

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: EAD/PM-RR/AO/2019-20/4682-4722)

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

In respect of:

Sl. No.	Name of the entities	PAN Number
1	Manish Rathi	ANCPR8422N
2	Jitendra Singh	BRBPS1206H
3	Jaywant Chavan	AERPC7192L
4	Sushil Chichani	ADIPC5299C
5	Maheshwar Das	AQCPD5208R
6	Ajeet Singh	BMHPS2659K
7	Suresh Das	AHTPD4686K
8	Kailash Mishra	AUXPM5940Q
9	Kishor V. Gandhi (HUF)	AAFHK2040D
10	Ali M.Syed Khader S.	AALPS3905K
11	Kamal Jajoo	ABVPJ3150A
12	Urmila Sharma	AFCPS1809N
13	Vinita Kishore	AQUPK3473F
14	Yogarathinam Siva Arul Durai	AABPS8632H
15	Kamal Jajoo (HUF)	AACHK8775N
16	Ali S. Akbar M.	AACPA4200A
17	Nita Kamal Jajoo	ADQPJ2030A
18	Narayanan Kannan	AHMPK4970A
19	Jagat Kishore	AJYPK2171P
20	Sivaarul Dural Selvamathi	AWBPS6817Q
21	Hussain M. Anwar S.	AACPA3792K
22	Vinod Kumar Khaitan	ABAPK0386Q
23	Sandeep Kumar Chaurasia	AEEPC7850A
24	Anoop Agrawal	AEKPA0042A
25	Jyoti Chhaparia	AEWPC5759G
26	Laxmi Devi	AFWPD2238J
27	Dropadi Devi	ALCPD0518M
28	Rahul Sharma	BFMPS6333C

29	Suketu Rajnikant Jhaveri	AACPJ2155R
30	Usha Devi Agarwal	AARPA4983B
31	Vinod Kumar Garg	ACDPG7986J
32	Manjushree Shrikant Godbole	ACHPG2009A
33	Ashadevi Garg	ACQPG2756H
34	Mulchand Zaverchand Shah	AEQPS8039F
35	Arun Garg	AKMPG7482J
36	Ajay Garg	AQIPG9207B
37	Naveen Vijay Lewis	ABBPL4561D
38	Sangeeta Manish Jain	ACNPJ5838L
39	Rakesh Kumar Baderuia	AERP7135C
40	Afzal Shabbir Kochra	AGZPK0851G
41	Hetal Mitul Doshi	AHKPD9573C

In the matter of Channel Guide (India) Ltd. (Now known as Iris Mediaworks Ltd.)

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted an investigation in the matter of Channel Guide (India) Ltd. (now known as Iris Mediaworks Ltd.) (hereinafter referred to as "Channel Guide/the Company/CGIL/Iris") during May 4, 2009 to February 19, 2010 (hereinafter referred to as 'investigation period') and observed the violation of the provisions of Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") and various provisions of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "SEBI PFUTP Regulations, 2003").

APPOINTMENT OF ADJUDICATING OFFICER

2. Shri S.V. Krishnamohan was appointed as Adjudicating Officer (AO) vide order dated September 28, 2015 under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by

Adjudicating Officer) Rules, 1995 (hereinafter referred to as “Adjudication Rules”) to inquire into and adjudge under Section 15HA of SEBI Act

- a) for the alleged violation of the provisions of Regulations 3(a),(b),(c) & (d) and 4(1),4(2)(a),(b), (e) and (g) of SEBI PFUTP Regulations, 2003 read with section 12 A (a),(b) & (c) of the SEBI Act by Noticee Nos. 1) Manish Rathi, 2) Jitendra Singh, 3) Jaywant Chavan, 4) Sushil Chichani, 7) Suresh Das and 8) Kailash Mishra; and,
- b) for the alleged violation of the provisions of Regulations 3(a),(b),(c) & (d) and 4 (1), 4(2) (a) & (g) of SEBI PFUTP Regulations, 2003 read with section 12 A (a),(b) & (c) of the SEBI Act by Noticee Nos. 5) Maheshwar Das and 6) Ajeet Singh; and,
- c) for the alleged violation of the provisions of Regulations 3(a),(b),(c) & (d) and 4(1),4(2)(a),(b), (e) and (g) of SEBI PFUTP Regulations, 2003 read with Section 12A(a), (b) & (c) of the SEBI Act by Noticee Nos. 9) Kishor V.Gandhi HUF, 10) Ali M Syed Khader S., 11) Kamal Jajoo, 12) Urmila Sharma, 14) Yogarathinam Siva Arul Durai, 15) Kamal Jajoo HUF, 16) Ali S.Akbar M, 17) Nita Kamal Jajoo, 18) Narayan Kannan, 19) Jagat Kishore and 20) Sivaarul Durai Selvamathi; and,
- d) for the alleged violation of the provisions of Regulations 3(a), (b), (c) & (d) and 4(1), 4(2) (a) and (g) of SEBI PFUTP Regulations, 2003 read with Section 12A(a), (b) & (c) of the SEBI Act by Noticee Nos. 13) Vinita Kishore, 21) Hussain M. Anwar, 22) Vinod Kumar Khaitan, 23) Sandeep Kumar Chaurasia, 24) Anoop Agrawal, 25) Jyoti Chhaparia, 26) Laxmi Devi, 27) Dropadi Devi, 28) Rahul Sharma, 29)Suketu Rajnikant Jhaveri, 30) Usha Devi Agarwal, 31) Vinod Kumar Garg, 32) Manjushree Shrikant Godbole, 33) Ashadevi Garg, 34) Mulchand Zaverchand Shah, 35) Arun Garg, and 36) Ajay Garg; and,
- e) for the alleged violation of the provisions of regulations 3(a), (b), (c) & (d) and 4(1),4(2)(b) and (e) of SEBI PFUTP Regulations, 2003 read with Section

12A(a), (b) & (c) of the SEBI Act by Noticee Nos. 37) Naveen Vijay Lewis, 38) Sangeeta Manish Jain, 39) Rakesh Kumar Baderuia, 40) Afzal Shabbir Kochra and 41) Hetal Mitul Doshi

3. Subsequently, vide order dated December 14, 2015, the matter was transferred to Shri Nagendraa Parakh. Thereafter, the undersigned has been appointed as the Adjudicating Officer in the instant matter vide order dated May 18, 2017.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. Show Cause Notice dated February 26, 2016 (hereinafter referred to as “SCN”) was issued to the Noticees at their latest address available on record. The SCN was issued to the Noticees under the provisions of Rule 4 (1) of the Adjudication Rules to show cause as to why an inquiry should not be held against the Noticees and why penalty should not be imposed on the Noticees under the provisions of Section 15HA of SEBI Act for the aforesaid alleged violations.
5. With regard to Noticee 2, while allegations made in the SCN with respect to reversal trades, synchronized trades and price manipulation is addressed in this Order, Adjudication Order has already been passed on February 28, 2019 regarding allegation of self-trade against the Noticee 2.
6. With respect to the alleged violation of various provisions of SEBI PFUTP Regulations, 2003 and provisions of SEBI Act by the aforesaid Noticees, facts of the case and allegations made in the SCN are summarized below:
 - a) In the matter of Channel Guide (India) Ltd., SEBI conducted investigation during May 4, 2009 to February 19, 2010. The focus of investigation was to ascertain any violation of SEBI Act and SEBI PFUTP Regulations, 2003.

- b) Based on the price movement, the investigation period was divided into two patches, i.e., May 4, 2009 to November 17, 2009 (Patch 1) and November 18, 2009 to February 19, 2010 (Patch 2).
- c) It was observed that during the investigation period, the scrip price increased from Rs. 15.15 on May 4, 2009 to Rs. 123.50 on November 18, 2009 and subsequently decreased to Rs. 12.25 on February 19, 2010.
- d) During the investigation period, 3 Group of entities were identified as detailed below:

Group 1: Manoj Motta Group

Basis of connection

Sl. No.	Client Name	Basis of connection
1	Manoj Motta	Received shares in off-market from Suchitkumar Gound, Kaushik Mehta, Mayank Kotadia and Chetan Dogra.
2	Chetan Dogra	Transferred shares in off-market to Manoj Motta.
3	Suchitkumar Gound	
4	Kaushik Mehta	Transferred shares in off-market to Manoj Motta. Further, as per KYC of Mayank Kotadia and Kaushik Mehta with trading member Lakshmishree Investments & Securities P. Ltd. it is observed that Suchitkumar Gound is the introducer.
5	Mayank Kotadia	

Group 2: Manish Rathi Group

Basis of connection

Sl. No.	Client Name	Basis of connection
1	Manish Devendra Rathi	Manish Rathi and Jitendra Singh have represented themselves as proprietors of M/s. Altra Clean Operations. Further, Manish Rathi has transferred shares in off-market to Jitendra Singh and Jaywant Chavan.
2	Jitendra Singh	
3	Jaywant Chavan	Received shares in off-market from Manish Rathi and Maheshwar Das.
4	Maheshwar Das	Transferred shares in off-market to Suresh Das, Kailash Chandra Mishra, Ajeet Singh, Jaywant Chavan.
5	Ajeet Singh	On perusal of the KYC of Ajeet Singh and Suresh Das, it is observed that Kailash Chandra Mishra is the common introducer. Received shares in off-market
6	Suresh Das	

		from Maheshwar Das.
7	Kailash Chandra Mishra	Introducer to Ajeet Singh and Suresh Das. Received shares in off-market from Maheshwar Das.
8	Sushil Omprakash Chichani	Transferred shares in off-market to Urmila Sharma (seller i.e. one of the 153 entities) who also has received shares in off-market from Jaywant Chavan, Maheshwar Das and Suresh Das.

In addition to the above, 153 entities who have net sold 20,20,825 shares during Patch 1 of the investigation period received shares in off market from Manish Rathi Group (i.e. net buyers). Hence, these entities have also been included in the Manish Rathi Group.

Group 3: Brahmbhatt Group

Basis of connection

Sl. No.	Client Name	Basis of connection
1.	Jinesh Devendra Bhatt	Promoters of Velan Hotels Ltd., as per shareholding pattern for the quarter ended March 2010.
2.	Tarunkumar Brahmbhatt	
3.	Kiran Jain	
4.	Prarthana Tarunkumar Brahmbhatt	Common address with (2) above i.e. B, 1203 Gaurav Geet, Bunder Pakhadi, Kandivali (West), Mumbai – 400067
5.	Arunkumar Shroff	Received shares in off-market from Prarthana Tarunkumar Brahmbhatt.
6.	Amit Arunkumar Shroff	
7.	Manoj Tekriwal	
8.	Dhanbahadur Karki	
9.	Shyamcharan Dey	
10.	Karan Walia	Received shares in off-market from Prarthana Tarunkumar Brahmbhatt, Shyamcharan Dey and Dhanbahadur Karki.

- e) It was observed that Manoj Motta Group bought 17,35,816 shares and sold 17,92,124 shares which accounted for 14.58% and 15.06% respectively of the total market volumes during Patch 1 of the investigation period.
- f) It was observed that Brahmbhatt Group bought 4,22,121 shares and sold 87,995 shares which accounted for 3.56% and 0.74% respectively of the total market volumes during Patch 1 of the investigation period.

- g) It was observed that the Manish Rathi Group bought 25,39,037 shares and sold 22,59,276 shares which accounted for 21.33% and 18.98% respectively of the total market volumes during Patch 1 of the investigation period.
- h) It was observed from demat statements of buyers in Manish Rathi Group that these entities have transferred shares in off market to 153 entities during Patch 1 of the investigation period. It was also observed that the buyers bought the shares in the market and subsequently transferred these shares in off-market. On analysis of the trades, it was observed that these 153 entities have subsequently sold these shares in the market to the buyers in Manish Rathi Group. (i.e. reversal of trades wherein one leg of the transaction was off-market and the other market).
- i) During Patch 1, Manish Rathi Group transferred 20,23,925 shares in off-market to 153 entities and purchased back 19,18,533 shares in the market from these 153 entities. Thus, there were reversal of trades wherein one leg of the transactions was in the market and other in off-market and thereby rotated these shares during Patch 1 of the investigation for creation of artificial volumes and manipulate the price of the scrip.
- j) Thus, by entering into reversal trades Manish Rathi Group has created artificial volumes constituting 16.12% to total market volume during Patch 1 of the investigation period thereby creating false or misleading appearance of trading in the scrip of Channel Guide. Therefore, investigation recommended initiating proceedings against Manish Rathi, Jitendra Singh, Jaywant Chavan, Maheshwar Das, Ajeet Singh, Suresh Das, Kailash Chandra Mishra and Sushil Omprakash Chichani.
- k) On further analysis of 153 entities, it was observed that during Patch 1, the following 20 entities as sellers had sold more than 25,000 shares in 3 or more trades. The details are as under;

Sl. No.	Seller Name	Sum of Trade Quantity	No. of trades
1	Urmila Sharma	1,09,000	26
2	Kamal Jajoo HUF	96,644	18
3	Kamal Jajoo	82,170	16
4	Nita Kamal Jajoo	72,350	12
5	Kishor V Gandhi HUF	71,730	12
6	Sivaarul Durai Selvamathi	49,299	8
7	Jagat Kishore	46,000	15
8	Vinita Kishore	45,500	4
9	Laxmi Devi	45,000	7
10	Narayanan Kannan	44,400	7
11	Rahul Sharma	43,000	11
12	Yogarathinam Siva Arul Durai	40,000	8
13	Jyoti Chhaparia	35,150	6
14	Ali Sakbar M	33,500	9
15	Hussain Manwer S	32,500	6
16	Ali Msyedkheader S	32,495	7
17	Anoop Agrawal	31,550	15
18	Vinod Kumar Khaitan	28,000	9
19	Dropadi Devi	26,400	8
20	Sandeep Kumar Chaurasia	25,036	12
Total		9,89,724	216

Therefore, investigation recommended initiating proceedings against the above 20 entities.

- l) Synchronized trades among the Manish Rathi Group during Patch 1 are summarized as under. For analysis purpose, entities executing more than one synchronized trade and contributing to positive LTP through these synchronized trades have been considered

Buy Client Name	Sell Client Name	Sum of LTP diff (Rs)	No. of Trades	Sync. Qty.	% of client sync. vol. to mkt. vol.	% of buy client sync. vol. to client's buy total vol.	% of sell client sync vol. to client's sell total vol.
Sushil Chichani	Usha Devi Agarwal	1.35	3	13,000	0.11	6.97	100.00%
Sushil Chichani	Vinod Kumar Garg	0.60	2	10,000	0.08	5.36	100.00%
Sushil	Ashadevi	0.70	4	10,000	0.08	5.36	100.00%

Buy Client Name	Sell Client Name	Sum of LTP diff (Rs)	No. of Trades	Sync. Qty.	% of client sync. vol. to mkt. vol.	% of buy client sync. vol. to client's buy total vol.	% of sell client sync. vol. to client's sell total vol.
Chichani	Garg						
Sushil Chichani	Arun Garg	0.10	2	10,000	0.08	5.36	100.00%
Sushil Chichani	Ajay Garg	0.05	3	10,000	0.08	5.36	100.00%
Jaywant Chavan	Ali M Syed Khader S	1.60	3	15,000	0.13	2.62	46.15%
Jaywant Chavan	Urmila Sharma	2.85	3	12,000	0.10	2.09	11.01%
Jaywant Chavan	Vinita Kishore	0.45	2	21,000	0.18	3.66	45.65%
Manish Rathi	Suketu Rajnikant Jhaveri	0.05	2	14,415	0.12	2.12	90.09%
Manish Rathi	Kamal Jajoo	3.35	5	41,000	0.34	6.03	45.56%
Jitendra Singh	Kishor V Gandhi HUF	0.50	2	19,800	0.17	4.12	27.50%
Jitendra Singh	Kamal Jajoo	0.05	2	14,510	0.12	3.02	16.12%
Jitendra Singh	Manjushree Godbole	0.05	2	10,000	0.08	2.08	51.28%
Jitendra Singh	Mulchand Shah	1.15	2	11,000	0.09	2.29	100.00%
Total		12.85	37	2,11,725	1.76		

m) From the above table, it is observed that during Patch 1, the Manish Rathi Group has executed 37 synchronized trades for 2,11,725 shares which was 1.76% to the total market volume during Patch 1 of the investigation period. However, these trades have contributed Rs 12.85 towards net LTP. Further, the sellers who had sold shares in the market have met their pay-in obligation of securities from the shares received in off-market from the buyers in Manish Rathi Group. Therefore, investigation recommended initiating proceedings against Sushil Chichani, Jaywant Chavan, Manish Rathi, Jitendra Singh for increasing the price of the scrip through synchronized trades. In addition, investigation recommended initiating proceedings against Usha Devi

Agarwal, Vinod Kumar Garg, Ashadevi Garg, Arun Garg, Ajay Garg, Ali M Syed Khader S, Urmila Sharma, Vinita Kishore, Suketu Rajnikant Jhaveri, Kamal Jajoo, Kishor V Gandhi HUF, Manjushree Godbole, and Mulchand Shah, for entering into transactions with the buyers in increasing the price of the scrip.

n) Details of the buy trades of Manish Rathi Group that contributed to LTP during Patch 1 is tabulated below:

Name	All trades			LTP Diff. <0			LTP Diff. > 0			LTP Diff. =0		% of +ve LTP to total mkt. +ve LTP
	Sum of LTP diff	Sum of Qty	No of trades	Sum of LTP diff	Qty traded	No of trades	Sum of LTP diff	Qty traded	No of trades	Qty traded	No of trades	
Manish Rathi	23.30	6,79,615	443	-12.55	77182	44	35.85	2,05,301	65	3,97,132	334	2.04%
Jaywant Chavan	21.90	5,73,607	117	-5.45	117755	20	27.35	2,24,998	40	2,30,854	57	1.56%
Jitendra Singh	18.10	4,80,686	175	-7.10	116124	31	25.20	1,63,559	42	2,01,003	102	1.44%
Suresh Das	14.50	3,05,001	178	-17.25	86535	60	31.75	1,20,626	54	97,840	64	1.81%
Kailash Mishra	5.25	1,57,130	38	-2.50	19941	6	7.75	77,650	14	59,539	18	0.44%
Sushil Chichani	4.75	1,86,650	86	-12.55	80250	24	17.30	67,500	36	38,900	26	0.99%
Ajeet Singh	2.10	33,500	8	-0.20	6000	2	2.30	10,000	2	17,500	4	0.13%
Maheshwar Das	-2.60	1,22,748	51	-5.6	58356	17	3.00	27,510	8	36,882	26	0.17%
Total of the Group	87.30	25,38,937	1096	-63.20	5,62,143	204	150.50	8,97,144	261	10,79,650	631	8.58%
Total	107.00	1,19,01,810	17,358	1,646.75	31,51,097	4,183	753.75	22,85,045	3812	64,65,633	9362	100.00%

o) From the above table, it is observed that Manish Rathi Group has contributed to Rs 87.30 to net LTP during Patch 1 of the investigation period. It is also observed that Maheshwar Das has contributed (Rs 2.60) towards net LTP and Ajeet Singh has contributed Rs 2.10 towards positive LTP in 2 trades. Hence, no adverse inference is drawn with respect to contribution towards net LTP against Maheshwar Das and Ajeet Singh.

- p) It is further observed that the above entities (excl. Maheshwar Das and Ajeet Singh) have contributed Rs 145.20 to positive LTP (gross). On further analysis, it was observed that these entities bought shares in the market contributing to the price rise of Rs 106.35 in 172 trades from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group. Therefore, investigation recommended initiating proceedings against Manish Rathi, Jaywant Chavan, Jitendra Singh, Suresh Das, Kailash Mishra and Sushil Chichani.
- q) On further analysis of 85 entities, it was observed that the following entities, as sellers, have contributed Rs 1.00 or more to price rise in 3 or more trades. The details are as under:

Sl. No.	Seller Name	Sum of LTP Difference	Number of Trades
1.	Urmila Sharma	10.20	15
2.	Ali Sakbar M	6.65	6
3.	Kamal Jajoo	5.45	10
4.	Yogarathinam Siva Arul Durai	5.35	4
5.	Nita Kamal Jajoo	4.95	7
6.	Naveen Vijay Lewis	3.85	4
7.	Narayanan Kannan	3.70	4
8.	Kishor V Gandhi HUF	3.35	5
9.	Hetal Mitul Doshi	3.25	3
10.	Kamal Jajoo HUF	2.55	7
11.	Ali M Syed Khader S	2.55	3
12.	Rakesh Kumar Baderuia	2.35	3
13.	Afzal Shabbir Kochra	2.00	3
14.	Jagat Kishore	1.85	4
15.	Sangeeta Manish Jain	1.65	3
16.	Sivaarul Durai Selvamathi	1.20	4
Total		60.90	85
Grand Total		106.35	172

Keeping in view that these 16 counter parties (sellers) were connected to the buyers and have entered into transactions with the buyers in increasing the price of the scrip during Patch 1, investigation recommended initiating proceedings against the above 16 entities.

7. Show Cause Notice dated February 26, 2016 (hereinafter referred to as “SCN”) was issued to the Noticees at their latest address available on record. However, the same could not be served to Noticees at Sl. No. 1 to 9, 18, 22, 29 to 30, 37 to 38 and 40. Subsequently, the undelivered SCNs were uploaded on the SEBI website under the head “unserved orders/show cause notices”.
8. In addition, the SCN was published in English in Times of India on September 28, 2017 and in Marathi in Loksatta on September 28, 2017. In the said public notice, the Noticees were granted hearing opportunity on November 2, 2017. However, the Noticees at Sl. No. 1 to 9, 18, 22, 29 to 30, 37 to 38 and 40 neither replied to the said SCN till date nor availed the hearing opportunity.
9. As specified in the forgoing at para 7 to para 8, attempts were made to serve the SCN through various modes of service of notice. In addition, hearing opportunity was also provided to the Noticees. However, the Noticees neither replied to the SCN till date nor availed the opportunity of personal hearing. Therefore, I am of the view that principle of natural justice have been followed with respect to the Noticees at Sl. No. 1 to 9, 18, 22, 29 to 30, 37 to 38 and 40 in the instant matter. Hence, the case against the said Noticee(s) is being dealt further ex-parte on the basis of available records/evidence.
10. SCN dated February 26, 2016 was served upon the Noticees other than the Noticees specified at para 9 above. In response to the said SCN, the Noticees submitted multiple replies and sought opportunity of personal hearing. Accordingly, the Noticees were provided with multiple opportunities of personal hearing. In addition, Noticees at Sl. No. 13, 14, 19, 20, 23, 25, 26, 27, 31, 33, 35 and 36 sought opportunity of inspection of documents and accordingly opportunities of inspection of documents were provided at multiple instances. In addition, certain additional documents were also provided to some of the Noticees upon their request.

11. Noticees, except Noticees specified at para 9 above, submitted various preliminary and additional replies to SCN. Summary of replies of such Noticees are specified subsequently.
12. In view of the facts at para 7, 8, 9, 10 and 11 above, I am of the view that principles of natural justice have been followed in the matter and I deem it appropriate to decide the matter on the basis of facts/material available on record including the submissions made by the Noticees (wherever replies received from the Noticees).

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

13. I have taken into consideration the facts and material available on record with respect to allegations made against the Noticees regarding violation of the relevant provisions of SEBI PFUTP Regulations, 2003 and the relevant provisions of the SEBI Act.

After perusal of the material available on record, including the submissions made by the Noticees (wherever replies received from the Noticees), I have the following issues for consideration, viz.

- I. Whether the Noticees have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and the relevant provisions of the SEBI Act?*
- II. Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?*
- III. If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?*

Issue I: Whether the Noticees have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and the relevant provisions of the SEBI Act?

14. it is pertinent to refer to the relevant provisions of PFUTP Regulations, 2003 read with Section 12A(a),(b),(c) of the SEBI Act prevalent at the time of transactions made by the Noticees, which reads as under:

Relevant provisions of SEBI Act, 1992

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;

Relevant provisions of SEBI PFUTP Regulations, 2003:

3. No person shall directly or indirectly—

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

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

- c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made thereunder.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

15. Taking into account the facts of the case, the gist of allegations made against the Noticee as per the SCN, the summary of the submissions made by the Noticee (wherever replies received from the Noticees), my findings thereof are specified below:

- a) SEBI conducted investigation in the matter of Channel Guide (India) Ltd. during May 4, 2009 to February 19, 2010. Based on the price movement, the investigation period was divided into two patches, i.e., May 4, 2009 to November 17, 2009 (Patch 1) and November 18, 2009 to February 19, 2010 (Patch 2).
- b) It was observed that during the investigation period, the scrip price increased from Rs. 15.15 on May 4, 2009 to Rs. 123.50 on November 18, 2009 and subsequently decreased to Rs. 12.25 on February 19, 2010.
- c) It was alleged that Noticees at Sl. No. 1 to Sl. No. 41 entered into various trades in the nature of synchronized trades, reversal trades and off market deals (certain noticees indulged into such trades repeatedly) and thereby created false and misleading appearance of trading and also manipulated the price of the scrip, therefore, alleged to have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and the relevant provisions of the SEBI Act.
- d) **Findings with respect to Noticee 1 to Noticee 9, Noticee 18, Noticee 22, Noticee 29, Noticee 30, Noticee 37, Noticee 38 and Noticee 40:**
- i. Alleged violation: It is alleged that the above mentioned Noticees entered into reversal trades, synchronized trades and price manipulation (as applicable to Noticees) thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
 - ii. Summary of Noticee reply: As specified in para 7, para 8 and 9 above, despite of various attempts, till date Noticees had neither replied to the SCN nor availed the opportunity of personal hearing provided to them.
 - iii. My findings:
 - I am of the view that principles of natural justice has been followed with respect to the above mentioned Noticees.

- With regard to non-receipt of reply from Noticees, it is pertinent to refer to the Order of the Hon'ble Securities Appellate Tribunal ('SAT') in the matter of Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006) wherein, it was, inter alia, held that – "...the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them".
- The Hon'ble SAT also made such proposition in case of Sanjay Kumar Tayal & Ors. Vs. SEBI (in appeal No. 68/2013) decided on February 11, 2014 viz. ".....appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices".
- In view of the above and in the absence of any written reply from the Noticee, I am compelled to decide the matter based on the facts available records. Accordingly, I am of the view that the aforesaid Noticees have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

e) Findings with respect to Noticee 10 and Noticee 12:

- i. Alleged violation: It is alleged that the Noticees entered into reversal trades, synchronized trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee 10 reply:
 - *Shares of Channel Guide (India) Limited were purchased based on reports of friends circle and were sold through stock exchange by Sharekhan Limited.*

- *There was neither circular trading or self-trade or synchronised trade and was not connected with buyer of shares. There was no intention to increase the price of the scrip. Was making profit and hence orders for sale of shares.*
- *Have no connection with Manish Rathi Group*
- *All beneficiaries out of price fluctuations cannot be termed as involved in manipulative and deceptive device.*
- *Request not to levy penalty as there is no false and misleading trading and also the manipulation of the price of the scrip.*

iii. Summary of Noticee 12 reply:

- *I deny all allegations levelled against me in the Notice as well as investigation report.*
- *Deny that I have entered into self-trade/synchronised trades/reversal trades. I deny that I have created any false and misleading appearance of trading and manipulated the price of the scrip as alleged*
- *All transactions in the scrip were executed in the ordinary course of business.*
- *I deny that I was part of Manish Rathi Group as alleged. I had received shares in off market in the ordinary course from certain persons, does not make me connected with the said certain person for the purposes of alleged fraudulent and manipulative trading.*
- *With regard to allegation of execution of reversal trades, both the legs of transactions as executed by me are independent. With mere surmises and conjectures, it has been concluded that both the transactions in off market and on market are interlinked and are manipulative. In the absence of both the legs of transactions being on market, the issue of reversal of trades as alleged does not arise. Since there is no reversal, the allegations pertaining to creation of artificial volumes and manipulation of price etc. are totally*

misplaced. As sales were delivery based, therefore also the issue of creating artificial volume cannot and does not arise.

- With regard to synchronised trading, I had sold shares and was not aware of the counterparty broker or client. The alleged synchronisation if any is only incidental to normal trading and same was not deliberate or intentional. Nothing is there on record to demonstrate any kind of connection/linkage etc. with the alleged counterparties. At the relevant time, I was trading independently without acting in concert with anybody (including the counter party buyers etc. belonging to the alleged Manish Rathi Group). Allegations are untenable and unsustainable.*
- With regard to allegation of contributing to price rise, I have only sold shares on market and I have not bought any shares. Since I had sold the shares I cannot be allege to have increased the price of the scrip. It is common knowledge consequent to sale, price would fall and not increase. Further, a seller would always demand for a higher price for his sales and there is nothing abnormal or unusual about it. I was trading independently without acting in concert with anybody (including the counter party buyers etc. belonging to the alleged Manish Rathi Group). Allegations are untenable and unsustainable.*
- I have not induced in any fraudulent/manipulative/unfair practices relating to the securities. I have not made any gains or derived unfair advantage as a result of falsely alleged violations. There is nothing in the Notice that I have made any gains. I have also not caused any loss to the investors or Group of investors.*
- In view of the foregoing, allegations in the Notice be dropped and no penalty be imposed.*
- Would not be in a position to attend hearing and request to consider my reply as my final submissions and proceed in the matter.*

iv. My findings:

- I observe that the Noticees were sellers during Patch 1.
- During Patch 1, I notice that buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rathi Group. I find that the Noticees were among these 153 entities and therefore were connected to the Manish Rathi Group on account of off market receipt of shares from Manish Rathi Group.
- Therefore, I find that the Noticees indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- In view of the above, I do not accept the contention Noticee that for trades to be considered as reversal trade, both the legs of transaction shall be on-market transaction.
- During Patch 1, Manish Rathi Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticees were sellers to these Maish Rathi Group entities and met the pay-in obligation of securities from the shares received in off-market transactions from the buyers in Manish Rathi Group. I find that the Noticees facilitated buyers in carrying out synchronised trades. Therefore, I do not agree with the contention of the Noticees that they had no connection with Manish Rathi Group entities. Further, the Noticees failed to state anything in their reply that how without being connected to the Manish Rathi Group, they had received shares through off-market from Manish Rathi Group.
- During Patch 1, Manish Rathi Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rathi Group entities

bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group.

Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. The Noticees being one of these 16 entities, contributed Rs 2.55 to LTP difference in 3 trades (Noticee 10) and Rs 10.20 to LTP difference in 15 trades (Noticee 12).

I find that the Noticees being part of the counter parties (sellers) and being connected to the buyer, had entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticees that they have no role in price manipulation.

- From the above, I conclude that the Noticees have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

f) Findings with respect to Noticee 11:

- i. Alleged violation: It is alleged that the Noticee entered into reversal trades, synchronized trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:
 - *I am a retail investor and I buy/sell/trade/invest in different scrips*
 - *I deny charges as alleged by SEBI*
 - *I had purchased 90,000 shares from broker Vijay Bhagwandas & Co and made due payments to them. I sold these shares in the market in the normal course through SEBI registered broker Systematic Shares & Stocks (India) Ltd at prevailing market price. Hence I deny that I have sold shares to 153 entities which can be treated as reversal trades and treated as artificial volume.*
 - *The first leg of alleged reversal transaction was off market and hence market was not aware about the same and hence it cannot contribute to artificial volume.*

- *I deny that I have carried out synchronized trades. Percentage of my alleged synchronised trade vis-à-vis market volume was only 0.46%.*
- *There is no involvement of mine with the alleged Manish Rathi Group. Clubbing me with Manish Rathi Group is erroneous.*
- *BSE's BOLT trading platform is an online real time computerised, time and price priority matching trading system. I therefore, did not know the counter brokers and their ultimate clients at the relevant time.*
- *My sales volume did not result into any price manipulation.*
- *I deny having carried out any objectionable trades towards LTP contribution as alleged. During the investigation period, the price of the scrip had risen from 15.26 to 122.16 (Patch-1). However, my contribution to the same is alleged to be Rs 5.45 which is insignificant.*
- *With regard to the alleged trades leading to LTP contribution, I state that all the trades were in permissible circuit limits and based on the quotes available on the market. Further, there was no constant increase in price of the scrip during patch 1 and my trades were between Rs 84 to Rs 89. Prior to my sell order, there were many sell orders available in the system. I had placed orders looking at the quotes available on the screen. Therefore, it cannot be said that I have manipulated the price of the scrip.*
- *Therefore, I pray that I have not violated any provision of SEBI Act or any Regulations and I be discharged at the earliest.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have

sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.

- Noticee has stated that he had received shares from broker Vijay Bhagwandas & Co. and not from Manish Rath Group entities. However, I find that the Noticee failed to submit any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee and the same shares were not belonging to the Manish Rath Group entities. Therefore, I conclude that the Noticee is connected to Manish Rath Group on account of receipt of shares through off market transfer.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticee received shares from Manish Rath Group through off market transfer and sold these shares to Manish Rath Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rath Group, he would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticee is observed to be connected to the Manish Rath Group.
- During Patch 1, Manish Rath Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was seller to these Maish

Rathi Group entities and met the pay-in obligation of securities from the shares received in off-market transactions from the buyers in Manish Rathi Group. I find that the Noticee facilitated buyers in carrying out synchronised trades. Therefore, I do not agree with the contention of the Noticee that he has not indulged into synchronised trades and had traded independently without acting in concert with anybody.

- During Patch 1, Manish Rathi Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rathi Group entities bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group.

Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. The Noticee being one of these 16 entities, contributed Rs 5.45 to LTP difference in 10 trades.

I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip.

- Noticee in its reply has denied the allegation of manipulating scrip price and stated that the trades, that were alleged to have contributed to LTP contribution, were in permissible circuit limits and based on the quotes available on the market. Further, there was no constant increase in price of the scrip during patch 1 and had placed orders looking at the quotes available on the system.
- With regard to above, I agree that on a screen based online trading system, at any point of time, either way quotes would be available in the market. While quotes in the order log in the system are only indicative of the trading behaviour of the market participants, trade log shows the actual trades happened in the market and it is generally understood that any lay man who wants to invest in the market would generally observe the trading pattern in the scrip. Therefore, I do not agree that order quotes

are solely responsible for the trading decision as argued by the Noticee. Hence the argument of the Noticee that he has no role in price manipulation is not acceptable.

- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

g) Findings with respect to Noticee 13:

- i. Alleged violation: It is alleged that the Noticee had entered into reversal trades and synchronized trades thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:
 - *I have no connection or relationship with the alleged suspected entities as mentioned in SCN or otherwise.*
 - *I have carried out bonafide transactions in Iris and my transactions are independent and in isolation of transactions carried out by other entities.*
 - *I purchased shares of Iris in off market on advise given by my father in law, Mr. Jagat Kishore, who in turn was advised by a known person namely Mr. Pawan Tibrewal who was a sub broker of Sushil Financial Services Pvt. Ltd. The shares were purchased by me in off market as I did not have demat account at the relevant time. The said off-market purchase was from Vijay Bhagwandas & Co and not from any one belonging to the Manish Rath Group or otherwise. Further, off-market transactions are not illegal per-se.*
 - *I have followed and complied with all the procedure and requirements as statutorily required.*
 - *Had sold shares on market platform at the then prevailing market price. Volume and price of Iris was not affected due to my dealings in the said scrip. I don't have any connection/relation with any of the counterparties to my sale transactions.*

- *My trading volume (45,500 shares) vis-à-vis the market volume (1,90,20,448 shares) in the scrip during investigation period was insignificant to have any impact on the price/volume of the scrip. I had dealt in shares of Iris only 2 days. Therefore, allegation of abuse of stock exchange system or creation of artificial volume leading to false and misleading appearance and manipulation of price of the scrip of Iris is irrelevant, illogical and misdirected towards me.*
- *The alleged synchronised trades are only on a single day and my number of trades which are alleged to be synchronised are only 2 trades during investigation period. My dealing in Iris regarding sale of shares was in normal screen based system and thus is not possible to have access over the details of counterparty dealings in the scrip.*
- *I strongly and vehemently deny alleged violation of Section 12A(a)(b)(c) of SEBI Act, 1992 and provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1), 4(2(a) and (g) of SEBI (PFUTP) Regulations, 2003.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- With regard to off-market receipt of shares, the Noticee has stated that she did not have demat account at the relevant time and said off-market purchase was from Vijay Bhagwandas & Co

and not from any one belonging to the Manish Rathi Group or otherwise. However, I observe that the Noticee did not provide any documentary evidence in this regard. Therefore, I conclude that Noticee is connected to Manish Rathi Group on account of receipt of shares through off market transactions.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticee received shares from Manish Rathi Group through off market transfer and sold these shares to Manish Rathi Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rathi Group, she would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticee is observed to be connected to the Manish Rathi Group.
- During Patch 1, Manish Rathi Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was seller to these Maish Rathi Group entities. Noticee in its reply stated that its alleged synchronised trade was in normal screen based system and on a single day with only 2 trades, therefore, not aware of the Counterparty dealings in the scrip.
- From the trading activity of the Noticee, I find that the Noticee was seller to the Maish Rathi Group entities and therefore, facilitated buyers in carrying out synchronised trades.

Therefore, I do not agree with the above contention of the Noticee.

- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

h) Findings with respect to Noticee 14:

- i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply: Summary of Noticee reply is as under:
 - *At the outset, I deny all the allegations, charges and findings against me in the said notice*
 - *Some of my business associates offered and arranged shares of Iris Mediaworks Limited (IML) and said shares were delivered in off market.*
 - *Immediately upon receipt of such shares, the said shares were sold through broker ITI Financial Services Limited at prevailing market price through the stock exchange mechanism and there was no connivance or knowledge about corresponding parties.*
 - *Not directly or indirectly connected with the promoter of the scrip and there is no connection with any other entity as mentioned in the said Notice dated February 26, 2016.*
 - *Sold 40,000 shares of IML which constitutes only 0.34% of total number of shares traded on the market. The alleged shares are miniscule and insignificant as compared to total trades which hardly impact for creating artificial volumes in the said scrip.*
 - *As a seller I contributed to price rise in 4 trades when total number of trades was 3812. Therefore, no adverse inference be drawn in this respect.*

- *Have traded in the scrip as a common investor and allegations made are purely on hypothetical basis. I should not be made liable for any penalty under Section 15HA of SEBI Act, 1992.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rathi Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rathi Group on account of off market receipt of shares from Manish Rathi Group.
- Noticee, in its reply has stated that one of its acquaintance had arranged shares of Iris. However, the Noticee did not submit any documentary evidence to prove that he has not received shares through off market from Manish Rathi Group entities. Therefore, I conclude that the Noticee is connected to Manish Rathi Group on account of receipt of shares through off market transfer.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- During Patch 1, Manish Rathi Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rathi Group entities bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group.
- Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. The Noticee being one of these 16 entities, contributed Rs 5.35 to LTP difference in 4 trades.

- I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticee that he has no role in price manipulation.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

i) Findings with respect to Noticee 15 and Noticee 17:

- Alleged violation:** It was alleged that the Noticee had entered into reversal trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- Summary of Noticee reply:** Noticee 15 and Noticee 17 have submitted similar reply and summary of their reply is as under:
 - *They are retail investors and they buy/sell/trade/invest in different scrips*
 - *They deny charges as alleged by SEBI*
 - *Noticee 15 had purchased 1,12,000 shares and Noticee 17 had purchased 74,000 shares from broker Vijay Bhagwandas & Co and made due payments in this regard. Noticee 15 and Noticee 17 had sold these shares in the market in the normal course through SEBI registered broker Phillip Capital (India) Ltd and India Infoline Limited respectively at prevailing market price. Hence they deny that they have sold shares to 153 entities.*
 - *The first leg of alleged reversal transaction was off market and hence market was not aware about the same and hence it cannot contribute to artificial volume.*
 - *BSE's BOLT trading platform is an online real time computerised, time and price priority matching trading system. Therefore, they*

did not know the counter brokers and their ultimate clients at the relevant time.

- *Their sales volume did not result into any price manipulation.*
- *They deny having carried out any objectionable trades towards LTP contribution as alleged.*
- *With regard to the alleged trades leading to LTP contribution, they stated that all their trades were in permissible circuit limits and based on the quotes available on the market. Prior to their sell orders, there were many sell orders available in the system. They had placed orders looking at the quotes available on the screen. Therefore, it cannot be said that they have manipulated the price of the scrip.*
- *Therefore, they have prayed to drop the proceedings initiated against them.*

iv. My findings:

- I observe that the Noticees were sellers during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticees were one of these 153 entities and therefore were connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- Noticees have stated that they had received shares from broker Vijay Bhagwandas & Co. and not from Manish Rath Group entities. However, I find that the Noticees failed to submit any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to the Noticees and the same shares were not belonging to the Manish Rath Group entities. Therefore, I conclude that the Noticees are connected to

Manish Rathi Group on account of receipt of shares through off market transfer.

- Therefore, I find that the Noticees indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticees received shares from Manish Rathi Group through off market transfer and sold these shares to Manish Rathi Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rathi Group, they would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticees are observed to be connected to the Manish Rathi Group. Therefore, I do not agree with the contentions of the Noticees that they have not carried out reversal of trades.
- During Patch 1, Manish Rathi Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rathi Group entities bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group. Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. Noticee 15 and Noticee 17 being one of these 16 entities, contributed Rs 2.55 to LTP difference in 7 trades and Rs 4.95 to LTP difference in 7 trades respectively.

I find that the Noticees being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip.

- Noticees in their replies have denied the allegation of manipulating scrip price and stated that the trades, that were alleged to have contributed to LTP contribution, were in permissible circuit limits and based on the quotes available on the market. Further, they had placed orders looking at the quotes available on the system.
- With regard to above, I agree that on a screen based online trading system, at any point of time, either way quotes would be available in the market. While quotes in the order log in the system are only indicative of the trading behaviour of the market participants, trade log shows the actual trades happened in the market and it is generally understood that any lay man who wants to invest in the market would generally observe the trading pattern in the scrip. Therefore, I do not agree that order quotes are solely responsible for the trading decision as argued by the Noticees. Hence the argument of the Noticees that they have no role in price manipulation is not acceptable.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

j) Findings with respect to Noticee 16:

- i. Alleged violation:** It was alleged that the Noticee had entered into reversal trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:**
 - *I am a regular investor in shares and shares were purchased based on reports by friends circle.*

- *There was no manipulative and deceptive device through which shares were purchased.*
- *Shares were sold through stock exchange and I did not know the buyers name.*
- *I had placed only order for selling. There was neither circular trading nor self-trade or synchronized trade.*
- *I was not connected with buyer of shares.*
- *There was no intension to increase the price of the scrip. I was making profit and hence I ordered for sale.*
- *My name was included in Manish Rath Group, with whom I did not have any connection.*
- *All beneficiaries out of price fluctuations cannot be termed as involved in manipulative device.*
- *I request not to levy penalty as there is no false and misleading of trading and also manipulation of the price of scrip.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- With regard to alleged connection of the Noticee on account of receipt of shares from Manish Rath Group entities through off market transactions, the Noticee has not submitted any documentary evidence to refute the said allegations.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other

was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.

- During Patch 1, Manish Rathi Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rathi Group entities *bought* shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group.
- Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or *more* trades. The Noticee being one of these 16 entities, contributed Rs. 6.65 to LTP difference in 6 trades.
- I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticee that he has no role in price manipulation.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

k) Findings with respect to Noticee 19:

- i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:
 - *I have no connection with Iris Company or any of their directors and promoters.*
 - *My sale transaction in Iris had been executed “on market”. I used to regularly monitor my investment in Iris. As the price of Iris appeared to be reasonable, decided to demat the shares and sell the shares in open market.*

- *My trading volume (46000 shares) vis-à-vis the market volume (19020448 shares) and my no. of trades (15 vis-à-vis total market trades (29417) in the scrip during investigation period was insignificant so as to have any impact on the price/volume of the scrip. I had dealt in shares of Iris on only 2 days out of 200 trading days of investigation period.*
- *Therefore, the allegation of any abuse of stock exchange system or creation of any abuse of stock exchange system or creation of artificial volume leading to false and misleading appearance and manipulation of price in the scrip is irrelevant, illogical and misleading.*
- *I had sold shares at the price which was prevalent in the market at that point in time. Further, the price of the scrip pre and post my sale transaction was generally at the same level as compared to the price at which I had sold my shares. The volume and price of the scrip was not affected by my dealings in the scrip. I deny the allegation of price manipulation.*
- *At no point in time I was aware of counterparty with which my transaction got matched as in case of screen based trading, automated system itself matches orders on a price time priority basis.*
- *I have carried out bonafide transaction in Iris and had no knowledge, information or awareness of any wrongdoing happening in the scrip of Iris at the relevant time.*
- *My transactions are independent and totally in isolation to the transactions carried out by other entities in the scrip.*
- *I had purchased shares of Iris in off market on advice of a known person Mr. Pawan Tibrewal (sub broker of Sushil Financial Services Pvt Ltd.) who persuaded me to invest in shares of Iris. The shares were purchased by me in off market as I did not have demat account at the relevant time.*

- *The said off market shares were purchased from Vijay Bhagwandas & Co and not from any one belonging to Manish Rath Group or otherwise.*
- *I do not belong to Manish Rath Group or in any way connected to Manish Rath. I had bought shares.*
- *SCN presumes a nexus between me and Manish Rath Group. I submit that I had purchased shares in off market from Vijay Bhagwandas & Co and not from Manish Rath Group entities.*
- *I submit that off market transaction are not illegal per se.*
- *In view of the above, I request that proceedings initiated vide SCN dated February 26, 2016 against me be dropped and I may be discharged without imposing any monetary penalty on me.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- With regard to off-market receipt of shares, the Noticee has stated that it did not have demat account at the relevant time and said off-market purchase was from Vijay Bhagwandas & Co and not from any one belonging to the Manish Rath Group or otherwise. However, I find that the Noticee failed to submit any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee and the same shares were not belonging to the Manish Rath Group entities. Therefore, I conclude that the Noticee is

connected to Manish Rath Group on account of receipt of shares through off market transfer.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticee received shares from Manish Rath Group through off market transfer and sold these shares to Manish Rath Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rath Group, he would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticee is observed to be connected to the Manish Rath Group.
- During Patch 1, Manish Rath Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was seller to these Maish Rath Group entities. Noticee in its reply stated that its alleged synchronised trade was in normal screen based system and with only 4 trades, therefore, not aware of the Counterparty dealings in the scrip.
- From the trading activity of the Noticee, I find that the Noticee was seller to the Maish Rath Group entities and therefore, facilitated buyers in carrying out synchronised trades. Therefore, I do not agree with the above contention of the

Noticee. Further, Noticee contributed Rs. 1.85 to LTP difference in 4 trades.

- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

l) Findings with respect to Noticee 20:

- i. Alleged violation:** It was alleged that the Noticee had entered into reversal trades and price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:**
 - *At the outset, I deny all the allegations, charges and findings against me in the SCN*
 - *Being an investor of securities market, some of my business associates offered and arranged the shares of Channel Guide. It was agreed to purchase shares to settle pending business commitments of my business associates. Thereafter, said shares were delivered in off-market and beneficial ownership was changed. Since the transactions have become very old the respective details of such transactions are not preserved.*
 - *Immediately upon receipt of such shares, the said shares were sold. I made the transaction through stock exchange mechanism and there was no prior knowledge about corresponding parties.*
 - *I am not directly/indirectly connected with the promoter of the said scrip and there is no connection with any other entity or person as mentioned in the said SCN.*
 - *During patch 1 of the investigation period, I sold 50000 shares of the Company which constitute only 0.42% of the total number of shares traded on the market at the prevailing market price. The alleged trades are miniscule and insignificant as compared to*

total trades which hardly impact for generating artificial volume in the said scrip.

- As a seller I contributed price rise in 4 trades when total number of trades was 3812. Therefore, no adverse inference be drawn in this respect.*
- I have not dealt in shares of Channel Guide in a fraudulent manner. I have not indulged in any fraudulent or unfair trade practice while trading in shares of Channel Guide.*
- I have not transacted which amounts to manipulate price of shares of Channel Guide.*
- In view of the facts mentions above, I should not be made liable for any penalty under Section 15HA of the SEBI Act, 1992.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- I observe that the Noticee did not submit any documentary evidence on off-market receipt of shares from Manish Rath Group entities. Therefore, I find that the Noticee is connected to Manish Rath Group entities.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.

- During Patch 1, Manish Rath Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rath Group entities bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rath Group.
- Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or *more* trades. The Noticee being one of these 16 entities, contributed Rs. 1.20 to LTP difference in 4 trades.
- I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticee that he has no role in price manipulation.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

m) Findings with respect to Noticee 21:

- i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:
 - *I am a regular investor in shares. The shares of Channel Guide (India) Ltd. were purchased based on reports by friends circle.*
 - *The shares were sold through stock exchange by Sharekhan Limited, I did not know the buyers name.*
 - *I had placed only order for selling. There was no intension to increase price of the scrip. I was making profit and hence I ordered for sale.*

- *There was neither circular trading nor self-trade or synchronized trade.*
- *I was not connected with buyer of shares.*
- *My name was included in Manish Rath Group, with whom I did not have any connection.*
- *There was no off-market transfer of shares between me and Manish Rath Group.*
- *Considering above, request not to levy penalty as there is no false and misleading trading and manipulation of price of scrip.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- Noticee has stated that there is no off market transfer of shares between him and Manish Rath Group entities. However, the Noticee did not provide any documentary evidence regarding details of the entity from whom he has received shares. Therefore, I do not agree with the contention of the Noticee that he is not connected to the Manish Rath Group entities.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

n) Findings with respect to Noticee 23:

i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *I have no connection with Iris Company or any of their directors and promoters.*
- *My sale transaction in Iris had been executed "on market". My transactions in the scrip are independent and totally in isolation to the transactions carried out by other entities/person in the scrip.*
- *I had purchased shares of Iris in off market on advice of a known person Mr. Pawan Tibrewal (sub broker of Sushil Financial Services Pvt Ltd.) who persuaded me to invest in shares of Iris. The shares were purchased by me in off market as I did not have demat account at the relevant time.*
- *The said off market shares were purchased from Vijay Bhagwandas & Co and not from any one belonging to Manish Rathi Group or otherwise.*
- *My father, Jagat Kishore used to regularly monitor my investment in Iris. As the price of Iris appeared to be reasonable, decided to demat the shares and sell the shares in open market*
- *I have no connection with the entities who bought my shares.*
- *My trading volume (25038 shares) vis-à-vis the market volume (19020448 shares) and my no. of trades (12) vis-à-vis total market trades (29417) in the scrip during investigation period was insignificant so as to have any impact on the price/volume of the scrip. I had dealt in shares of Iris on only 2 days out of 200 trading days of investigation period.*
- *Therefore, the allegation of any abuse of stock exchange system or creation of any abuse of stock exchange system or creation of*

artificial volume leading to false and misleading appearance and manipulation of price in the scrip is irrelevant, illogical and misleading.

- I had sold shares at the price which was prevalent in the market at that point in time. Further, the price of the scrip pre and post my transaction was generally at the same level as compared to the price at which I had sold my shares. The volume and price of the scrip was not affected by my dealings in the scrip.*
- At no point in time I was aware of counterparty with which my transaction got matched as in case of screen based trading, automated system itself matches orders on a price time priority basis.*
- All my sale transactions in the shares of Iris were delivery based and I have met with all my obligations towards the market.*
- I do not belong to Manish Rathi Group or in any way connected to Manish Rathi.*
- I submit that off market transaction are not illegal per se.*
- In view of the above, I request that proceedings initiated vide SCN dated February 26, 2016 against me be dropped and I may be discharged without imposing any monetary penalty on me.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.*
- During Patch 1, I notice that buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rathi Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rathi Group on account of off market receipt of shares from Manish Rathi Group.*
- With regard to off-market receipt of shares, the Noticee has stated that he did not have demat account at the relevant time and said*

off-market purchase was from Vijay Bhagwandas & Co and not from any one belonging to the Manish Rathi Group or otherwise. However, I find that the Noticee failed to submit any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee and the same shares were not belonging to the Manish Rathi Group entities. Therefore, I conclude that the Noticee is connected to Manish Rathi Group on account of receipt of shares through off market transfer.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticee received shares from Manish Rathi Group through off market transfer and sold these shares to Manish Rathi Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rathi Group, he would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticee is observed to be connected to the Manish Rathi Group.
- Noticee in its reply stated that its alleged synchronised trade was in normal screen based system therefore, not aware of the Counterparty dealings in the scrip.
- From the trading activity of the Noticee, I find that the Noticee was seller to the Maish Rathi Group entities and therefore, facilitated buyers in carrying out synchronised trades. Therefore, I do not agree with the above contention of the Noticee.

- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP *Regulations*, 2003 and SEBI Act as specified in para 2 above.

o) Findings with respect to Noticee 24:

i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP *Regulations*, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *Though SCN is alleging me for reversal trade, whereas investigation report does not allege me for the same.*
- *I have not sold shares to the counterparty from whom I have purchased shares. My counterparty for purchase and sale trades are different.*
- *Hence allegation of reversal trade is factually incorrect.*
- *It is recently brought to my notice that shares purchased by me were transferred to my account in off-market mode, as Purchase contract cum bill provided to me by M/s Vijay Bhagwandas & Co are fake. I am a victim rather than a culprit as SEBI has not taken any action against M/s Vijay Bhagwandas & Co. I have filed complaint dated January 17, 2019 with SEBI's Investor Complaint Cell wherein I have specified the wrongdoing of M/s Bhagwandas & Co.*
- *Hence my purchase is in off market mode and my sale is in on market mode.*
- *Off market trades are not illegal as I paid consideration for the same and enter with bonafide intension.*
- *There was change of ownership in my purchase and sell trades as I have paid consideration for my purchase transaction and received consideration for my sale transactions.*

- *My traded volume of mere 0.22% compared to the total volume of shares traded during the investigation period is miniscule and is not capable of manipulating the price of the scrip or the market in any manner.*
- *I have mainly traded in narrow price range of Rs. 85.10 to Rs. 99.75.*
- *Only the entities which have sold more than 25,000 shares in 3 or more trades were alleged for entering into reversal trades. The criteria adopted by SEBI for choosing mere 20 entities out of total 153 entities is totally based on assumption. It means those who trade for 24999 shares are genuine and those who trade for 25001 are manipulative. No such limit is mentioned in any law. The criteria adopted by SEBI are vague and defies all logic.*
- *I pray to relieve me from all allegations levied against me as per the SCN dated February 26, 2016.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- Noticee in his reply has stated that Broker M/s Vijay Bhagwandas & Co had given him fake contract cum bill regarding purchase of shares which the Noticee was assuming it to be on market transactions. However, upon being aware of the wrongdoing of the broker and said purchase of shares was actually through off market transactions, the Noticee filed

complaint with SEBI on January 17, 2019. While I take note of the action taken by Noticee against the Broker, at the same time I note from the material available on record that the wrongdoing by the broker has not brought out before me by the investigation. Therefore, it does not fall under the purview of the present proceedings against the Noticee. I also observe that Noticee has not substantiated any evidence regarding the actual transferor of shares from whom he had received shares through off market transactions. Therefore, I conclude that Noticee is connected with Manish Rathi Group entities on account of receipt of shares through off market transactions.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- I agree that off-market transfer of shares is not illegal per se. However, in the instant case, the Noticee received shares from Manish Rathi Group through off market transfer and sold these shares to Manish Rathi Group entities who have bought shares on market and contributed to price rise in the scrip. In my opinion, unless the Noticee is connected to the Manish Rathi Group, he would not have received the said shares through off market transactions. Off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, as stated above, on account of off-market transfer, the Noticee is observed to be connected to the Manish Rathi Group.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

p) Findings with respect to Noticee 25:

- i.** Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii.** Summary of Noticee reply:
 - *At the outset, I deny all the allegations and findings made against me.*
 - *I am not a regular investor in the securities market. I executed trade in the scrip independently based on commercial wisdom in the ordinary course of business to earn extra income.*
 - *I bought the shares through broker Vijay Bhagwandas & Co. and sold shares through broker Globe Capital Private Limited. I have sold shares on the electronic and anonymous trading platform of the stock exchange. Therefore, no adverse inference should be drawn against me.*
 - *My investment in the scrip is only 0.19% of the total volume in the scrip which is a miniscule percentage to warrant serious allegation of fraudulent and unfair trade practice. SCN does not give any specific instances depicting that my trade has let to creation of artificial volume.*
 - *I am not connected/related to any of the 153 entities either directly or indirectly.*
 - *I have sold only 3 trading days of the total investigation period of nearly 9 months to warrant any kind of allegation of creation of artificial volume.*
 - *The SCN has not bought out names of the counter party from whom I bought shares and /or to whom I sold shares.*
 - *My volume in the scrip is miniscule percentage of total volume it cannot be alleged that I have indulged in fraudulent or unfair trade practice, it cannot be alleged that I have created false or misleading appearance of trading in securities market, as I have*

traded on the trading platform provided by the stock exchange and regulated by SEBI itself.

- I submit that no justification has been given in the SCN for initiating adjudication proceedings against entities who have sold more than 25000 shares in certain number of trades and no action has been initiated against entities who have sold less than 25000 shares. I submit that the action initiated by SEBI is against the principle of equity and good conscience and is in direct violation of Article 14 of Constitution of India which guarantees Right to Equality before Law.*
- I was not involved in any plan or scheme to manipulate the price of the scrip or to create artificial volumes therein and deny everything to the contrary and inconsistent therewith.*
- I am not liable for any penalty under Section 15HA of the SBI Act, 1992 or any other law in force.*
- I request that the proceedings initiated vide the said SCN may be dropped, no penalty may be levied.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.*
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.*
- Noticee, in her reply has stated that she had bought shares from M/s Vijay Bhagwandas & Co. However, the Noticee failed to produce any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee*

and the same shares were not belonging to the Manish Rathi Group entities. Further, Noticee has stated that based on her commercial wisdom, she had invested in shares of Iris. In my opinion, off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. Therefore, unless the Noticee is connected to the Manish Rathi Group, she would not have received the said shares through off market transactions. Therefore, I do not accept the contentions of the Noticee that her investment decision in Iris was solely based on her commercial wisdom. Based on the above observations, I conclude that the Noticee is connected to Manish Rathi Group on account of receipt of shares through off market transfer.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

q) Findings with respect to Noticee 26:

i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *I have no connection or relationship with the alleged suspected entities as mentioned in SCN or otherwise.*
- *I have carried out bonafide transactions in Iris and my transactions are independent and in isolation of transactions carried out by other entities.*

- *I vehemently deny all the statements, submissions, contentions allegations and averments contained in the SCN.*
- *I purchased shares of Iris in off market on advise given by my husband, Mr. Jagat Kishore, who in turn was advised by a known person namely Mr. Pawan Tibrewal who was a sub broker of Sushil Financial Services Pvt. Ltd. The shares were purchased by me in off market as I did not have demat account at the relevant time. The said off-market purchase was from Vijay Bhagwandas & Co and not from any one belonging to the Manish Rathie Group or otherwise. Further, off-market transactions are not illegal per-se.*
- *I have met with all obligations towards the market. All transactions were as per the rules and regulations as laid out by SEBI.*
- *I do not belong to Manish Rathie Group or in any ways connected to Manish Rathie. I had sold shares on market platform wherein one doesn't know who the counterparty is. I do not have any connection with any of the counterparties to my sale transactions.*
- *My trading volume (45,500 shares) vis-à-vis the market volume (1,90,20,448 shares) in the scrip during investigation period was insignificant so as to have any impact on the price/volume of the scrip. I had dealt in shares of Iris only 2days. Therefore, allegation of abuse of stock exchange system or creation of artificial volume leading to false and misleading appearance and manipulation of price of the scrip of Iris is irrelevant, illogical and misdirected towards me.*
- *I strongly and vehemently deny alleged violation of Section 12A(a)(b)(c) of SEBI Act, 1992 and provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1),4(2(a) and (g) of SEBI (PFUTP) Regulations, 2003.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- With regard to off-market receipt of shares, the Noticee has stated that it I did not have demat account at the relevant time and said off-market purchase was from Vijay Bhagwandas & Co and not from any one belonging to the Manish Rath Group or otherwise. However, I find that the Noticee failed to submit any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee and the same shares were not belonging to the Manish Rath Group entities. Therefore, I conclude that the Noticee is connected to Manish Rath Group on account of receipt of shares through off market transfer.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- During Patch 1, Manish Rath Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was seller to these Maish Rath Group entities. Noticee in its reply stated that its alleged synchronised trade was in normal screen based system therefore, not aware of the Counterparty dealings in the scrip.

- From the trading activity of the Noticee, I find that the Noticee was seller to the Maish Rathi Group entities and therefore, facilitated buyers in carrying out synchronised trades. Therefore, I do not agree with the above contention of the Noticee.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

r) Findings with respect to Noticee 27:

- i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:
 - *At the outset, I deny all the allegations and findings made against me.*
 - *I am a regular investor in the securities market and have traded in many scrips. I executed trade in the scrip independently based on commercial wisdom in the ordinary course of business to earn extra income.*
 - *I bought the shares through broker Vijay Bhagwandas & Co. and sold shares through broker Globe Capital Private Limited. I have sold shares on the electronic and anonymous trading platform of the stock exchange. Therefore, no adverse inference should be drawn against me.*
 - *My investment in the scrip is only 0.13% of the total volume in the scrip which is a miniscule percentage to warrant serious allegation of fraudulent and unfair trade practice. SCN does not give any specific instances depicting that my trade has led to creation of artificial volume.*

- *I am not connected/related to any of the 153 entities either directly or indirectly.*
- *I have sold only 3 trading days of the total investigation period of nearly 9 months to warrant any kind of allegation of creation of artificial volume.*
- *The SCN has not bought out names of the counter party from whom I bought shares and /or to whom I sold shares.*
- *My volume in the scrip is miniscule percentage of total volume it cannot be alleged that I have indulged in fraudulent or unfair trade practice, it cannot be alleged that I have created false or misleading appearance of trading in securities market, as I have traded on the trading platform provided by the stock exchange and regulated by SEBI itself.*
- *I submit that no justification has been given in the SCN for initiating adjudication proceedings against entities who have sold more than 25000 shares in certain number of trades and no action has been initiated against entities who have sold less than 25000 shares. I submit that the action initiated by SEBI is against the principle of equity and good conscience and is in direct violation of Article 14 of Constitution of India which guarantees Right to Equality before Law.*
- *I was not involved in any plan or scheme to manipulate the price of the scrip or to create artificial volumes therein and deny everything to the contrary and inconsistent therewith.*
- *I am not liable for any penalty under Section 15HA of the SBI Act, 1992 or any other law in force.*
- *I request that the proceedings initiated vide the said SCN may be dropped, no penalty may be levied.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.

- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- Noticee, in her reply has stated that she had bought shares from M/s Vijay Bhagwandas & Co. However, the Noticee failed to produce any documentary evidence that the said broker was the beneficial owner of the shares that were transferred to Noticee and the same shares were not belonging to the Manish Rath Group entities. Therefore, I conclude that the Noticee is connected to Manish Rath Group on account of receipt of shares through off market transfer.
- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- Noticee and Manish Rath Group are connected on account of off-market transactions.
- With respect to connection of the Noticee with Manish Rath Group, Noticee has stated that it is not connected to the Group and had purchased shares through broker Vijay Bhagwandas & Co. However, I observe that the same was not substantiated by any documentary evidence by the Noticee.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

s) Findings with respect to Noticee 28:

i. Alleged violation: It was alleged that the Noticee had entered into reversal trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *I deny all allegations levelled against me in the Notice as well as investigation report.*
- *Deny that I have entered into self-trade/synchronised trades/reversal trades. I deny that I have created any false and misleading appearance of trading and manipulated the price of the scrip as alleged*
- *All transactions in the scrip were executed in the ordinary course of business.*
- *I deny that I was part of Manish Rath Group as alleged. I had received shares in off market in the ordinary course from certain persons, as alleged, does not make me connected with the said certain person for the purposes of alleged fraudulent and manipulative trading.*
- *All of my trading in the scrip was independent and not in concert with the other entities of the alleged Manish Rath Group.*
- *With regard to allegation of execution of reversal trades, there is no connection with counterparties as alleged and both the legs of transactions as executed by me are independent. With mere surmises and conjectures, it has been concluded that both the transactions in off market and on market are interlinked and are manipulative. In the absence of both the legs of transactions being on market, the issue of reversal of trades as alleged does not arise. Since there is no reversal, the allegations pertaining to creation of*

artificial volumes and manipulation of price etc. are totally misplaced. As sales were delivery based, therefore also the issue of creating artificial volume cannot and does not arise.

- A seller would always demand for a higher price for his sales and there is nothing abnormal and unusual about it.*
- The allegation of creation of artificial volume is based on mere surmises and conjectures and therefore, legally untenable and unsustainable.*
- I have not induced in any fraudulent/manipulative/unfair practices relating to the securities. I have not made any gains or derived unfair advantage as a result of falsely alleged violations. There is nothing in the Notice that I have made any gains. I have also not caused any loss to the investors or Group of investors.*
- In view of the foregoing, allegations in the Notice be dropped and no penalty be imposed.*

iii. My findings: Based on the material available on record, facts of the case as stated in para 6 above and the submissions of the Noticee, my findings are as under:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.
- Noticee, in its reply has stated that he had received shares in off market from certain entities. However, has not submitted any details regarding this to refute the allegation of his connection with Manish Rath Group entities on account of his receipt of

shares through off market transactions. Therefore, I conclude that the Noticee is connected to Manish Rathi Group as alleged above.

- Therefore, I find that the Noticee indulged in reversal of trades wherein one leg of the transaction was off-market and the other was on market trade and thereby entered into transactions with the buyers in creating artificial volumes in the scrip.
- In view of the above, I do not accept the contention Noticee that for trades to be considered as reversal trade, both the legs of transaction shall be on-market transaction.
- Noticee and Manish Rathi Group are connected on account of off-market transactions.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

t) Findings with respect to Noticee 31, Noticee 33, Noticee 35 and Noticee 36:

- i. Alleged violation: It was alleged that the Noticees had entered into synchronized trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply: Noticees, through their legal representatives, sought inspection of documents in the matter. Further, the Noticees denied all the allegations labeled against them in the SCN.
- iii. My findings:
 - I observe that the Noticees were sellers during Patch 1.
 - During Patch 1, I notice that buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rathi Group. I find that the Noticees were of these 153

entities and therefore were connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.

- During Patch 1, Manish Rath Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticees were sellers to these Maish Rath Group entities and met the pay-in obligation of securities from the shares received in off-market transactions from the buyers in Manish Rath Group. I find that the Noticees facilitated buyers in carrying out synchronised trades.
- In addition to the above observations, I further observe that on request of the Noticees, multiple opportunities of inspection of documents were granted to the Noticees and the Noticees had availed inspection of documents. Subsequent to inspection of documents, hearing opportunity was also provided to the Noticees on November 15, 2018. From the documents available on record I find that the said hearing Notices were successfully delivered to the Noticees. However, the Noticees did not attend the said hearing. Further, till date, the Noticees did not submit their detailed reply refuting the allegations labelled against them in the SCN.
- In view of the above observations, I conclude that the Noticees have violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

u) Findings with respect to Noticee 32:

- i. Alleged violation:** It was alleged that the Noticee had entered into synchronized trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply:**
 - *I m a housewife and small passive investor.*

- *Since I do not have any knowledge about the share market, I made investment in shares of Channel Guide (India) Ltd on the recommendation of share broker Kantilal Chhaganlal Securities Pvt. Ltd.*
- *I had purchased 19500 shares on 25/09/2008 and sold shares on 10/09/2009 to take care of my urgent personal and domestic exigencies.*
- *I had sold my shares at prevailing price of Rs 67.42 on 10/09/2009. As pointed out in the SCN, the shares price had increased upto 123.50 on 18/11/2009. This clearly shows that I am an innocent individual investor and not aware about the reason for such variations in the value of shares.*
- *I am neither aware about terminologies like self-trade, synchronized trades, reversal trades and off market deals nor even know about such trades*
- *I was not involved in any unfair trade practices.*
- *Grant me an opportunity of personal hearing*

iii. My findings: Based on the material available on record, facts of the case and the submissions of the Noticee, my findings are as under:

- I observe that the Noticee was seller during Patch 1.
- During Patch 1, buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rathi Group. It was alleged in the investigation that the Noticee was one of these 153 entities and therefore was connected to the Manish Rathi Group on account of off market receipt of shares from Manish Rathi Group.
- During Patch 1, Manish Rathi Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was sellers to these Maish

Rathi Group entities. It was further alleged in the investigation that the Noticee met the pay-in obligation of securities from the shares received in off-market transactions from the buyers in Manish Rathi Group. Therefore, the Noticee facilitated buyers in carrying out synchronised trades.

- From the reply of the Noticee, I find that the Noticee produced contract note of purchase of shares of Iris on the recommendation of broker Kantilal Chhaganlal Securities Pvt. Ltd. Therefore, argued that she had not received shares through off market from Manish Rathi Group as alleged in the investigation.
- I do not accept the contentions of the Noticee that she has not facilitated buyers in Manish Rathi Group in carrying out synchronised trades.
- In view of the above observations, I conclude that the Noticees has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

v) Findings with respect to Noticee 34:

i. Alleged violation: It was alleged that the Noticee had entered into synchronized trades and thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *At the outset I deny all allegations labelled against me in the SCN.*
- *On May 12, 2009, I had purchased 11000 shares of Channel Guide through stock broker M/s. Bhagwandas & Co. for an aggregate amount of Rs. 110574.21. Out of the said 11000 shares, 6000 shares were sold by me through M/s. Magnum Equity Broking Ltd on August 31, 2009 and balance 5000 shares were sold by me through M/s. Magnum Equity Broking Ltd on September 3, 2009.*

- *In the aforesaid buying and selling 11000 shares, I have earned profit of Rs. 6,15,776/- and the same duly reflected by me in my income tax returns for the Assessment year 2010-11.*
- *I have not committed any violation under SEBI PFUTP Regulations, 2003 which would warrant an inquiry and/or adjudication under Section 15HA of SEBI Act.*
- *I deny that I have entered into any trade in the nature of Self trade, synchronized trade, reversal trade, off market deal without change of beneficial ownership of security, thereby creating false and/or misleading appearance of trading. I vehemently deny that I have manipulated the price of the scrip.*
- *The transactions carried out by me in the scrip were genuine transactions in a bonafied manner without having any notice regarding alleged manipulation and/or irregularities in the trades carried out on the Exchange.*
- *Shares, which were sold by me, which transactions are allegedly synchronized trades, were purchased by me from the open market. The deliveries came to me from my broker M/S. Vijay Bhagwandas & Co.*
- *I deny that I had entered into the transactions in question without intension of performing it or without intention of change of ownership of such security. I had taken delivery of the said shares after making payment to my broker. Further, as against the said sale I had delivered the shares to the pool account of my broker.*
- *Therefore, I pray that the SCN issued to me be withdrawn and the proceedings initiated against me be dropped.*

iii. My findings: Based on the material available on record, facts of the case and the submissions of the Noticee, my findings are as under:

- I observe that the Noticee was seller during Patch 1.
- During Patch 1, buyers in Manish Rathi Group bought shares in the market and subsequently transferred these shares in off

market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. It was alleged in the investigation that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group.

- Noticee, in his reply has stated that he had purchased shares through broker M/s Bhagwandas & Co and the said purchase was from the open market. However, I notice that the Noticee had not provided any documentary evidence to authenticate his arguments. Therefore, I do not accept the above contentions of the Noticee.
- During Patch 1, Manish Rath Group had executed 37 synchronised trades and contributed Rs 12.85 towards net positive LTP. I find that the Noticee was seller to these Maish Rath Group entities. It was further alleged in the investigation that the Noticee met the pay-in obligation of securities from the shares received in off-market transactions from the buyers in Manish Rath Group. Therefore, the Noticee facilitated buyers in carrying out synchronised trades.
- Noticee, in its reply stated that on May 12, 2009, he had purchased 11000 shares of Channel Guide from the open market. However, from the trade log data obtained from exchange for May 12, 2009, no on market trade data of the Noticee could be observed. Therefore, I do not agree with the contentions of the Noticee that the said purchase of shares was through on market transactions.
- In addition to the above observations, I further observe that on request of the Noticee, multiple opportunities of hearing was provided to the Noticee. From the documents available on record I find that while hearing Notice dated October 31, 2018

was successfully delivered to the Noticee, the Noticee did not appear for the said hearing.

- In view of the above observations, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

w) Findings with respect to Noticee 39:

i. Alleged violation: It was alleged that the Noticee had entered into price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.

ii. Summary of Noticee reply:

- *At the outset, I deny all allegations raised against me.*
- *I had purchased 8700 shares in the year 2008 for purpose of investment and not for any ulterior motive. For the said purchase, I am unable to trace the original copies of the said bills. 8700 shares were sold by me through my broker Magnum Equity Broking Ltd in three tranches during October 2009.*
- *Scrip price specifically increased from October 26, 2009 to November 18, 2009. Therefore, my purchase and sale of the said shares falls outside this timelines. At the time of sale of shares, the price of the shares were already high. Therefore, merely sold shares to earn good return in the natural course of business.*
- *I deny that I have any connection with the buyers or I have entered into any transaction for increasing the price of the scrip as alleged in the investigation report.*
- *Neither the SCN nor inquiry report establish any prior meeting of minds between me and the buyers, therefore no wrong on my part is made out.*
- *In view of the above, present proceedings be dropped against me.*

iii. My findings:

- I observe that the Noticee was a seller during Patch 1.
- During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and sold all his shares i.e., 8700 shares to Suresh Das who is a member of Manish Rath Group. Noticee was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group. Therefore, I do not agree with the contentions of the Noticee that he is not connected to Manish Rath Group or buyers.
- During Patch 1, Manish Rath Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rath Group entities bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rath Group. Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. The Noticee being one of these 16 entities, contributed Rs 2.35 to LTP difference in 3 trades. I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticee that it has no role in price manipulation.
- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

x) Findings with respect to Noticee 41:

- i. Alleged violation: It was alleged that the Noticee had entered into price manipulation thereby violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act.
- ii. Summary of Noticee reply: Noticee had not submitted any reply pertaining to the allegations made in the SCN dated February 26, 2016. However, with regard to multiple hearing opportunities provided, the Noticee submitted its reply only seeking adjournment of hearing. Vide e-mail dated January 18, 2019, the Advocate of the Noticee was intimated that as multiple hearing opportunities were provided, no further hearing would be granted to the Noticee. However, the Noticee was granted time till January 25, 2019 to file its reply to the aforesaid SCN wherein it was clearly mentioned that if the Noticee fails to submit its reply by the said date, the matter shall be proceeded on the basis of material available on record.
- iii. My findings:
 - From the material available on record, I find that despite of various opportunities provided to the Noticee to submit its reply to the SCN and appear for personal hearing, the Noticees had neither replied to the SCN till date nor availed the opportunity of personal hearing.
 - I observe that the Noticee was a seller during Patch 1.
 - During Patch 1, I notice that buyers in Manish Rath Group bought shares in the market and subsequently transferred these shares in off market to 153 entities. Thereafter, these 153 entities have sold these shares in the market to the buyers in Manish Rath Group. I find that the Noticee was one of these 153 entities and therefore was connected to the Manish Rath Group on account of off market receipt of shares from Manish Rath Group. Therefore, I do not agree with the contentions of the Noticee that it is not connected to Manish Rath Group.
 - During Patch 1, Manish Rath Group contributed to Rs 87.30 to net LTP. It was further observed that Manish Rath Group entities

bought shares from 85 entities (out of 153 entities) who had received shares in off market from Manish Rathi Group.

Out of the above 85 entities, it was observed that the 16 entities, as sellers, have contributed Rs1.00 or more to price rise in 3 or more trades. The Noticee being one of these 16 entities, contributed Rs 2.55 to LTP difference in 3 trades.

I find that the Noticee being one of the counter parties (sellers) and being connected to the buyer, has entered into transactions with the buyers in increasing the price of the scrip. Therefore, I do not agree with the contention of the Noticee that it has no role in price manipulation.

- From the above, I conclude that the Noticee has violated the relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 2 above.

y) In addition to the above findings, from the fact of the case, I observe that during Patch 1, Manish Rathi Group transferred 20,23,925 shares through off market transactions and purchased back 19,18,533 shares from these entities in the market. I understand that off market transactions are one to one transactions unlike the on market transactions where multiple entities participate in buying and selling in an anonymous screen based trading system. In addition, I find that the shares purchased by Manish Rathi Group from the entities to whom they had transferred shares through off-market transactions, accounted for approximately 95% of the total shares transferred through off-market transactions. Such high percentage of reversal trades cannot be a mere coincidence and is not possible without meeting of minds/ connivance among the Manish Rathi Group entities. In view of the above, I am not inclined to agree with the contentions of some of the Noticees that their individual trades were miniscule or they have traded on very few days which did not result into any manipulation. In addition, I do not accept the arguments of the Noticees that as one leg of

their transaction was through on market transactions, their trades cannot be considered as manipulative trades.

Issue II: Does the violation, if any, attract monetary penalty under Section 15HA of SEBI Act?

The provisions of Section 15HA of the SEBI Act, 1992 as applicable read as under:

SEBI Act 15HA - "Penalty for fraudulent and unfair trade practices -

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

16. In view of the foregoing, I am convinced that the trades done by the Noticees are in violation of relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act thus liable for monetary penalty under Section 15HA of SEBI Act.

Issue III: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act?

17. The provisions of Section 15J of the SEBI require that while adjudging the quantum of penalty, 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.

18. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees and the loss, if any, suffered by the investors as a result of the Noticee's failure.

I note that the Noticees have violated relevant provisions of SEBI PFUTP Regulations, 2003 and SEBI Act as specified in para 6 above.

ORDER

19. In view of the above, after considering all the facts and circumstances of the case and the factors mentioned in the provisions of Section 15-I of the SEBI Act, 1992 read with Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose penalty on the Noticees as detailed below in terms of the provisions of Sections 15HA of the Securities and Exchange Board of India Act, 1992:

Sl. No.	Name of the entities	Provisions of law violated	Penalty levied under Section	Quantum of Penalty in Rs.
1	Manish Rathi	Violation of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (b) (e) and (g) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.	Section 15 HA of the SEBI Act, 1992	Rs. 1,00,000/- (Rupees One Lakh Only)
2	Jitendra Singh			Rs. 1,00,000/- (Rupees One Lakh Only)
3	Jaywant Chavan			Rs. 1,00,000/- (Rupees One Lakh Only)
4	Sushil Chichani			Rs. 1,00,000/- (Rupees One Lakh Only)
5	Maheshwar Das	violation of Regulations 3(a),(b), (C),(d), 4(1), 4(2)(a) and (g) of SEBI PFUTP Regln,2003 r/w Section 12A(a),(b), (C) of SEBI Act, 1992.		Rs. 1,00,000/- (Rupees One Lakh Only)
6	Ajeet Singh			Rs. 1,00,000/- (Rupees One Lakh Only)
7	Suresh Das	Violation of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (b) (e) and (g) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.		Rs. 1,00,000/- (Rupees One Lakh Only)
8	Kailash Mishra			Rs. 1,00,000/- (Rupees One Lakh Only)
9	Kishor V. Gandhi (HUF)			Rs. 1,00,000/- (Rupees One Lakh Only)
10	Ali M.Syed Khader S.			Rs. 1,00,000/- (Rupees One Lakh Only)
11	Kamal Jajoo			Rs. 1,00,000/- (Rupees One Lakh Only)
12	Urmila Sharma			Rs. 1,00,000/- (Rupees One Lakh Only)
13	Vinita Kishore			Violation of Regulations

		3(a), (b), (c), (d), 4(1), 4(2) (a), (g) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.	One Lakh Only)
14	Yogarathinam Siva Arul Durai	Violation of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (b) (e) and (g) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.	Rs. 1,00,000/- (Rupees One Lakh Only)
15	Kamal Jajoo (HUF)		Rs. 1,00,000/- (Rupees One Lakh Only)
16	Ali S. Akbar M.		Rs. 1,00,000/- (Rupees One Lakh Only)
17	Nita Kamal Jajoo		Rs. 1,00,000/- (Rupees One Lakh Only)
18	Narayanan Kannan		Rs. 1,00,000/- (Rupees One Lakh Only)
19	Jagat Kishore		Rs. 1,00,000/- (Rupees One Lakh Only)
20	Sivaarul Dural Selvamathi		Rs. 1,00,000/- (Rupees One Lakh Only)
21	Hussain M. Anwar S.		Rs. 1,00,000/- (Rupees One Lakh Only)
22	Vinod Kumar Khaitan		Rs. 1,00,000/- (Rupees One Lakh Only)
23	Sandeep Kumar Chaurasia		Rs. 1,00,000/- (Rupees One Lakh Only)
24	Anoop Agrawal	Violation of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (a), (g) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.	Rs. 1,00,000/- (Rupees One Lakh Only)
25	Jyoti Chhaparis		Rs. 1,00,000/- (Rupees One Lakh Only)
26	Laxmi Devi		Rs. 1,00,000/- (Rupees One Lakh Only)
27	Dropadi Devi		Rs. 1,00,000/- (Rupees One Lakh Only)
28	Rahul Sharma		Rs. 1,00,000/- (Rupees One Lakh Only)
29	Suketu Rajnikant Jhaveri		Rs. 1,00,000/- (Rupees One Lakh Only)
30	Usha Devi Agarwal		Rs. 1,00,000/- (Rupees One Lakh Only)
31	Vinod Kumar Garg		Rs. 1,00,000/- (Rupees One Lakh Only)
32	Manjushree Shrikant Godbole		Rs. 1,00,000/- (Rupees One Lakh Only)
33	Ashadevi Garg		Rs. 1,00,000/- (Rupees One Lakh Only)
34	Mulchand Zaverchand Shah		Rs. 1,00,000/- (Rupees One Lakh Only)
35	Arun Garg		Rs. 1,00,000/- (Rupees One Lakh Only)
36	Ajay Garg		Rs. 1,00,000/- (Rupees One Lakh Only)

37	Naveen Vijay Lewis	Violation of Regulations 3(a), (b), (c), (d), 4(1), 4(2) (b) and (e) of SEBI (PFUTP) Regulations, 2003 r/w Section 12A (a), (b), (c) of SEBI Act, 1992.	Rs. 1,00,000/- (Rupees One Lakh Only)
38	Sangeeta Manish Jain		Rs. 1,00,000/- (Rupees One Lakh Only)
39	Rakesh Kumar Baderula		Rs. 1,00,000/- (Rupees One Lakh Only)
40	Afzal Shabbir Kochra		Rs. 1,00,000/- (Rupees One Lakh Only)
41	Hetal Mitul Doshi		Rs. 1,00,000/- (Rupees One Lakh Only)

I am of the view that the said penalty would commensurate with the default committed by the Noticees.

20. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either

Through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link

ENFORCEMENT → Orders → Orders of AO → PAY NOW

OR

Through e-payment facility into Bank Account, the details of which are given below:

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

OR

By way of demand draft in favour of “SEBI-Penalties Remittable to Government of India”, payable at Mumbai.

21. The Noticees shall forward the following details / confirmation of penalty so paid to the Chief General Manager, Enforcement Department, SEBI, Mumbai.

1. Case Name :	
2. Name of Payee:	
3. Date of payment:	
4. Amount Paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7.Payment is made for:	Penalty

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

Date: September 30, 2019

Place: Mumbai

PRASANTA MAHAPATRA

ADJUDICATING OFFICER