BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER: EAD-9/VKV/GSS/2020-21/11079-11082]

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

In respect of:

Bhavesh Pabari (PAN: AKGPP8679N)
Hemant Sheth (PAN: ANOPS8607E)
Prem Parikh (PAN: ALHPP3489N)
Ankit Sanchaniya (PAN: BLNPS3316L)

In the matter of KGN Enterprise Limited, Polytex India Limited and Gemstone India Limited

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BACKGROUND OF THE CASE

1. The present adjudication proceedings were initiated pursuant to WTM order dated May 10, 2013, wherein the WTM observed that entities namely; Bhavesh Pabari (AKGPP8679N), Hemant Sheth (ANOPS8607E), Prem Mohanlal Parikh (ALHPP3489N) and Ankit R Sanchaniya (BLNPS3316L) hereinafter referred as "debarred entities / Noticees" or by their respective names) were indirectly trading in violation of SEBI restraint order dated February 02, 2011 in following three scrips. The relevant examination period in respect of the above are as follows;
   - Polytex India Ltd. – April 13, 2012 to December 17, 2012
   - Gemstone Investments Ltd. – April 18, 2012 to December 17,2012
   - KGN Enterprise Limited – December 27, 2011 to December 17, 2012

APPOINTMENT OF ADJUDICATING OFFICER

2. Vide communication order dated November 03, 2015, The erstwhile Adjudicating Officer was appointed in the matter under Section 15 I (1) of Securities and Exchange Board of India Act, 1992 ("SEBI Act") to inquire and adjudge the alleged violations by Bhavesh Pabari (Noticee no. 1), Hemant Sheth(Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) (hereinafter collectively referred as Noticees) and if satisfied that the Noticees are liable for imposition of penalty, may impose such penalty in terms of rule 5 of SEBI (Procedure for Holding Inquiry and imposing penalties) Rules, 1995 (hereinafter referred as **'AO Rules'**) under the provisions of section 15HA and 15HB of the SEBI Act for violation of regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations and section 12A

(a), (b) and (c) of the SEBI Act, 1992 for trading in the scrips of Gemstone Investments Ltd. (GIL), KGN Enterprise Ltd. (KGN) and Polytex India Ltd. (PIL). Consequent to transfer of proceedings, undersigned has been appointed as AO by SEBI, vide communication order dated August 13, 2019, to inquire into and adjudge the violations alleged to have been committed by the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Subsequently, a Show Cause Notice (SCN) was issued to the Noticee on January 07, 2016, vide which the Noticees were clearly advised to submit their reply within fourteen days of receipt of the same. The same was duly served upon the Noticees. In the SCN following was alleged;

- *Based on the bank statements and KYC documents, entities namely; Jigar Ghogari 2) Kiran Bhanaes 3) Jinal Rawal 4)Janak Dave 5) Dilip Jain 6) Bhupesh Rathod 7) Kishan Shigvan 8) Kiran Sheth 9) Shree Shagun Financial Services ("SSFS") 10) Oliwonders Financial Services Pvt. Ltd. ("OFSPL") and 11) Neevan Capital Markets Pvt. Ltd. ("NCMPL") (hereinafter collectively referred to as 'Jigar Group entities') are connected to each other on the basis of KYC details, fund movement or combination of both.*
- *From the bank statements of these 'Jigar Group' entities for the period 01/12/2011 to 17/12/2012, it is observed that the trading Noticees have received Rs. 157.14 crore from the SSFS, Rs. 5.16 crore from OFSPL and Rs. 0.63 crore from NCMPL;*
- *The funds received by the 'Jigar Group' entities were directly transferred to stock brokers against their pay in obligations, indicating that the funds were received for trading;*
- *The 'Jigar Group' entities acted as front entities of the Parikh-Pabari group namely; Bhavesh Pabari (Noticee no. 1), Hemant Sheth (Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) (Collectively Noticees) which indirectly traded in the market in violation of the SEBI order dated February 2, 2011;*
- *'Jigar Group' entities executed synchronized trades amongst themselves, which resulted in creation of artificial volume in the market;*
- *'Jigar Group' entities executed self-trades and reversal trades amongst themselves which resulted in creation of artificial volumes in the market;*
- *'Jigar Group' entities also significantly influenced the price in the scrips by contributing to positive Last Traded Price (LTP);*

- *'Jigar Group' entities had traded substantially amongst themselves, created artificial volume in the market and also contributed to the positive LTP and thus they manipulated the price - volume in the scrip of PIL, KGN and Gemstone, making an unlawful profit amounting to ₹4.18 crores;*

4. Subsequently, vide Hearing Notices (HN) dated March 31, 2016, the Noticees namely; Bhavesh Pabari, Hemant Sheth, Prem Mohanlal Parikh and Ankit Sanchaniya, were granted opportunity of personal hearing on April 25, 2016, by the erstwhile AO. The HNs were also duly served upon the Noticees.
5. However, the Noticees neither replied to the SCN nor attended the personal hearing scheduled on April 25, 2016. Subsequently, all the Noticees sought for inspection of documents relied upon in the matter. The Authorized representative (AR) of the Noticees availed opportunity of inspection of documents on behalf of the Noticees on January 21, 2020.

6. Thereafter, vide individual letters dated October 26, 2019 Noticee namely; Bhavesh Pabari and dated December 28, 2020 Noticees namely; Hemant Sheth, Prem Mohanlal Parikh and Ankit Sanchaniya, made their preliminary submissions to the SCN.

7. The Noticees in the interest of principles of natural justice were granted one more opportunity of virtual hearing vide Hearing Notice digitally sent to the Noticees on November 26, 2020 to attend the virtual hearing on December 14, 2020 through WebEx call facility.

8. During the course of hearing the AR of the Noticees appeared for the hearing. However, the AR did not make any submission with respect to the SCN.

9. However, the Noticee namely; Bhavesh Pabari vide his e-mail dated December 30, 2020, submitted his response to the SCN. Submissions of the Noticee are summarized below;
   - *The allegations made in the SCN are based on surmises, conjectures and assumptions and the inferences derived therefrom are illogical, irrational, and hypothetical.*
   - *I further refute and deny that I was part of any group. I further refute and deny that I have any connection with the purported Jigar Group entities.*
   - *It is an admitted fact that I had not executed a single trade in the scrips of Polytex, Gemstone and KGN. Despite the said fact, the allegation of violation of PFUTP Regulation and SEBI Act has been alleged against me. There is no basis at all provided in the entire SCN.*
   - *I had not transferred a single penny to the accounts of purported Jigar Group entities. Further, the funds transferred by SSFS and NCMPL, wherein I was Partner and Director respectively, are separate and*

distinctive entities in the eyes of law. Thus, the allegations made against me are totally far-fetched and without any merit or substance.

- *The fund transferred to purported Jigar Group entities by SSFS and NCMPL had nothing to do with trades executed by purported Jigar Group entities in the 3 scrips. SEBI had not debarred SSFL and OFSPL w. e. f. 02-02-2011 for dealing in the securities market.*
- *It is further submitted that SEBI has grossly failed to provide any evidence on record to substantiate the fact that I was indirectly dealing in the Securities Market and thereby circumventing the restraining order by providing funds through SSFS and NCMPL to purported Jigar Group entities for trading in the 3 scrips. I cannot be held responsible for the acts committed by somebody else.*
- *It is a matter of record that the purported Jigar Group entities couldn't return back the amount paid to them by the SSFS and NCMPL. It is also a matter of record that the purported Jigar Group entities by trading in the 3 scrips had suffered huge losses.*
- *If I had not complied the order dated 02-02-2011 i.e. punishable under Section 15HB of the SEBI Act and not under the Section 15HA of the SEBI Act. Non-compliance of the SEBI Order doesn't amount to violation of SEBI PFUTP Regulations.*

ISSUES FOR CONSIDERATION

10. After perusal of the material available on record, the following issues arise for consideration;

    I. Whether the Noticees namely; Bhavesh Pabari (Noticee no. 1), Hemant Sheth(Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) have violated Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992.

    II. Does the violation, if any, on the part of the Noticees attract monetary penalty under Section 15HA and 15HB of the SEBI Act, 1992?

    III. If so, what quantum of monetary penalty should be imposed on the Noticee considering the factors stated in section 15J of SEBI Act, 1992?

FINDINGS

11. The texts of the said provisions are reproduced as under: -

<u>SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003</u>

Prohibition of certain dealings in securities

3. No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-

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

b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

c) ………

d) ………

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

f) ………

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

<u>SEBI ACT, 1992</u>

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. *No person shall directly or indirectly—*

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

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

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

Issue No. I: Whether the Noticees namely; Bhavesh Pabari (Noticee no. 1), Hemant Sheth (Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) have violated Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992?

12. SEBI, therefore, examined the dealings in the scrips of PIL, Gemstone and KGN. The scrip-wise period of examination and price/volume movement in these scrips noticed during the examination is given in the following Table :

Serial No.	Name of Scrip	Examination Period	Price Variation (based on closing price) in ₹	Daily high - low traded volume
1.	Polytex India Limited	April 13, 2012 to December 17, 2012	136.5 to 252 (87% rise)	1,688 to 2,94,476
2.	Gemstone Investments Ltd	April 18, 2012 to December 17, 2012	9 to 19.7 (122% rise)	810 to 25,84,018
3.	KGN Enterprises Limited	December 27, 2011 to December 17, 2012	186.55 to 807.45 (333% rise)	11 to 2,53,764

13. During examination of dealings in the scrips it was observed that following connected / Trading entities consistently executed trades amongst themselves in these scrips, creating trading concentration, consistently executed orders at a price higher than the last traded price (hereinafter referred to as "LTP") and also indulged in synchronised trades: -

List of Jigar Group Entities

Sr. No	NAME OF ENTITY	PAN
1	Jigar Praful Ghoghari(Jigar)	ASFPG8598L
2	Kiran Bhiku Bhanaes(Kiran Bhiku Bhanaes)	AQUPB0853G
3	Jinal Apurva Rawal (Jinal)	ATHPR5041C
4	Janak Chimanlal Dave (Janak)	AEPPD9110D
5	Dilipkumar Pukhraj Jain (Dilip)	AACPJ5643C
6	Bhupesh Harishchandra Rathod*(Bhupesh)	AACPR3785K
7	Kishan Balaram Shigvan (Kishan)	BAWPS1264D
8	Kiran Madhusudan Sheth (Kiran Sheth)	ALJPS1874Q

* ***Bhupesh did not deal in the scrip of KGN***

14. During examination it was observed that that these entities (hereinafter collectively referred to as 'Jigar Group') are connected to each other on the basis of KYC details, fund movement or combination of both. It was further observed that entities of Jigar Group are part of another identified group of entities viz. 'Pabari-

Parikh Group' which have already been, inter alia, prohibited by SEBI vide order dated February 2, 2011 from buying, selling or dealing in securities market in any manner whatsoever. Such connections are determined on the basis of KYC documents, funding and bank statements, Noticees were found to be connected to each other as shown in the table below: -

TABLE - 1

Relation/connection amongst entities of *Jigar Group* with *Pabari- Parikh Group*	
Name of Entity	**Factors for determining connection**
Jigar	• As per the KYC information with Fairwealth Securities Ltd. Jigar has provided email id bhavesh_pabari2005@yahoo.com. It is the same email id which has been provided by Ankit Rajendra Sanchaniya* (Fairwealth Securities Ltd.), Kishorbhai Balubhai Chauhan* (Fairwealth Securities Ltd.), Bhavesh Pabari* (Finquest Securities Pvt.ltd., Standard Chartered Securities (India) Ltd), Prem Mohanlal Parikh* (Globe Capital Market Ltd.), Vivek Kishanpal Samant* (Globe Capital Market Ltd.) in their broking accounts with their stock brokers. (*Debarred entities with the respective broker mentioned in the bracket).*
	• As per the KYC information with Alankit Assignments Ltd. And Swastika Investmart Limited Jigar has provided email id chirag_bhai@yahoo.com. The same email id has been provided by Chirag Rajnikant Jariwala[1] in his 20 broking accounts and Ankit Rajendra Sanchaniya* in his account with Swastika Investmart Limited. • Further, as per KYC information available with Alankit Assignments Ltd., Jigar has provided email id bigfins1@gmail.com , same email id has been provided by Chirag Rajnikant Jariwala* in his account with Alankit Assignments Ltd.
	• As per the KYC information available with Arch Finance Ltd. and Greshma Shares & Stocks Ltd., Jigar has provided email id kanakshagun@gmail.com. The same email id has been provided by Bhavesh Prakash Pabari* (Arch Finance Ltd.,Jash Securities Pvt.ltd.), Prem Mohanlal Parikh*(Arch Finance Ltd., Greshma Shares & Stocks Ltd.), Chirag Rajnikant Jariwala*(Comfort Securities Ltd.), Kishorbhai Balubhai Chauhan* (Greshma Shares & Stocks Ltd.), Raj Nandi Yarns Private Limited* (Religare Securities Ltd.), Bipin Jayant Thaker* (S. P. Jain Securities Pvt.ltd.) in their broking accounts with the brokers as Ltd.), Vivek Kishanpal Samant*(Fairwealth Securities Ltd) (*Debarred entities with the respective broker mentioned in the bracket)*
	• As per the KYC information available with Spa Securities Ltd., Jigar has provided email id PARIKHPREM@GMAIL.COM, the same email id has been provided by Prem Mohanlal Parikh* in his account with Ashika Stock Broking Ltd.
	• Jigar P Ghoghari has provided telephone numbers 0992013478 and 9821229502 in his KYC information to Alankit Assignments Ltd and Magnum Equity Broking Limited respectively. The

[1] *Entities debarred from securities market by SEBI vide its order no.* ***-WTM/KMA/ISD/353/02/2011 dated February 02, 2011.***

	same numbers have been provided by Chirag Rajnikant Jariwala* also in his accounts to these two stock brokers.
Kiran Bhanaes	• Jigar and Kiran Bhanaes have provided telephone number 40229880 in their KYC information to brokers, India Infoline Ltd. and Arihant Capital Markets Ltd respectively. The same number has been provided by Bipin Jayant Thaker* (India Infoline Ltd.), Ankit Rajendra Sanchaniya* (Globe Capital Market Ltd.), Chirag Rajnikant Jariwala*(A.K.Stockmart Pvt.ltd., India Infoline Ltd.), Prem Mohanlal Parikh*(Globe Capital Market Ltd.) (*Debarred entities with the respective broker mentioned in the bracket)*
Kiran Sheth	• devhemant@rediffmail.com is the email id provided by Kiran Madhusudan Sheth in KYC to Arcadia Share & Stock Brokers Private Limited. The same email id has been provided by Mala Hemant Sheth* (Anand Rathi Share & Stock Brokers Ltd.), Hemant Madhusudan Sheth* (Edelweiss Securities Ltd, Fairwealth Securities Ltd., Globe Capital Market Ltd., IFCI Financial Services Ltd., Standard Chartered Securities (India) Limited, S.P.Jain Securities Private Limited.), Chirag Jariwala* (Edelweiss Securities Ltd.), Vivek Kishanpal Samant* (Religare Securities Ltd.), Raj Nandi Yarns Private Limited* (S.P.Jain Securities Pvt. ltd.), Bhavesh Prakash Pabari*(S.P.Jain Securities Pvt.ltd.) (debarred entities with the respective broker mentioned in the bracket)
	• Kiran Madhusudan Sheth, Hemant Madhusudan Sheth* and Mala Hemant Sheth* share common address 113/115 3rd Floor, Bhuleshwar Road, Bhuleshwar, Mumbai, Maharashtra, India, 400002 and common telephone no. 22-22405859.
Inter-connection amongst entities of *Jigar – Group*	
Name of Entity	**Factors for determining connection**
Jigar	• Share common telephone number 8252549195 with Kishan, as per information available in KYC of Globe Capital Markets account. • Share common telephone number – 9870895035 with Dilipkumar Pukhraj Jain and Janak Chimanlal Dave.
Kiran Bhanaes	• Jigar and Kiran Bhanaes share common telephone number 40229880.
Jinal	• Received funds from Shree Shagun Finanacial Services (SSFS), Oliwonders Financial Services Pvt Ltd (OFSPL) and Jigar.
Janak	• Janak, Dilip and Jigar share common telephone number – 9870895035 .
Dilip	
Bhupesh	• Bhupesh and Kishan share common telephone number 9322661198.
Kishan	• As per information available in KYC of Globe Capital Markets account Kishan and Jigar share common telephone number -8252549195. • Bhupesh and Kishan share common telephone number -9322661198.
SSFS (Shree Shagun Financial Services)	• From KYC details available with AXIS Bank Ltd it is noted that SSFS is a partnership firm of Bhavesh Pabari* and Hemant Sheth*.

OFSPL	• As per MCA website information, directors of OFSPL are Prem Parikh* and Ankit Sanchaniya*.
NCMPL (Neevan Capital Markets Pvt. Ltd.)	• As per MCA website information, directors of NCMPL are Bhavesh Pabari* and Prem M Parikh*.

**Entities barred from securities market by SEBI vide its order no. -WTM/KMA/ISD/353/02/2011 dated February 02, 2011.*

15. In light of above connections, contention of the Noticee no. 1 namely; Bhavesh Pabari that "…*The allegations made in the SCN are based on surmises, conjectures and assumptions and the inferences derived therefrom are illogical, irrational, and hypothetical…..*"

"……I further refute and deny that I was part of any group. I further refute and deny that I have any connection with the purported Jigar Group entities…." "……There is no basis at all provided in the entire SCN…."

is not valid and thus is not considered for the purpose of current proceedings. Connection of the Noticees to other connected/ Trading entities is also established on the basis of flow of funds amongst the entities as demonstrated in the table below.

16. It is further alleged in the SCN that from the bank statements of the Jigar group entities for the period 01/12/2011 to 17/12/2012, that the Jigar group entities had received Rs. 157.14 crore from the SSFS, Rs. 5.16 crore from OFSPL and Rs. 0.63 crore from Neevan Capital Markets Pvt. Ltd. NCMPL. The flow of funds are further represented in tabular format: -

SN	Client Name	Funds flow/ A factor of connection
1	Jigar	Observation from the Bank Account Numbers (A/c no.) -911020043354844, 910010002119761 of Jigar with Axis Bank for June – 2012 to December-2012 period - • Jigar received ₹ 17,77,74,758/- from SSFS and paid ₹ 6,38,33,873/- to SSFS. • Jigar received ₹ 2,74,86,812/- from OFSPL and paid ₹ 11,50,000/- to OFSPL. • Jigar received ₹ 28,15,000/- from Jinal and transferred ₹ 2,60,23,562/- to Jinal. • Jigar received ₹ 4,50,000/- from Kiran Bhanaes and transferred ₹ 1,84,76,835/- to Kiran Bhanaes. • Jigar transferred ₹46,13,044/- to Janak . • Jigar received ₹20,00,000/- from Kishan and transferred ₹ 1,63,95,500/- to Kishan. • Jigar received ₹ 4,00,000/- from Bhupesh and transferred ₹ 1,30,94,619/- to Bhupesh. • On August 1, 2012 Jigar transferred ₹6,00,000/ to Rajnandi Yarns. The directors of Rajnandi Yarns P Ltd. are Bhavesh Pabari* and Hemant Sheth*. • On August 2, 2012 Jigar has transferred ₹ 2,50,000/ to Bhavesh Pabari. • On August 30, 2012 Jigar received ₹8,00,000/- from 'KGN CONSTRUCTION'.

SN	Client Name	Funds flow/ A factor of connection
2	Kiran Bhanaes	**Observation from the Bank statement of Kiran Bhanaes (A/c no. 911010020908560) for June – 2012 to December - 2012.** • Kiran Bhanaes ₹ 2,33,67,624/ from SSFS and paid ₹ 51,22,245/ to SSFS. • Kiran Bhanaes received ₹ 14,82,719/ from OFSPL. • Kiran Bhanaes received ₹ 1,79,52,360 / from Jigar.
3	Jinal	**Observation from the Bank statement of Jinal (A/c no. 911010020930101) for June – 2012 to December - 2012.** • Jinal received ₹ 16,25,85,643/ from SSFS and paid ₹ 1,08,08,624/- to SSFS. • Jinal received ₹ 1,28,18,887/ from OFSPL. • Jinal received ₹2,78,33,564/ from Jigar and transferred ₹ 18,22,786/- to Jigar. • Jinal transferred ₹ 5,20,000/ to Janak .
4	Janak	**Observation from the Bank statement of Janak (A/c no. 911010015438500) for June – 2012 to December - 2012** • Janak received ₹ 2,95,46,355/- from SSFS and paid ₹ 29,90,276/- to SSFS. • Janak has transferred ₹ 5,20,000/- Jinal.
5	Bhupesh	**Observation from the Bank statement of Bhupesh (A/c no. 233010200022011) for June – 2012 to December - 2012** • Bhupesh received ₹ 80,28,302/- from SSFS and paid ₹ 34,90,540 /- to SSFS. • Bhupesh received ₹ 1,42,61,765/- from Jigar and paid ₹ 9,00,000/ to Jigar. • Bhupesh received ₹ 4,00,000/- from Kishan and paid ₹ 4,00,000/- to Kishan .
6	Kishan	**Observation from the Bank statement of Kishan (A/c no. 912010018582113 and 912020039002882) for June – 2012 to December – 2012** • Kishan received ₹ 10,83,36,958/- from SSFS and transferred ₹ 37,29,774/- to SSFS. • Kishan received ₹ 57,47,051/- from OFSPL. • Kishan received ₹ 1,77,95,500/- from Jigar. • Kishan transferred ₹ 4,00,000/ to Bhupesh.
7	Dilip	**Observation from the Bank statement of Dilip (A/c no. 911010031127402) for June – 2012 to December – 2012.** • Dilip received ₹ 4,19,04,236/-from SSFS and paid ₹ 85,58,103 /- to SSFS. • Dilip received ₹ 86,75,000/- from OFSPL. • Dilip received ₹ 53,00,000/- from Jigar.
8	Kiran Sheth	**Observation from the Bank statement of Kiran Sheth (A/c no. 911020043242987 and 910010025310835) for June – 2012 to December – 2012** • Kiran Sheth received ₹ 3,83,69,484/- from SSFS and paid ₹ 3,09,693 /- to SSFS. • Kiran Sheth received ₹ 43,30,000/- from NCMPL. Kiran Sheth received ₹ 85,63,200/- from Jigar.

SN	Particulars	Funds details
1	Shree Shagun Financial Services	SSFS a/c. no. '911020040956496 • Jigar Ghogari recd Rs. 39.72 cr and paid back Rs. 21.19 cr • Janak dave recd. Rs. 18.08 cr & paid back Rs. 2.32 cr • Jinal Rawal recd Rs. 24.26 cr & paid back Rs. 1.40 cr • Kiran Bhanaes recd Rs. 27.97 cr & paid back Rs. 5.01 cr • Kiran Sheth recd Rs. 8.37 cr & paid back Rs. 0.12 cr • Animesh Patel recd Rs. 6.61 cr & paid back Rs. 3.33 cr • Jatin Shah recd Rs. 4.67 cr • Kishan Shigvan recd Rs. 16.58 cr & paid back Rs. 0.25 cr • Dilip Jain recd Rs. 7.27 cr & paid back Rs. 0.85 cr • Bhupesh Rathod recd Rs. 3.61 cr & paid back Rs. 0.52 cr
2	Oliwonders Financial Services Pvt. Ltd.	• Jigar Ghogari recd Rs. 2.43 cr & paid back Rs. 0.20 cr • Jinal Rawal recd Rs. 1.59 cr & paid back Rs. 0.09 cr • Kiran Bhanaes recd Rs. 0.15 cr • Kishan Shigvan recd Rs. 0.37 cr • Janak Dave recd Rs. 0.62 cr
3	Neevan Capital Markets Pvt. Ltd.	• Jigar Ghogari recd Rs. 0.20 cr • Kiran Sheth recd Rs. 0.43 cr
4	Jigar Ghogari	Observed from SSFS a/c. no. '911020040956496 • Jigar Ghogari recd Rs. 39.72 cr & paid back Rs. 21.19 cr. Jigar Ghogari a/c. no. '910010002119761 • OFSPL paid Rs. 2.43 cr & recd Rs. 0.20 cr • Kiran Bhanesh recd Rs. 0.29 cr • Janak Dave recd Rs. 0.08 cr • Animesh Patel recd Rs. 0.21 cr & paid Rs. 0.2 cr • Jinal Rawal recd 0.05 cr • Neevan Capital Markets paid Rs. 0.2 crore Jigar Ghogari a/c. no. :911020043354844 • OFSPL recd Rs. 0.11 cr & paid back Rs. 2.43 cr • Animesh Patel paid Rs. 1.30 cr • Jinal Rawal recd Rs. 3.17 cr & paid Rs. 0.78 cr • Kiran Bhanesh recd. Rs. 2.01 cr • Kiran Sheth recd Rs. 0.85 cr • Janak Dave recd Rs. 0.76 cr • Dilip Jain recd Rs. 0.53 cr • Bhupesh Rathod recd Rs. 1.42 cr & paid back Rs. 0.09 cr • Kishan Shigvan recd Rs. 2.31 cr

17. In response to the same, the Noticees have not produced any satisfactory material/documents to dispute the inferences regarding their relationship / connection. Some of the Noticees like Bhavesh Pabari has stated that *"SEBI has grossly failed to provide any evidence on record to substantiate the fact that I was indirectly dealing in the Securities Market and thereby circumventing the restraining order by providing funds through SSFS and NCMPL to purported Jigar Group entities for trading in the 3 scrips."*

18. In this regard, it is noted that as per the KYC information available with Arch Finance Ltd. and Greshma Shares & Stocks Ltd., one of the connected Jigar entity namely; Jigar has provided email id kanakshagun@gmail.com. The same email id has been provided by Bhavesh Prakash Pabari (Arch Finance Ltd.,Jash Securities Pvt.ltd.) Prem Mohanlal Parikh (Arch Finance Ltd., Greshma Shares & Stocks Ltd.), Chirag Rajnikant Jariwala (Comfort Securities Ltd.), Kishorbhai Balubhai Chauhan (Greshma Shares & Stocks Ltd.), Raj Nandi Yarns Private Limited (Religare Securities Ltd.), Bipin Jayant Thaker (S. P. Jain Securities Pvt.ltd.) in their broking accounts with the brokers.

19. It is further noted from KYC details available with AXIS Bank Ltd. that SSFS is a partnership firm of Bhavesh Pabari and Hemant Sheth and that as per MCA website information, directors of NCMPL are Bhavesh Pabari and Prem M Parikh.

20. From the data available on flow of funds, it is observed that on August 1, 2012, one of the connected Jigar Group entity transferred ₹6,00,000/ to Rajnandi Yarns. It is further noted that the directors of Rajnandi Yarns P Ltd. were Bhavesh Pabari and Hemant Sheth. Further, on August 2, 2012 Jigar had transferred ₹2,50,000/ to Bhavesh Pabari. Therefore, contention of the Noticee 1 that *"I had not transferred a single penny to the accounts of purported Jigar Group entities"* cannot be considered under current proceedings.

21. It is also noted that all Noticees were given an opportunity of inspection of documents and are now precluded from raising any kind of preliminary objections at this stage. None of the Noticees have produced any KYC document contrary to the documents furnished to them. Further, none of the Noticees have disputed the fund transfers in their account.

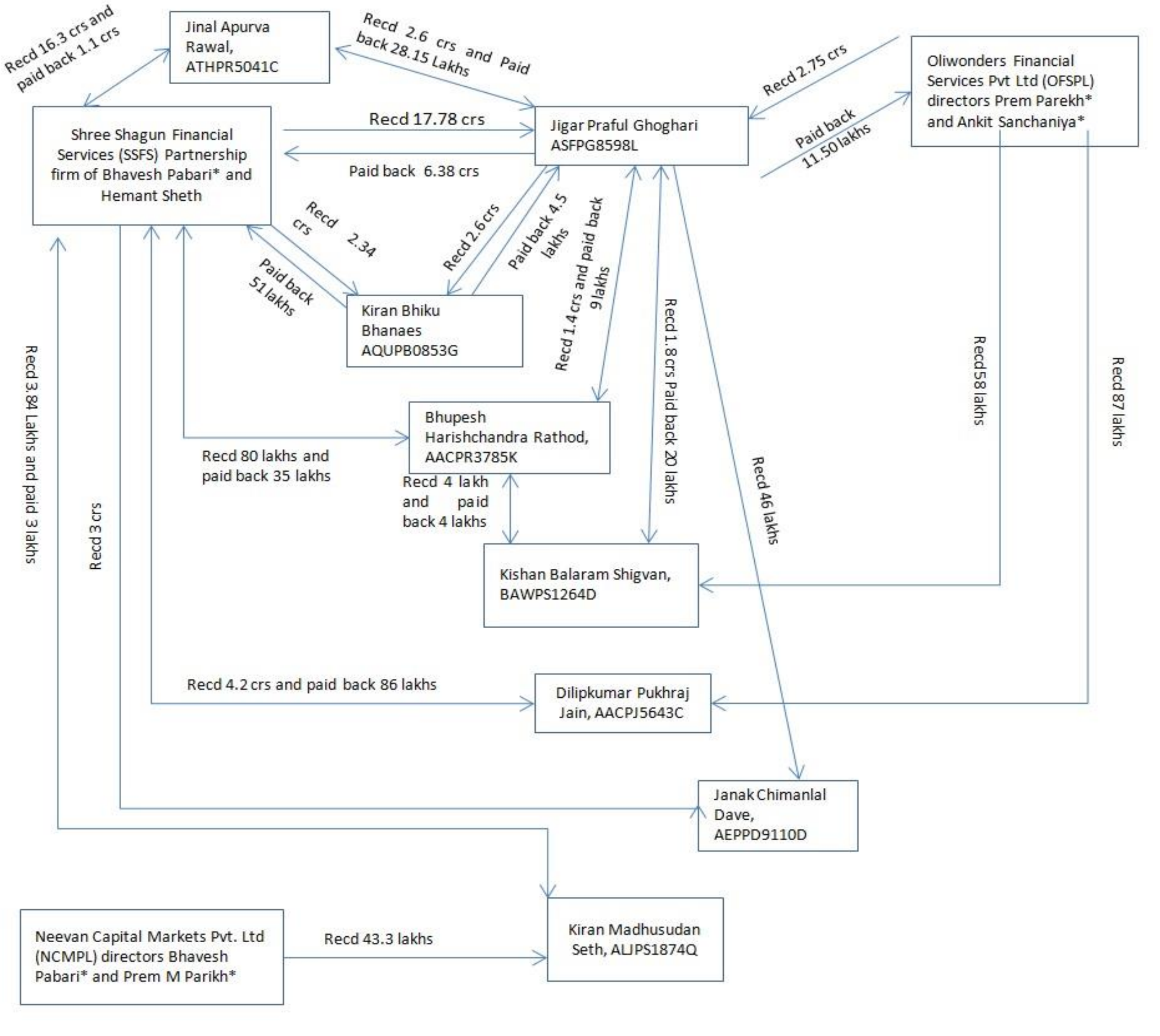
22. It is further noted that Noticee no. 1 has submitted that "*the funds transferred by SSFS and NCMPL, wherein I was Partner and Director respectively, are separate and distinctive entities in the eyes of law*".

23. In this regard, I have analyzed the KYC documents of other connected entities / Trading Noticees and noted that trading done by these Noticees was not commensurate with their income disclosed in the KYC documents as elaborated below:-

- Jinal Rawal in his KYC to Bhavik Rajesh Khandhar Shares and Stock Brokers Pvt. Ltd, had declared his annual income between Rs. 10-25 Lakhs. However, the examination observed that he received an amount of Rs. 24.76 crore from SSFS, an amount of Rs. 1.59 crore from OFSPL and Rs. 3.17 crore from Jigar Ghogari.
- Similarly, Jigar Ghogari in his KYC document with Parasram Holding Pvt. Limited, Alankit Assignments Ltd, Fairwealth Securities had shown his annual income to be between Rs. 1-5 Lakhs. In contrast to his income, Jigar Ghogari received Rs. 39.72 crores from SSFS and 2.43 crore from OFSPL.
- Kishan Shigvan in his KYC document with Investmentor Limited, had declared that his annual income is between Rs. 1-5 Lakhs, whereas he received 2.31 crore from Jigar Ghogari and 37 Lakhs from OFSPL.
- Janak Dave stated in his KYC with Parasram Holding Pvt. Limited and PRL Stock and share Brokers Pvt. Limited, that his annual income is between Rs. 1-25 Lakhs, but he received Rs. 18.08 crores from SSFS and Rs. 76 Lakhs from Jigar Ghogari.
- Dilipkumar Pukraj stated in his KYC with Investmentor Limited, that his annual income is between Rs. 1-5 Lakhs, but he received Rs. 7.27 crores from SSFS and Rs. 53 Lakhs from Jigar Ghogari.
- Kiran Bhanaes declared in his KYC with SPJ securities Limited and Investmentor Limited, that his annual income is between Rs. 1-10 Lakhs, but he received Rs. 27.97 crores from SSFS and Rs. 2.01 crores from Jigar Ghogari.
- Jatin Shah stated in his KYC with Inventure Growth Securities Limited, that his annual income is between Rs. 10-25 Lakhs, but he received Rs. 4.67 crores from SSFS.
- Kiran Seth stated in his KYC with SPJ Securities Limited, that his annual income is between Rs. 5-10 Lakhs, but he received Rs. 8.37 crores from SSFS and Rs. 85 lakhs from Jigar Ghogari.
- Bhupesh Harishchandra Rathore stated in his KYC with SPJ securities Limited, that his annual income is between Rs. 1-5 Lakhs, but he received Rs. 3.61 crores from SSFS and Rs. 1.42 lakhs from Jigar Ghogari.

24. From the above, it is noted that SSFS and NCMPL, on the basis of KYC and fund flow details as demonstrated above, SSFS and NCMPL are connected group / Trading entities, where clear connections have been laid out in the examination report. Thus, I am not able to accept contention of the Noticee.

25. Further, during examination of the bank statements of the entities of Jigar Group, it was observed that during June to December 2012 when the Noticees were substantially trading in the scrips of KGN, Ploytex and Gemstone, they had received funds from SSFS, OFSPL and NCMPL which are entities related/connected to 'Pabari-Parikh Group'. On the date of the receipt itself, those funds were transferred to the stock brokers through whom the Jigar Group dealt in these scrips, to utilize the same to meet the pay-in obligations of the concerned Jigar Group entities. Further, funds received by the entities of Jigar Group from the stock brokers were transferred in part to SSFS, OFSPL and NCMPL. Inter-se fund transfers amongst the entities of Jigar Group were also observed. Such fund transfers are explained in the following diagram and Table:



Funds flow in tabular format

SN	Client Name	Funds flow/ A factor of connection
1	Jigar	Observation from the Bank Account Numbers (A/c no.) -911020043354844, 910010002119761 of Jigar with Axis Bank for June – 2012 to December-2012 period - • Jigar received ₹ 17,77,74,758/- from SSFS and paid ₹ 6,38,33,873/- to SSFS. • Jigar received ₹ 2,74,86,812/- from OFSPL and paid ₹ 11,50,000/- to OFSPL. • Jigar received ₹ 28,15,000/- from Jinal and transferred ₹ 2,60,23,562/- to Jinal. • Jigar received ₹ 4,50,000/- from Kiran Bhanaes and transferred ₹ 1,84,76,835/- to Kiran Bhanaes. • Jigar transferred ₹ 46,13,044/- to Janak . • Jigar received ₹ 20,00,000/- from Kishan and transferred ₹ 1,63,95,500/- to Kishan. • Jigar received ₹ 4,00,000/- from Bhupesh and transferred ₹ 1,30,94,619/- to Bhupesh. • On August 1, 2012 Jigar transferred ₹ 6,00,000/ to Rajnandi Yarns. The directors of Rajnandi Yarns P Ltd. are Bhavesh Pabari* and Hemant Sheth*. • On August 2, 2012 Jigar has transferred ₹ 2,50,000/ to Bhavesh Pabari. • On August 30, 2012 Jigar received ₹ 8,00,000/- from 'KGN CONSTRUCTION'.
2	Kiran Bhanaes	**Observation from the Bank statement of Kiran Bhanaes (A/c no. 911010020908560) for June – 2012 to December - 2012.** • Kiran Bhanaes ₹ 2,33,67,624/ from SSFS and paid ₹ 51,22,245/ to SSFS. • Kiran Bhanaes received ₹ 14,82,719/ from OFSPL. • Kiran Bhanaes received ₹ 1,79,52,360 / from Jigar.
3	Jinal	**Observation from the Bank statement of Jinal (A/c no. 911010020930101) for June – 2012 to December - 2012.** • Jinal received ₹ 16,25,85,643/ from SSFS and paid ₹ 1,08,08,624/- to SSFS. • Jinal received ₹ 1,28,18,887/ from OFSPL. • Jinal received ₹ 2,78,33,564/ from Jigar and transferred ₹ 18,22,786/- to Jigar. • Jinal transferred ₹ 5,20,000/ to Janak .

SN	Client Name	Funds flow/ A factor of connection
4	Janak	**Observation from the Bank statement of Janak (A/c no. 911010015438500) for June – 2012 to December - 2012** • Janak received ₹ 2,95,46,355/- from SSFS and paid ₹ 29,90,276/- to SSFS. • Janak has transferred ₹ 5,20,000/- Jinal.
5	Bhupesh	**Observation from the Bank statement of Bhupesh (A/c no. 233010200022011) for June – 2012 to December - 2012** • Bhupesh received ₹ 80,28,302/- from SSFS and paid ₹ 34,90,540 /- to SSFS. • Bhupesh received ₹ 1,42,61,765/- from Jigar and paid ₹ 9,00,000/ to Jigar. • Bhupesh received ₹ 4,00,000/- from Kishan and paid ₹ 4,00,000/- to Kishan .
6	Kishan	**Observation from the Bank statement of Kishan (A/c no. 912010018582113 and 912020039002882) for June – 2012 to December – 2012** • Kishan received ₹ 10,83,36,958/- from SSFS and transferred ₹ 37,29,774/- to SSFS. • Kishan received ₹ 57,47,051/- from OFSPL. • Kishan received ₹ 1,77,95,500/- from Jigar. • Kishan transferred ₹ 4,00,000/ to Bhupesh.
7	Dilip	**Observation from the Bank statement of Dilip (A/c no. 911010031127402) for June – 2012 to December – 2012.** • Dilip received ₹ 4,19,04,236/-from SSFS and paid ₹ 85,58,103 /- to SSFS. • Dilip received ₹ 86,75,000/- from OFSPL. • Dilip received ₹ 53,00,000/- from Jigar.
8	Kiran Sheth	**Observation from the Bank statement of Kiran Sheth (A/c no. 911020043242987 and 910010025310835) for June – 2012 to December – 2012** • Kiran Sheth received ₹ 3,83,69,484/- from SSFS and paid ₹ 3,09,693 /- to SSFS. • Kiran Sheth received ₹ 43,30,000/- from NCMPL. Kiran Sheth received ₹ 85,63,200/- from Jigar.

26. Following has been observed with respect to the facts indicating towards financing extended to the connected / Trading entities;

a) Bhavesh Pabari stated in his KYC with DDAV Securities Private Limited, that his annual income is between Rs. 1-5 Lakhs, but in contrast to his disclosed annual income, as a partner of SSFS along with the second partner Hemant Sheth, funded Rs. 157.14 crores to the connected/ Trading entities.
b) Hemant Sheth stated in his KYC with UTI Securities Limited and Fair Wealth that his annual income is between Rs. 5-25 Lakhs, but in contrast to his annual income, as a partner of SSFS along with the second partner Bhavesh Pabari, funded Rs. 157.14 crores to the connected / Trading entities.
c) Prem Parikh stated in his KYC with SPJ Securities Private Limited, that his annual income is between Rs. 1-5 Lakhs, but in contrast to his annual income, as a director of OFSPL and NCMPL, a private limited compnay, funded Rs. 5.16 crores and 63 lakhs respectively to the connected / Trading entities.
d) OFSPL was a private limited company having authorised and paid up capital of 1 Lakh incorporated on September 23, 2009. As per the RoC filings, the company had not held any AGM and the company had never filed its balance sheet, since its incorporation, but funded Rs. 5.16 crore to the connected / Trading entities.
e) Similary, NCMPL was a Private limited company having authorised and paid up capital of 1 Lakh incorporated on April 15, 2008. As per the RoC filings, the company had held its last AGM on September 30, 2009 and the company had last filed its balance sheet on March 31st, 2009, but funded Rs. 63 lakhs to the connected / Trading entities.
f) Both of these companies are presently 'struck off' from the RoC list.

27. I note that vide SEBI order dated February 2, 2011, Bhavesh Pabari, Prem Parikh, Ankit Sanchaniya and Hemant Sheth were debarred from accessing the securities market and further prohibited from buying selling or dealing in securities in any manner whatsoever. In my view, in order to circumvent the said directions, these four Noticees namely; Bhavesh Pabari, Prem Parikh, Ankit Sanchaniya and Hemant Sheth, used the connected / Trading entities namely; Jigar Praful Ghoghari, Kiran Bhiku Bhanaes, Janak Chimanlal Dave, Jinal Apurval Rawal, Dilipkumar Pukhraj Jain, Bhupesh Harischandra Rathod, Kishan Balaram Shigvan, Kiran Madhusudan Sheth and Jatin Shah as front entities to trade in the three scrips i.e. KGN, Ploytex and Gemstone. This is nothing but indirectly dealing in securities in contravention to the SEBI direction and trading entities allowed themselves to be used by the four Noticees namely; Bhavesh Pabari, Prem Parikh, Ankit Sanchaniya and Hemant Sheth.

<u>Analysis in the scrip of PIL</u>

28. During examination of trading analysis in the scrip of PIL revealed substantial trading concentration of entities of Jigar Group which is shown in the following Table:

<u>Concentration of *entities of Jigar Group* in PIL</u>

Client Name	Gr Buy Vol	Gr Sell Vol	Gr Trd Vol	Vol% - Gr Buy Vol/Mkt	Vol% - Gr Sell Vol/Mkt	Vol% - Gr Trd Vol/Mkt
Dilip	28,95,780	28,97,891	57,93,671	16.5	16.5	16.5
Bhupesh	12,58,640	11,72,846	24,31,486	7.2	6.7	6.9
Janak	5,91,428	5,60,947	11,52,375	3.4	3.2	3.3
Kiran Sheth	14,42,352	13,41,359	27,83,711	8.2	7.6	7.9
Kiran Bhanaes	10,32,053	10,79,497	21,11,550	5.9	6.1	6
Jigar	18,09,523	19,55,124	37,64,647	10.3	11.1	10.7
Jinal	20,93,677	20,79,421	41,73,098	11.9	11.8	11.9
Kishan	11,06,199	10,91,124	21,97,323	6.3	6.2	6.2
	1,22,29,652	**1,21,78,209**	**2,44,07,861**	**69.5**	**69.3**	**69.4**

29. During the examination period it was revealed that 3,51,69,602 shares (gross market volume) were traded in the scrip of PIL at BSE. Out of this gross market volume, the entities of Jigar Group had traded in a total 2,44,07,861 shares i.e. approximately 69% of the gross market volume. These entities had purchased 1,22,29,652 shares (i.e. 69.5% of the total shares purchased) and sold 1,21,78,209 shares(i.e. 69.3% of the total shares sold). From the examination of counterparty concentration arising from the dealings of the Jigar Group it is observed that out of the total 2,44,07,861 shares traded by these entities, 94,41,881 shares (39%) were bought and sold amongst themselves. Therefore, it is observed that Jigar Group entities had substantially and artificially contributed to the trading volume in the scrip of PIL by executing trades amongst themselves.

30. It was revealed during examination that total 38,54,583 shares of PIL were traded in a synchronized manner during the examination period, wherein quantity, price and time matched (i.e. trades were executed within 60 seconds). Out of these synchronised trades, the entities of Jigar Group accounted for 34, 84,267 shares (approx 90%) and such trades occurred repeatedly and regularly. Such synchronized trades of these entities represent 20% of their total traded volume (2,44,07,861 shares) in the scrip. The details of such synchronized trading by these entities during the examination period is as under:

<u>Synchronised Trades of *Jigar Group* in PIL</u>

Client Name	Sync Trade Volume	Sync Trade Value (₹)
Dilip	8,18,756	18,39,52,475
Bhupesh	1,04,047	2,38,51,385
Janak	1,36,718	3,15,07,728
Kiran Sheth	7,52,216	17,56,00,598
Kiran Bhanaes	3,08,417	6,95,91,088
Jigar	4,77,917	10,72,24,314

Jinal	4,24,335	9,33,76,641
Kishan	4,61,861	10,41,22,837
Total Synchronised Volume of the *Jigar Group*	**34,84,267**	
Total number of shares traded in Synchronised manner	**38,54,583**	

31. During the examination period, it was observed that the entities of Jigar group also executed buy orders at process above the LTP and also the first trades were above the LTP during the examination period as described in the table below;

Details of buy orders/ first orders above LTP

Client Name	**No. of Trades above LTP by Individual as a buyer**	**Total no. of trades above LTP as buyer**	**% age of no. of trades to Total trades above LTP as buyer**	**No. of first trades by Individual above LTP as a Buyer**	**No. of first trades above LTP within the group**	**Total no. of first trades above LTP**
Dilip	745	2870	26.0	63	19	119
Bhupesh	110	2870	3.8	2	2	119
Janak	51	2870	1.8	1	1	119
Kiran Sheth	73	2870	2.5	3	2	119
Kiran Bhanaes	96	2870	3.3	3	2	119
Jigar	156	2870	5.4	1	1	119
Jinal	198	2870	6.9	1	0	119
Kishan	392	2870	13.7	33	13	119
Total	**1821**		**63.4**	**107**	**40**	

32. During the examination period it was revealed that the entities of Jigar Group executed 1,821 trades above LTP constituting 63.4% of total 2870 such trades. Out of total 119 first trades that were above LTP, these entities executed 107 (90%) such first trades. Further, out of these 107 first trades, 40 trades were amongst the entities of the Jigar Group. Consequently, the price of the scrip moved from ₹136.5/ per share to ₹252/ per share during the examination period. Thus it is alleged that by pursuing such a persistent trading pattern entities of Jigar Group have artificially increased the price of the scrip during the examination period.

<u>Analysis in the scrip of Gemstone</u>

33. During the examination of trading analysis in the scrip of Gemstone, substantial trading concentration of entities of Jigar Group was observed, which is demonstrated in the table below;

<u>Concentration of *Jigar Group* in Gemstone</u>

Client Name	Gross Buy Volume	Gross Sell Volume	Gross Trade Volume	Vol% - Gr Buy Vol/Mkt	Vol% - Gr Sell Vol/Mkt	Vol% - Gr Trd Vol/Mkt	Vol% - Net Trd Vol/ Mkt Net
Dilip	1,64,08,440	1,65,50,294	3,29,58,734	15.9	16.1	16.0	0.2
Bhupesh	10,58,600	8,64,708	19,23,308	1.0	0.8	0.9	0.2
Janak	27,78,187	10,21,800	37,99,987	2.7	1.0	1.8	2.1
Kiran Sheth	33,56,111	26,33,996	59,90,107	3.3	2.6	2.9	0.9
Kiran Bhanaes	72,41,981	51,99,479	1,24,41,460	7.0	5.0	6.0	2.5
Jigar	90,66,950	74,90,889	1,65,57,839	8.8	7.3	8.0	1.9
Jinal	87,31,024	57,90,151	1,45,21,175	8.5	5.6	7.0	3.5
Kishan	75,19,564	55,92,614	1,31,12,178	7.3	5.4	6.4	2.3
TOTAL	**5,61,60,857**	**4,51,43,931**	**10,13,04,788**	**54.5**	**43.8**	**49.2**	**13.6**

34. During the examination period it was revealed that 20,61,06,282 shares (gross market volume) were traded in the scrip of Gemstone at BSE. Out of this gross market volume, the entities of Jigar Group traded in 10,13,04,788 shares (i.e. approximately 49% of gross market volume). These entities purchased 5,61,60,857 shares (i.e. 54.5% of the total shares purchased) and sold 4,51,43,931 shares (i.e. 43.8% of the total shares sold). From the examination of counterparty concentration arising from the dealings of Jigar Group, it was observed that out of the total 10,13,04,788 shares traded by them 2,79,79,260 shares (around 28%) were bought and sold by the entities of Jigar Group amongst themselves and such trades substantially contributed to the volume in this scrip.

35. During examination it was observed that the entities of Jigar group executed buy orders at a price above the LTP in the scrip of Gemstone as shown in the following table;

<u>Details of buy orders above LTP in the scrip of Gemstone</u>

Client Name	No. of Trades above LTP as Buyer	Total no. of Trades above LTP (as buyer)	% age of no. of trades to Total trades above LTP as buyer
Bhupesh	30	5,240	0.6
Janak	56	5,240	1.1
Kiran Sheth	136	5,240	2.6
Kiran Bhanaes	159	5,240	3.0
Jigar	109	5,240	2.1
Jinal	138	5,240	2.6
Kishan	545	5,240	10.4
Dilip	1,883	5,240	35.9
Total	**3,056**		

36. During examination it was revealed that entities of Jigar Group executed 3,056 trades (58%) above LTP as a buyer, constituting 58% of total 5,240 such trades. Thus, consistent purchases above the LTP by the entities of Jigar Group have brought up the price of this scrip from ₹ 9/ to ₹ 20/- during the examination period. Therefore, it is observed that the entities of Jigar Group have traded with an object to increase the share price and the trading volumes in the scrip of Gemstone.

37. It is further noted that Whole Time Member (WTM) SEBI had in its order dated May 10, 2013, had made an observation that SEBI had issued caution letter dated July 20, 2012 to 4 entities of jigar Group, namely; Jigar, Jinal, Janak and Kiran Bhanes advising them to desist from such activities and to ensure that all their transactions are in conformity with extant provisions of law. It was revealed that the entities of Jigar Group including Jigar, Jinal, Janak and Kiran Bhanes have received funds from entities of Parikh – Pabari Group as detailed in the table above and have been observed to be substantially trading in the scrip of KGN even after caution letter.

Trading in the Scrip of KGN

38. During examination of trading analysis in the scrip of KGN revealed substantial trading concentration of entities of Jigar Group, as shown in the following Table, even after the issuance of SEBI's caution letter:

Concentration of Jigar Group in KGN from August 1, 2012 to December 17, 2012

Client Name	Gr Buy Vol	Gr Sell Vol	Gr Trd Vol	Vol% - Gr Buy Vol/Mkt	Vol% - Gr Sell Vol/Mkt	Vol% - Gr Trd Vol/Mkt	Vol% - Net Trd Vol/ Mkt Net
Dilip	10,008	26426	36,434	0.2	0.6	0.4	0.6
Janak	65,514	25699	91,213	1.4	0.6	1.0	1.3
Kiran Sheth	7,638	24264	31,902	0.2	0.5	0.3	0.6
Kiran Bhanaes	2,01,038	97777	2,98,815	4.3	2.1	3.2	3.5
Jigar	4,69,427	231570	7,00,997	10.1	5.0	7.6	8.0
Jinal	1,27,177	75843	2,03,020	2.7	1.6	2.2	1.7
Kishan	2,78,632	109641	3,88,273	6.0	2.4	4.2	5.7
Total	**11,59,434**	**5,91,220**	**17,50,654**	**25.1**	**12.8**	**18.9**	**21.5**

39. From the above data, it is seen that out of 92,53,898 shares (gross market volume) traded at BSE during the examination period, the entities of Jigar Group traded in 17,50,654 shares (i.e. approximately 19% of gross market volume). The entities of Jigar Group purchased 11,59,434 shares (i.e. 25% of the total shares purchased) and sold 5,91,220 shares (i.e. 13% of the total shares sold). From the examination of counterparty concentration of dealings of these entities, it was observed that out of the total of 17,50,654 shares traded by them 3,80,656 shares (around 22%) were bought and sold by these entities amongst

themselves, thereby, contributing to the volume in the scrip. The pattern of transactions of the entities of Jigar Group in the scrip of KGN also, prima facie indicates that their transactions were for the purpose of creation of artificial volume with a sinister motive to induce gullible investors to trade in the scrip.

40. I note, from the above examination and factors mentioned in *Table 1* that three entities viz; Jigar, Kiran Bhanaes and Kiran Sheth who are part of Jigar Group are clearly connected with Pabari- Parikh Group debarred by SEBI vide order dated February 02, 2011. In this regard, I note that Hon'ble SAT has, in many cases such as Classic Credit Ltd. vs. SEBI (SAT Appeal no. 68/2003, Order dated December 8, 2006), Classic Credit Ltd. vs. SEBI (SAT Appeal no. 76/ 2003, Order dated January 9, 2007) and Veronica Financial Services Ltd. Vs SEBI (SAT Order dated August 24, 2012), held that connection/relations can be established on the basis of factors including the common addresses, common directors/ shareholders, etc. I find that the factors as described in *Table 1"*, clearly indicate that all the 8 entities of Jigar Group are also connected to each other and thereby also become connected to Pabari- Parikh Group.

41. Further, the entities of Jigar Group received funds from Pabari- Parikh Group entities namely, SSFL OFSPL and NCMPL as described in *Table 1*, and fund flow diagram presented hereinabove. These funds were transferred on the date of receipt itself to the respective stock brokers for the purpose of meeting pay-in obligations with regard to the trading of the entities of Jigar Group in the scrips of PIL Gemstone and KGN. Apart from this, the funds received from the stock brokers were transferred to the entities of Jigar Group who in turn transferred them to Pabari - Parikh Group entities. Such fund transfers, besides being a factor to conclude connection/relation amongst the transferors and transferees of the funds, also prima facie indicate that the said entities of Pabari - Parikh Group and Jigar Group were acting in concert with prior understanding under a premeditated plan/device or artifice to create artificial volume in the respective scrips and manipulate their prices. Under the facts and circumstances observed during the examination, I am of the view that Jigar Group was acting as conduit/front for Pabari-Parikh Group entities that have been debarred from buying, selling or dealing in securities by SEBI vide its order dated February 02, 2011. Thus, contention of Noticee no. 1 namely; Bhavesh Pabari "*The fund transferred to purported Jigar Group entities by SSFS and NCMPL had nothing to do with trades executed by purported Jigar Group entities in the 3 scrips"* does not hold any validity and thus, cannot be considered under current proceedings.

42. I note that during the period of examination in the scrip of PIL, Gemstone and KGN, the abovementioned entities of the Jigar Group substantially traded in the said three scrips and contributed 69%, 42% and 19% to the gross market volume of the respective scrip. I further note that 39%, 28% and 22% of their total traded volume in the PIL, Gemstone and KGN, respectively, were traded amongst themselves and the traded

shares remained with related/connected entities. From their trading pattern it can reasonably be inferred that the beneficial ownership of those shares remained within the related/connected entities of Jigar Group during the period of examination and Group did not have intention to transfer the beneficial ownership of those shares. I, therefore, find that theses related/connected entities indulged in non-genuine trades and created artificial volume in the scrip of PIL, Gemstone and KGN. Such trades have the potential to distort the market equilibrium.

43. It is noted that the entities of Jigar Group have executed orders in the scrips of PIL and Gemstone at a price above LTP leading to their artificial price rise. In my view, such pattern of trading by placing buy orders at a price higher than the LTP is apparently against the accepted economic rationale that a buyer would always wish to purchase shares at the lowest available price. Such trading behavior also suggests mala fide motives of the entities of Jigar Group that was acting as a conduit/front for Pabari-Parikh Group. Normally, the share price would be determined by genuine demand and supply of shares. In this case, the entities of Jigar Group, by their trading, created artificial demand which led to artificial rise in the prices of these scrips.

44. I note that the liquidity in the scrips of PIL, Gemstone and KGN had increased substantially only after the entities of Jigar Group started trading in those scrips. I also note that some of the entities of Jigar Group (i.e. Janak, Jigar and Kishan) had given the shares of PIL, Gemstone and KGN as collateral to their stock brokers for their trades executed predominantly in these three scrips only. The manipulation in the price of these three scrips by the entities of Jigar Group resulted in the increase in the value of the collateral kept with the stock brokers, which further augmented the capacity of the Jigar Group to increase their positions in these three scrips.

45. It is also a matter of record that adjudication proceedings initiated against the Noticees in the scrip of Polytex for the period from October 12, 2010 to December 30, 2011, were concluded vide Adjudication order dated November 05, 2019, wherein penalty of Rs. 10,00,000 (Rupees Ten Lakh Only) was imposed on the Noticees.

46. Keeping the above in view, I conclude that all the four Noticees namely; Bhavesh Pabari (Noticee no. 1), Hemant Sheth (Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) have violated Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992.

Issue No. II: Does the violation, if any, on the part of the Noticees attract monetary penalty under Section 15HA and 15HB of the SEBI Act, 1992?

47. Referring to the judgment in the matter of SEBI vs. Shriram Ram Mutual Fund 2006 SCL 216(SC), wherein Hon'ble Supreme Court held that*; "In our opinion, mens rea is not an essential ingredient for contravention of the provisions of a civil act. In our view, the penalty is attracted as soon as contravention of the statutory obligations as contemplated by the Act is established and, therefore, the intention of the parties committing such violation becomes immaterial. In other words, the breach of a civil obligation which attracts penalty under the provisions of an Act would immediately attract the levy of penalty irrespective of the fact whether the contravention was made by the defaulter with any guilty intention or not. We also further held that unless the language of the statute indicates the need to establish the presence of mens rea, it is wholly unnecessary to ascertain whether such a violation was intentional or not."*

48. In view of the foregoing, it is concluded that the Noticees namely; Bhavesh Pabari (Noticee no. 1), Hemant Sheth (Noticee no. 2), Prem Mohanlal Parikh (Noticee no. 3) and Ankit Sanchaniya (Noticee no. 4) have violated Regulations 3 (a), (b), (c) and (d) and 4 (1), 4 (2) (a), (b), (e) and (g) of PFUTP Regulations and section 12A (a), (b) and (c) of the SEBI Act, 1992. Thus, it is a fit case to impose penalty under 15HA and 15HB of the SEBI Act, which reads as under:

Penalty for fraudulent and unfair trade practices.

15HA. If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher. ***(as existed at the time of violation i.e. prior to September 08, 2014 amendment)***

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees. ***(as existed at the time of violation i.e. prior to September 08, 2014 amendment)***

Issue No. III: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

49. In this regard, while determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI Act, which reads as under:

"15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely: -

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default; (b) the amount of loss caused to an investor or group of investors as a result of the default; (c) the repetitive nature of the default.

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

50. It is trite to say that the pre-determined fraudulent and manipulative actions of a few deviant traders damage the integrity of the market. In the process of such focused and sustained manipulation by a group of connected /related entities acting in concert with debarred entities as observed in this case, the fundamental tenets of market integrity get violated with impunity. Further, the genuine investors might be put at risk because of the entities involved in repeated transactions in many scrips as observed in this case. Such practices will undermine the confidence of investors and the integrity of the securities market and the trading systems.

51. Based on the material available on record, looking at the facts and circumstances of this case, the fraudulent and manipulative acts of Noticees as found in this case, Noticees should be suitably penalized. It is relevant to take into account that Noticees vide WTM order dated January 31, 2019, have also been debarred from accessing securities market for a period of seven years.

52. It is further noted that vide WTM order dated July 31, 2020, the Noticees were directed to jointly and severally, disgorge an amount of Rs. 2,69,93,016.79, along with interest calculated at the rate of 12% per annum from 17 December, 2012 onwards till the date of payment. However, from the available records, it has been noted that no such money has been deposited by the Noticees with SEBI, till the date of passing of this order.

53. It is also observed that the Noticees received funds from Parikh – Pabari group entities namely; SSFS, OFSPL and NCMPL. These funds were transferred on the date of receipt itself to the respective Stock-Broker for the purpose of meeting pay-in obligations with regard to the trading of the Noticees in the scrips of KGN, Ploytex and Gemstone. Apart from this, the funds received from the Stock – Brokers were

transferred to the Noticees who in turn transferred it to Parikh – Pabari group entities. Such funds transfers besides being a factor to conclude connection / relation amongst the transferors and transferees of the funds, also indicates that the Parikh – Pabari group and Noticees were acting in concert with prior understanding under a premeditated plan / device or artifice to create artificial volume in the respective scrip to manipulate its price.

54. Considering the respective roles and active involvement of the Noticees by financing during the relevant period in fraudulent manner pursuant to a fraudulent device and plan, no lenient view can be taken so as to exonerate these Noticees merely on the ground that they have been debarred from accessing securities market for a period of seven years. However, the fact that Noticees have already been debarred from accessing securities market for a period of seven years, is being considered as a mitigating factor in the present proceedings. I have also taken a note of the fact that vide WTM order dated July 31, 2020, the Noticees were directed to jointly and severally, disgorge an amount of Rs. 2,69,93,016.79, along with interest calculated at the rate of 12% per annum from 17 December, 2012 onwards till the date of payment and that vide AO order dated November 05, 2019, penalty of Rs. 10,00,000 (Rupees Ten Lakh Only) was imposed on the Noticees for similar violations but for different period of examination / investigation in the scrip of Polytex. These two factors are being considered as a mitigating factor in the present case.

55. At the same time, the quantum of penalty has to be adjudged by also taking into account the role played by respective Noticees and the repetitive trades by some of them as found in this case and principle of proportionality.

ORDER

56. After taking into consideration the facts and circumstances of the case, in term of Section 15I of the SEBI Act, 1992 read with Rule 5 of the SEBI Adjudication Rules, a penalty as provided in the tabulation herein is imposed on the Noticees under Section 15HA and 15 HB of the SEBI Act, 1992, for the alleged violations;

Name of the Noticee	Penalty Amount (in Rs.)
Bhavesh Pabari (PAN: AKGPP8679N)	10,00,000/- (Ten Lakh Only)
Hemant Sheth (PAN: ANOPS8607E)	10,00,000/- (Ten Lakh Only)
Prem Parikh (PAN: ALHPP3489N)	10,00,000/- (Ten Lakh Only)
Ankit Sanchaniya (PAN: BLNPS3316L)	10,00,000/- (Ten Lakh Only)

57. Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai and 1) the said DD should be forwarded to the Division Chief, Enforcement Department 1(EFD), Division of Regulatory Action – II [EFD 1-DRA-2] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 and also send an email to tad@sebi.gov.in with the following details:

1.	Case Name	
2.	Name of the Payee	
3.	Date of payment	
4.	Amount Paid	
5.	Transaction No.	
6.	Bank Details in which payment is made	
7.	Payment is made for: (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

58. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html

59. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

60. In terms of Rule 6 of the Rules, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

DATE: March 23, 2021
PLACE: MUMBAI

VIJAYANT KUMAR VERMA
ADJUDICATING OFFICER