	20-February-	51240	6500		12.6	0.00
107	25-February-	71725	12000		16.7	0.00
108	02-March-	39473	5000		12.6	0.00
109	05-March-	67305	0	0	0.00	0.00
110	09-March-	65620	25500		38.8	0.00
111	30-March-	6333	0	0	0.00	0.00
112	31-March-	1705	0	0	0.00	0.00
113	01-April-2009	2132	0	0	0.00	0.00
114	09-April-2009	3657	1000		27.3	0.00
115	13-April-2009	58	27		46.5	0.00
116	16-April-2009	70	0	0	0.00	0.00
117	21-April-2009	50	0	0	0.00	0.00
118	05-May-2009	2485	0	0	0.00	0.00
119	08-May-2009	34598	782	0	2.26	0.00
120	14-May-2009	1510	0	0	0.00	0.00
Grand Total		5351932	2904692	2469040		

i. An analysis of above mentioned table shows that:

- a) On more than 20 trading days, the Noticee Group had traded more than 90% of the traded volume in the market. Out of these, more than 90% were circular trades.
- b) On more than 50 trading days, the Noticee Group had traded more than 50% of the traded volume in the market. Out of these, more than 50% were circular trades.
- c) Out of 120 trading days, the Noticee Group had traded on 108 days and had executed circular trades on 100 days.

2.9 The circular traded volume created for more than one lakh shares is discussed below:

i. The circular trades chart is given below.



ii. **Prasad K. J. (HUF) / Jai Kishore Prasad – HUF:** Prasad K. J. (HUF) ("**Prasad**") had sold 2,25,000 shares through the broker Doha Brokerage and Financial Services Limited (formerly known as Select Securities Ltd.) ("**Doha Brokerage**"). Out of 2,25,000 shares, 2,24,399 shares were bought by Vipul Group, viz. Kamlesh – 1,32,000 shares and Vipul – 92,399 shares i.e. except 601 shares, the entire sell shares were bought by Vipul Group through the Noticee.

(a) **Shares received from the Noticee, by Prasad:** Prasad had received 2,25,000 shares from the Noticee on May 14, 2009 and the same quantity of shares was transferred to meet the pay-in obligation of Prasad. The entire quantity of these shares were received by Prasad from Noticee on May 14, 2009 and transferred to the broker Doha Brokerage's pool account by Prasad on May 16, 2009 for the sell trades executed on May 15, 2009.

(b) **Shares received back by the Noticee, from Prasad:** Out of 2,25,000 shares sold by Prasad during the period May 15–June 25, 2009, 2,24,399 shares were bought by Vipul Group, viz. Kamlesh – 1,32,000 shares and Vipul – 92,399 shares i.e. except 601 shares, the entire sell shares were bought by Vipul Group through the Noticee. Accordingly, out of the 2,25,000 shares sold by Prasad, 2,24,399 shares were received back by the Noticee as part of pay-out obligation. Hence, 2,24,399 shares of circular trades were executed between Noticee–Prasad–Noticee.

iii. **Piyush Prafulchandra Avlani and Ketan Hasmukhlal Doshi:** Piyush Prafulchandra Avlani ("**Piyush**") and Ketan Hasmukhlal Doshi ("**Ketan**") had sold 3,14,900 shares through Sunidhi Securities & Finance Ltd. ("**Sunidhi**"). Out of 3,14,900 shares, 3,14,000 shares

were bought by Vipul Group, viz. Kamlesh –1,44,500 shares, Rahul – 84,900 shares and Vipul – 99,600 shares.

- (a) **Shares received from the Noticee, by Piyush:** Piyush had received 1,94,900 shares from the Noticee on March 17–20, 2009 and March 25–26, 2009, to meet the pay-in obligation.
- (b) **Shares received back by the Noticee from Piyush:** Out of 1,94,900 shares sold by Piyush during the period March 17–26, 2009, 1,94,700 shares were bought by Vipul Group. Accordingly, out of 1,94,900 shares transferred by the Noticee to Prasad, 1,94,700 shares were received back by the Noticee as part of pay-out obligation. Hence, 1,94,700 shares of the circular trades were executed between Noticee–Piyush–Noticee.
- (c) **Shares received from the Noticee, by Ketan:** Ketan had received 1,20,000 shares from the Noticee on March 23, 2009 and March 25, 2009, to meet the pay-in obligation.
- (d) **Shares received back by the Noticee from Ketan:** Out of 1,20,000 shares sold by Ketan during the period March 23–24, 2009, 1,19,300 shares were bought by Vipul Group. Accordingly, out of 1,20,000 shares transferred by the Noticee to Prasad, 1,19,300 shares were received back by the Noticee as part of pay-out obligation. Hence, 1,19,300 shares of the circular trades were executed between Noticee–Ketan–Noticee.

- iv. **Rameshwar Shaw and Mahendra Kumar:** Rameshwar Shaw (“**Rameshwar**”) and Mahendra Kumar (“**Mahendra**”) had sold 2,85,000 shares through BGSE Financials Ltd. (“**BGSE Financials**”). Out of 2,85,000 shares, 2,83,996 shares were bought by Vipul Group, viz. Kamlesh – 58,999 shares and Vipul – 2,24,997 shares.

- (a) **Shares received from the Noticee, by Rameshwar:** Rameshwar had received 1,55,000 shares from the Noticee during the period July 6–30, 2009, to meet the pay-in obligation.
- (b) **Shares received back by the Noticee from Rameshwar:** Out of 1,55,000 shares sold by Rameshwar during the period July 6–29, 2009, 1,54,996 shares were bought by Vipul Group. Accordingly, out of 1,55,000 shares transferred by the Noticee to Rameshwar, 1,54,996 shares were received back by the Noticee as part of pay-out obligation. Hence, 1,54,996 shares of the circular trades were executed between Noticee–Rameshwar–Noticee.
- (c) **Shares received from the Noticee, by Mahendra:** Mahendra had received 1,35,000 shares from the Noticee during the period June 3–July 14, 2009, to meet the pay-in obligation.
- (d) **Shares received back by the Noticee from Mahendra:** Out of 1,25,000 shares sold by Mahendra during the period June 3–July 13, 2009, 1,24,000 shares were bought by Vipul Group. Accordingly, out of 1,25,000 shares transferred by the Noticee to Mahendra, 1,24,000 shares were received back by the Noticee as part of pay-out obligation. Hence, 1,24,000 shares of the circular trades were executed between Noticee–Mahendra–Noticee.

- 2.10 **Synchronized Trades:** Out of 24,69,040 shares bought by Vipul Group from 115 front entities, Vipul Group had synchronized trades with 90 entities for the quantity 15,23,647 shares i.e. equal buy and sell order quantity, equal buy and sell order rate and order time difference of buy and sell order of less than 60 seconds (also refer to the Table at page 15). The summary of synchronized trades of the Vipul Group is given below.

TABLE IX – SUMMARY OF SYNCHRONIZED TRADES OF THE VIPUL GROUP						
BUY CLIENT NAME	SYNCHRONIZED TQ	SYNCHRONIZED TRADES % WITH OWN BUY TRADE	BUY % TO MARKET	COUNT OF ORDER NUMBER	COUNT OF CP ORDER NUMBER	COUNT OF TRADE NUMBER
Vipul Bhagwandas	7,33,255	51.75	13.70	150	150	150
Kamlesh Lalitkumar Nagarsheth	7,48,516	57.62	13.99	138	138	138
Rahul Ratailal	41,876	22.18	0.78	5	5	5
GRAND TOTAL	15,23,647		28.47	293	293	293

- i. 28.47% of the market trades were synchronized trades with more than 50% of the owned shares being synchronized (two clients).
- 2.11 Upon a consideration of the trade and order log of the aforesaid trades, it is observed that the same had resulted in circular trades and synchronized trades, which were structured in terms of time difference of less than 60 seconds in majority cases, buy and sell order quantity and rates were also matched in substantial quantities.
- 2.12 As noted from the preceding paragraphs, the Noticee had transferred 26,33,376 shares to 115 front entities. Out of these 26,33,376 shares, the Noticee had bought 24,69,040 shares through the Vishal Group. The Noticee had repeatedly traded with the same set of entities in a circular and synchronized manner. The Noticee's trading pattern over many days appears not for genuine trading but only to create demand through manipulative means to induce lay investors into believing that there existed a large demand in the scrips. Herein, it may be noted that the

Hon'ble Securities Appellate Tribunal ("SAT") in the matter of **Nirmal Bang Securities Pvt. Ltd. vs. SEBI (Appeal No. 54 of 2002 – Order dated 31, 2003)**, had observed: "It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. The data furnished in the show cause notice certainly goes to prove the synchronized nature of the transaction which is in violation of Regulation 4 of the FUTP Regulations." Further, the Hon'ble SAT in the matter of **Ajmera Associates Pvt. Ltd. vs. SEBI (Appeal No.190 of 2010 – Order dated December 13, 2010)**, had observed: "One has to look to the trading pattern and if the trades match too often or if the matching was done not by the system but by manipulating the same. Similarly, if two or more market players start trading in circular and do not allow the shares to go out of the circle, it could reasonably be inferred that both trades and their brokers are colluding to execute such artificial trades which give a misleading appearance in the market without change in beneficial ownership in the traded scrip. Such an inference can be drawn more readily when the circle consists of a larger Group of entities. In the absence of prior meeting of minds and knowing the mechanism of the trading system... The intention of the parties and the brokers will have to be gathered from the surrounding circumstances looking at the trading pattern, the frequency of trades, their volumes and such other circumstances as may be relevant for such determination." Further, the Hon'ble Supreme Court in the matter of **SEBI vs. Kishore Ajmera (Civil Appeal No. 2818 of 2008)**, had observed: "In these cases the volume of trading in the illiquid scrips in question was huge, the

extent being set out hereinabove. Coupled with the aforesaid fact, what has been alleged and reasonably established, is that buy and sell orders in respect of the transactions were made within a span of 0 to 60 seconds. While the said fact by itself i.e. proximity of time between the buy and sell orders may not be conclusive in an isolated case such an event in a situation where there is a huge volume of trading can reasonably point to some kind of a fraudulent/manipulative exercise with prior meeting of minds... When over a period of time such transactions had been made between the same set of brokers or a Group of brokers a conclusion can be reasonably reached that there is a concerted effort on the part of the concerned brokers to indulge in synchronized trades the consequence of which is large volumes of fictitious trading resulting in the unnatural rise in hiking the price/value of the scrip(s)... The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. The failure of the brokers/sub-brokers to alert themselves to this minimum requirement and their persistence in trading in the particular scrip either over a long period of time or in respect of huge volumes thereof, in our considered view, would not only disclose negligence and lack of due care and caution but would also demonstrate a deliberate intention to indulge in trading beyond the forbidden limits thereby attracting the provisions of the FUTP Regulations. Upto an extent such conduct on the part of the brokers/sub-brokers can be attributed to negligence occasioned by lack of due care and caution. Beyond the same, persistent trading would show a deliberate intention to play the market. The dividing line has to be drawn

on the basis of the volume of the transactions and the period of time that the same were indulged in. In the present cases it is clear from all these surrounding facts and circumstances that there has been transgressions by the respondents beyond the permissible dividing line between negligence and deliberate intention.” Having regard to the aforementioned observations of the Hon’ble Supreme Court and SAT in light of the facts in the instant proceedings, the pattern of synchronized order placement and circular trades with select parties in a thinly traded scrip clearly points out that the transactions were carried out with the intention that the order of the Noticee with other entities should match and there was a prior meeting of minds with respect to these transactions. The trading pattern indicates that the time difference between buy and sell order was approximately close to or less than a minute. Further, on more than 20 trading days, Vishal Group had traded more than 90% traded volume in the market. Out of these, more than 90% were circular trades as detailed in the preceding paragraphs. These trades among themselves resulted in the creation of artificial volumes in the scrip of Maharashtra Polybutenes. Further, out of 120 trading days, the Vishal Group had traded on 108 days and had executed circular trades on 100 days. The Noticee had dealt in the scrip of Maharashtra Polybutenes along with other connected/front entities in a fraudulent manner by entering into transactions that were not genuine, resulting in a misleading appearance of trading and artificial price manipulation.

- 2.13 Sections 12A(a)–(c) of the SEBI Act read with Regulations 3(a), (b), (c) and (d) of the PFUTP Regulations, 2003 *inter alia* prohibit employment of any manipulative/deceptive device, scheme or artifice to defraud in connection with dealing in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Regulation 4(1) of the PFUTP Regulations, 2003, provides for prohibition on indulging in fraudulent or unfair trade practices in securities while Regulations 4(2)(a), (b), (d), (e), (g) and (p) *inter alia* states that dealings in securities by a person shall be

deemed as fraudulent if it involves 'fraud' including (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, (d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money for inducing such person for dealing in any security with the object of causing fluctuation in the price of the security, (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 and (p) an intermediary predating or otherwise falsifying records such as contract notes. The Hon'ble Securities Appellate Tribunal in **Ketan Parekh vs. Securities & Exchange Board of India (Appeal No. 2 of 2004 dated 14.07.2006)** had held that: *"Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."* Therefore, in view of the aforementioned discussions, it is established that the Noticee by entering into circular trades and synchronized trades, perpetrated fraud in the securities market using as many as 115 front entities and created false or misleading appearance of trading in an otherwise illiquid scrip, entered into transactions without intention of change of ownership

of security, manipulated the price of scrip of Maharashtra Polybutenes. The aforementioned actions of the Noticee clearly resulted in 'fraud' under the PFUTP Regulations, 2003, being committed, which in turn affected the interests of investors in the securities market. Accordingly, upon a consideration of the preceding paragraphs, I find that the Noticee had violated Sections 12A(a), (b) and (c) of the SEBI Act and Regulations 3(a), (b), (c), (d) read with Regulations 4(1), 4(2)(a), (b), (d), (e), (g) & (p) of the PFUTP Regulations 2003.

3.1 **Pay-out irregularities:** As per the SCN read with the Enquiry Report, in a large number of buy transactions, the Noticee is alleged to have given wrong instructions to the Clearing House for direct pay-out to 92 front entities, on dates when such entities had not traded, made demat transfer of shares to front entities (and not actual clients), misutilized client securities. During the hearing and in its additional written submissions, the Noticee has submitted that *"if any violations were committed, it would be on account of certain inadvertence which will not be repeated in future."*

3.2 As noted from the preceding paragraphs, the Noticee had given incorrect/wrong instructions to Clearing House in a large number of buy transactions, for direct payout to 92 front entities who did not trade on the respective trade dates, for 16,00,097 shares, which is highly irregular (refer to Table at page 12 of this Order). It is observed that SEBI Circular No. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003, clearly indicates that a Stock Broker had to transfer the securities to the respective clients. There is no satisfactory explanation from the Noticee for third party transfers of shares to entities/third parties other than clients, considering that the same quantity of shares were received back after honoring pay-out obligation of others. Hence, it can be reasonably inferred that Noticee had transferred the shares for creating artificial volumes through circular and synchronized trades. I therefore agree with the DA's findings that all the

aforementioned instances of mis-utilisation of client securities were clearly in violation of the following provisions of the SEBI circular no. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 with respect Collateral deposited by clients with brokers and SEBI Circular No. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003:

“SEBI Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008 –

Brokers should have adequate systems and procedures in place to ensure that client collateral is not used for any purposes other than meeting the respective client’s margin requirements/pay-ins. Brokers should also maintain records to ensure proper audit trail of use of client collateral.

SEBI Circular No. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 –

In the case of securities also giving/taking delivery of securities in “demat mode” should be directly to/from the “beneficiary accounts” of the clients except delivery of securities to a recognized entity under the approved scheme of the stock exchange and/or SEBI.”

- 3.3 Further, it is the responsibility of the Stock Broker to ensure that shares are transferred to relevant clients and not third parties. Since the Noticee is a registered Broker, it is required to adhere to the Code of Conduct prescribed for Stock Brokers under the Stock Brokers Regulations. The conduct of the Noticee in this case clearly exhibited complete lack of skill, care and diligence, etc. Thus, I agree with the DA’s findings that in addition to the violation of the aforementioned SEBI Circulars dated August 27, 2003 and April 17, 2008, the Noticee has also violated the provisions of Clauses A (1), (2), (3), (4) and (5) of the Code of Conduct of Stock Brokers as provided in Schedule II under Regulation 9 of the Stock Brokers Regulations, which are reproduced below:

“Conditions of registration.

9. Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-

...

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II; and ...

Schedule II

SEBI (Stock Brokers and Sub-brokers) Regulations, 1992

Code of Conduct for Stock Brokers

[Regulation 9]

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business

(2) Exercise of due skill and care: A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: A stock broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: A stock broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors' interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(5) Compliance with statutory requirements: A stock-broker shall abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the Stock Exchange from time to time as may be applicable to him.”

4.1 **Issuance of Contract Notes for fictitious trades:** As per the SCN read with the Enquiry Report, the Noticee is alleged to have falsified records and issued fictitious contract notes to 20 front entities who had received shares through de-mat transfer/Direct pay-out. During the hearing, the Noticee has submitted that *“if any violations were committed, it would be on account of certain inadvertence which will not be repeated in future.”*

4.2 The Noticee had issued contract notes to 20 entities with fictitious transactions for the quantity of 2,88,000 shares. These entities were part of Vishal Group (115 entities who had received shares). The following *modus operandi* was adopted by the Noticee:

- a. The Noticee had transferred Maharashtra Polybutenes shares through demat transfer / Direct pay-out to the entity.
- b. The Noticee had issued contract notes for the quantity of shares which was transferred by it mentioning the fictitious transactions. The purchase rate mentioned in the contract note was very low compared to the prevailing market price when the share was transferred to the entity. These contract notes were issued back dated and mostly a year back so that the client could claim for the long term benefits.
- c. The entity made the payment to the Noticee for the amount mentioned in the contract note (as observed from the concerned entity's bank account statement).
- d. The entity sold these shares in the market and obtained the contract note.

- e. Since the entity had purchased at very low rate (as per the fake transactions contract note) and sold in the market (higher price compared to earlier), the entity had earned the profit. Further, since the periods between the two contracts notes were more than a year, the entity had claimed the long term benefits in most of the cases as mentioned in the income tax return submitted by the entity as per the Investigation Report.
- 4.3 However, the trade details mentioned in the contract notes, viz. trade date, trade time, trade no., quantity, etc. did not appear in the trade details submitted by/available with the Stock Exchange.
- 4.4 It is, therefore, established that Noticee has falsified records and issued fictitious contract notes, and dealt in securities in a fraudulent manner in violation of the provisions of Regulations 4 (1), 4 (2) (a), (b), (d), (e) & (p) of the PFUTP Regulations 2003.
- 5.1 As regards the plea for leniency in lieu of the Adjudicating Officer's Order dated September 14, 2015, against the Noticee, I note from the material on record that SEBI had imposed the monetary penalty of ₹5 Lakh for failure by the Noticee to comply with the summons issued by the Investigating Authority, SEBI. As a result, the investigation conducted by SEBI in respect of alleged irregularities in the trading in the scrip of Maharashtra Polybutenes was stalled on account of failure by the Noticee to furnish vital information and also information withheld by it including demat statements and bank account statements for the year 2009, copy of contract notes issued to the clients, complete set of KYC of clients, details of payments made/received by Noticee to its clients, etc. Further, in its submissions, the Noticee has merely stated that *"no such violations will be repeated in future and the business will now be conducted in a very fair manner without causing any harm to the integrity of the securities market in any manner whatsoever."* Upon a consideration of the aforementioned submissions in light of the facts in the instant proceedings and having regard to the aforementioned

Adjudicating Officer's Order, I note that the violations committed by the Noticee are of a serious nature and do not warrant any leniency. I am therefore, not inclined to accept the Noticee's plea.

- 6.1 For the reasons mentioned in the preceding paragraphs, I find myself in agreement with the findings of the DA that the Noticee had violated the aforementioned provisions of the SEBI Act, PFUTP Regulations 2003, Stock Brokers Regulations and the SEBI Circulars. Having regard to the facts and circumstances of the instant proceedings, I accept the recommendation of the DA that the Certificate of Registration of the Noticee be cancelled.

ORDER –

- 7.1 I, in exercise of the powers conferred upon me under Section 19 read with Section 12(3) of the SEBI Act read with Regulation 28(2) of the Intermediaries Regulations, hereby cancel the Certificate of registration granted to the Noticee, i.e. **Vishal Vijay Shah, (Member, BSE having SEBI Registration No. – INB011277614)**, as a Stock Broker.
- 7.2 This Order shall come into force on expiry of twenty one days from the date of this Order. This Order disposes of the enquiry proceedings initiated against the Noticee following the investigation conducted by SEBI into the alleged irregularities in the trading in the scrip of Maharashtra Polybutenes for the period February–July, 2009.

- 7.3 A copy of this Order shall be served on the Noticee immediately. A copy of this Order shall also be served on the recognized Stock Exchanges and Depositories for ensuring compliance of this Order.

Place: Mumbai
Date: July 8, 2020

G. MAHALINGAM
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA