BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-9/ AO/SM/ 3859-3869 /2019-20]

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

In respect of:

Entity Name	PAN
Manish Rathi	ANCPR8422N
Jitendra Chandrabhan Singh	BRBPS1206H
Kishor V Gandhi HUF	AAFHK2040D
Rashmi Vijayjeet Walia	AABPW3168Q
Geeta Ajayjeet Walia	AALPW8973B
Narendra Vallabhji Bahuva	ALEPB6133C
Jaywant Ganpat Chavan	AERPC7192L
Maheshwar Das	AQCPD5208R
Kailash Chandra Mishra	AUXPM5940Q
Yogarathinam Siva Arul Durai	AABPS8632H
Rahul Sharma	BFMPS6333C

In the matter of Octant Interactive Technologies Limited (Now Known as Swarnjyothi Agrotech & Power Limited) Case -2

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI'), conducted an investigation in the scrip of Octant Interactive Technologies Limited (hereinafter referred to as "OITL/ company") and observed that the entities along with connected entities have allegedly indulged in circular/reversal and synchronised trades and there was alleged violation of

regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a) and 4(2)(g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as **"PFUTP Regulations"**) by Manish Rathi (hereinafter referred to as **"Noticee 1/ Manish"**), Jitendra Chandrabhan Singh (hereinafter referred to as **" Noticee 2/ Jitendra"**), Kishor V Gandhi (hereinafter referred to as **" Noticee 3/ Kishor"**), Rashmi Vijayjeet Walia (hereinafter referred to as **" Noticee 4/ Rashmi"**), Geeta Ajayjeet Walia (hereinafter referred to as **" Noticee 5/ Geeta"**), Narendra Vallabhji Bahuva (hereinafter referred to as **" Noticee 6/ Narendra"**), Jaywant Ganpat Chavan (hereinafter referred to as **" Noticee 7/ Jaywant"**), Maheshwar Das (hereinafter referred to as **" Noticee 8/ Maheshwar"**), Kailash Chandra Mishra (hereinafter referred to as **" Noticee 9/ Kailash"**), Yogarathinam Siva Arul Durai (hereinafter referred to as **" Noticee 10/ Yogarathinam"**) and Rahul Sharma (hereinafter referred to as **" Noticee 11/ Rahul"**) for the period from September 1, 2009 to January 15, 2010 (hereinafter referred as **"Investigation Period"**).

APPOINTMENT OF ADJUDICATING OFFICER

2. Vide an order of the Competent Authority, SEBI, dated August 8, 2013, Ms. Anita Kenkare had been appointed as the Adjudicating Officer under section 19 of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act") read with section 15 I of SEBI Act and rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Rules') to inquire into and adjudge the alleged violations of provisions of PFUTP Regulations. Pursuant to the transfer of the case to different Adjudicating Officers, the undersigned has been appointed as the Adjudicating Officer in the matter vide order dated June 27, 2017.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Based on the findings by SEBI, Show Cause Notice dated February 28, 2018 (hereinafter referred to as 'SCN') was issued to the Noticees under Rule 4(1) of Rules to show cause as to why an inquiry should not be held and penalty should not be imposed on it under Section 15HA of SEBI Act for the alleged violations. Vide the SCN it was alleged that the entities have indulged in circular/ reversal trades in connivance with each other. They also indulged in

synchronised trades and have traded in shares without the intention of transferring beneficial ownership leading to false and misleading appearance of trading in the market.

4. The status of the delivery of SCN along with replies are as under

Sl No.	Name of Noticee	Status of delivery of SCN	Reply received
1	Manish	Affixed at the last known address/ Published in Times of India and Marathi Local Newspaper on April 14, 2018	No reply received
2	Jitendra	Affixed at the last known address/ Published in Times of India and Marathi Local Newspaper on April 14, 2018	No reply received
3	Kishor	Affixed at the last known address/ Published in Times of India on April 14, 2018	No reply received
4	Rashmi	Delivered	Replied vide undated letter received on April 9, 2018
5	Geeta	Delivered	Replied vide undated letter received on April 9, 2018
6	Narendra	Delivered	Replied vide letter dated August 30, 2018
7	Jaywant	Affixed at last known address/ Published in Times of India on April 14, 2018 and Vijayavani on April 13, 2018	No reply received
8	Maheshwar	Published in Times of India on April 14, 2018 and Anandabazar Patrika on April 14, 2018	No reply received

9	Kailash	Published in Times of India on April 14, 2018 and Anandabazar Patrika on April 14, 2018	No reply received
10	Yogarathinam	Delivered	Replied vide undated letter received on June 13, 2018
11	Rahul	Delivered	Replied vide letter dated June 11, 2018

5. Noticee 4/ Rashmi replied to the SCN stating, inter alia, the following:
    - *I want to inform you that I am a housewife from a joint family of Gondia. I am not aware of share market. All my trades were looked after by my relative Mr. Parajeet Singh Walia who passed away on July 6, 2011.*
    - *I do not know any Noticee mentioned in the SCN except Mrs. Geeta Walia who is the wife of my husband's brother. The rest of the Noticees belong to different parts of the country. I neither do have any link with the management of OITL nor know anyone directly or indirectly.*
    - *I have not placed any order to buy any shares from Manish Rathi or Jitendra Singh. The orders may have been placed by Paramjeet Singh Walia.*
    - *In online trading system, it is not possible to know the counterparty. Moreover off market transfer of shares is also not restricted by SEBI.*

6. Noticee 5/ Geeta replied to the SCN stating, inter alia, the following:
    - *I want to inform you that I am a housewife from a joint family of Gondia. I am not aware of share market. All my trades were looked after by my relative Mr. Parajeet Singh Walia who passed away on July 6, 2011.*
    - *I do not know any Noticee mentioned in the SCN except Mrs. Rashmi Walia who is my sister-in-law. The rest of the Noticees belong to different parts of the country. I neither do have any link with the management of OITL nor know anyone directly or indirectly.*
    - *I have not placed any order to buy any shares from Manish Rathi or Jitendra Singh. The orders may have been placed by Paramjeet Singh Walia.*
    - *In online trading system, it is not possible to know the counterparty. Moreover off market transfer of shares is also not restricted by SEBI.*

7. Noticee 6/ Narendra, vide letter dated June 12, 2018 sought for inspection of documents. However, even after giving more than one opportunity for inspection of documents, Noticee 6 failed to avail the opportunity. Noticee 6, vide letter dated August 30, 2018 replied to the SCN stating, inter alia, the following:
   - *I am a regular investor in the securities market and I submit that the off-market transaction was carried out in the ordinary course of business through Mr. Mukesh Bohra (hereinafter referred to as "Mukesh") and on market transaction was carried out through my broker SW Capital Private Limited, which is a SEBI registered stock broker (hereinafter referred to as "SEBI registered stock broker"). Trading of scrip in the normal course of business is not an offence to warrant any serious allegation of fraudulent and unfair trade practices on my part.*
   - *As regard on market trade, I would like to clarify that I bought shares on electronic, faceless and electronic platform approved by SEBI. I further submit that I have told my broker to enter the buy orders on the anonymous trading platform of the stock exchanges and by no stretch of imagination I would be aware about the counterparty.*
   - *Further, my volume in the scrip of OITL is only 0.24% of the total volume in the scrip during the investigation period which is a miniscule percentage to warrant serious allegation of fraudulent and unfair trade practice.*
   - *Further, no allegation of any connection whatsoever, even remote or otherwise, of mine has been alleged to be established with any of the entities to warrant any allegation of being part of scheme, artifice, device etc. and violate any provision of SEBI Act and/ or rules/ regulations framed thereunder.*
   - *I submit that I transferred shares of OITL to Ms. Geeta Walia in off market in the normal course of business and no adverse inference should be drawn against me for the same. I submit that the transaction was carried out through Mr. Mukesh Bohra and I am not connected/ related to Ms. Geeta Walia either directly or indirectly. I have carried transaction with Ms. Geeta Walia in the off market which was any way through Mr. Mukesh Bohra. Hence, I cannot be alleged to be connected to Ms. Geeta Walia just for carrying out off market transaction for which complete audit trail in available. I further submit that there is no embargo in law to not to carry out any off market transaction.*
   - *In so far as the allegation of buying back the shares from Ms. Geeta Walia, it is submitted that I bought the shares through SEBI registered stock broker on the electronic, faceless and*

anonymous trading platform of the stock exchange wherein the counterparty is not known, hence, the allegation is baseless and is based on assumptions.

- *I submit that at the time of dealing in the market through the faceless, electronic trading platform of the stock exchange, it is not possible to know the counterparty and any kind of allegation of any connection is unfounded and baseless. As a small investor, I do not have the wherewithal, sophisticated system at its disposal and having all the investigation powers can unearth the truth. With such background to connect a small investor to the counterparty is totally uncalled for, baseless and appears to be far-fetched. I would like to submit that it is totally flawed and inappropriate. The investigation has been carried out with complete non application of mind and the allegation levelled are incongruous and unsustainable.*
- *I further submit that admittedly, my trades vis-à-vis the total market volume is a miniscule percentage of only 0.24% to warrant serious allegation of creation of artificial volume and fraudulent and unfair trade practice.*
- *Further, there is no allegation of entering into self-trades, new high price and reversal trade etc. and there is no allegation which establishes that my trade was involved in creation of artificial volume since my trading was within the criteria laid down by stock exchange and I was not cautioned at any point of time either by my stock broker or stock exchange or SEBI.*

8. Noticee 6 requested for a personal hearing. Accordingly, an opportunity of personal hearing was given to him on July 8, 2019 which was rescheduled to July 9, 2019 at the request of Noticee 6. The Authorised Representative of the Noticee appeared on the scheduled date on July 9, 2019 and reiterated the submission made vide letter dated August 30, 2018.

9. Noticee 10/ Yogarathinam replied to the SCN vide an undated letter received on June 13, 2018 stating, inter alia, the following:
    - *I am not involved in any conspiracy to reduce the price of Octant Technologies Ltd.*
    - *I am not part of any cartel who had manipulated the price of said Octant Technologies Ltd. And made profit out of it.*
    - *Our few transactions are incidental and entered based on information made available to us regarding future prospects of the company. It may be worth noting that I trade regularly on share market and the trades in Octant Technology is incidental to my entire trading in shares.*
    - *I am in no way connected to the management of Octant Technology and not involved directly or indirectly in price manipulation.*

- *I further wish to request you that if there is any specific complaint against us regarding someone incurred loss due to our limited trade, kindly a copy of same may be forwarded to us. If there is no such complaint kindly inform us about reason for investigation after so many years.*
- *Lastly I wish to inform you that shares received offline and sold on stock exchange is not illegal in any way. There are very few trades involving me as compared to entire trades. These simple trades in any way cannot be alleged to be part of larger conspiracy. Our involvement is just incidental and in no way planned.*

10. Noticee 11/ Rahul replied to the SCN vide letter dated June 11, 2018 stating, inter alia, the following:
    - *It is submitted that all the transactions in the scrip of Octant were executed by me in the ordinary course of business, dehors sinister intent or design. Trading by me in the ordinary course has unnecessarily been branded as fraudulent and manipulative trading. The allegations are sweeping, bald, baseless and completely contrary to factual position on record.*
    - *The adverse inferences qua my trading have been drawn against me based on connecting my trading to others. I submit that I was not connected to the promoters of Octant. There is nothing in the Notice to demonstrate that I was connected to the promoters of Octant. Further, I submit that I have unnecessarily been lumped with other entities constituting the alleged Altra Clean Group. I deny that I was part of Altra Clean Group as alleged. Nothing credible is there on record to demonstrate that I was part of Altra Clean Group. Further, merely because I had received shares in off market in the ordinary course from Jaywant ganpat chavan, does not make me connected with the said certain persons for the purposes of alleging fraudulent and manipulative trading. I repeat and reiterate that I am not connected to the alleged Altra Clean Group and all my trading in the scrip was independent and not in concert with the other entities of the alleged Altra Clean Group. The burden of alleged fraudulent trading by others if any cannot be saddled on to me.*
    - *In so far as allegation of execution of circular/ reversal trades is concerned, it is submitted that the allegation of circular/ reversal trades is totally untenable. It is submitted that the transactions executed by me are independent and have no nexus with one another. As per Notice counterparties to my sales of 24,000 shares were as follows-*
        - *Jaywant Chavan – 21,995 shares*
        - *Maheshwar Das – 1000 shares*

- *Manish Rathi – 5 shares*
- *Others in the market – 1000 shares*

- *Admittedly, absolutely no connection has been shown qua Maheswar Das, Manish Rathi and others in the market. Therefore, in the absence of the same, no allegation of execution of circular/ reversal trades can be alleged. Based on mere surmises and conjectures, it has been concluded that both the transactions, in off market and on the market, are interlinked and are manipulative. Without prejudice, in any event, admittedly, one leg of the transaction is only on market.*
- *In the absence of both the legs of transactions being on market, the issue of circular/ reversal trades as alleged, in the matter cannot and does not arise. Further, since there are no circular/ reversal trades, the allegations pertaining to creation of artificial volumes and manipulations of price etc. are totally misplaced. It may be noted that the sales were delivery based, therefore also the issue of creating artificial volume cannot and does not arise.*
- *It is reiterated that at the relevant time I was trading independently without acting in concert with anybody (including the counterparty buyers etc. belonging to the alleged Altra Clean group). The allegations of circular/reversal trades and synchronised trades etc. are based on mere surmises and conjectures and are therefore legally untenable and unsustainable.*
- *The allegations in the Notice are in the realm of conjecture and surmise, which are insufficient to sustain a charge of fraud under the PFUTP Regulations. It is settled position that in order to allege fraud, the SCNs should bring home the charge of "fraud" on the basis of higher degree of probabilities if not on the basis of evidence beyond doubt. Merely, probablising or endeavouring to prove the fact on the basis of preponderance of probability and incomplete circumstantial evidence is not sufficient to establish a serious charge of fraudulent transaction. Having regard to the gravity of the wrong doing higher must be the preponderance of probabilities in establishing such charges.*

11. In order to comply with the principles of natural justice an opportunity of personal hearing was given to the Noticees. The status of the delivery of the hearing notice/s are as under:

Sl No.	Name of Noticee	Date of scheduled hearing / status of delivery/ appearance	Date of scheduled hearing / status of delivery/ appearance	Date of scheduled hearing / status of

				delivery/ appearance
1	Manish	June 12, 2018/ not delivered/not appeared	July 16, 2018/ not delivered / not appeared	July 27, 2018/ published/ not appeared
2	Jitendra	June 12, 2018/ not delivered/not appeared	July 16, 2018/ not delivered / not appeared	July 27, 2018/ affixed and published/ not appeared
3	Kishor	June 12, 2018/ not delivered/not appeared	July 16, 2018/ not delivered / not appeared	July 27, 2018/ affixed and published/ not appeared
4	Rashmi	June 12, 2018/ delivered/ not appeared	July 16, 2018/ delivered/ not appeared	
5	Geeta	June 12, 2018/ delivered/ not appeared	July 16, 2018/ delivered/ not appeared	
6	Narendra	June 12, 2018/ delivered/not appeared	July 16, 2018/ delivered/ not appeared	July 8, 2018/ delivered/ not appeared. Appeared for personal hearing on July 9, 2019.
7	Jaywant	June 12, 2018/ not delivered/not appeared	July 16, 2018/ not delivered / not appeared	July 27, 2018/ published/ not appeared
8	Maheshwar	June 12, 2018/ not delivered/not appeared	July 16, 2018/ affixed / not appeared	July 27, 2018/ published/ not appeared

9	Kailash	June 12, 2018/ not delivered/not appeared	July 16, 2018/ not delivered / not appeared	July 27, 2018/ published/ not appeared
10	Yogarathinam	June 12, 2018/ delivered/not appeared	July 16, 2018/ delivered/ appeared	
11	Rahul	June 12, 2018/ delivered/ appeared		

12. Pursuant to the personal hearing, Noticee 10 submitted written statement vide letter dated July 16, 2018 stating, inter alia, the following:
    - *That being an investor of security markets, some of my business associates offered and arranged the shares of OITL. Keeping in view the future prospect of software industries it was agrees to purchase OITL shares to settle pending business commitments of any business associates. Thereafter said shares were delivered in off market and beneficial ownership has changed. Since the transactions have not become very old the respective details of such transactions are not preserved.*
    - *That immediately upon receipt of such shares, the said shares were sold in open market through my broker ITI Financial Services Limited at the prevailing market price.*
    - *That I made the transactions in the ordinary course of business through the stock exchange mechanism and there was no connivance with the other parties and there was no knowledge about the counterparty and time of execution of the opposite party/ ies.*
    - *That I have not directly or indirectly engaged in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with my dealing in the equity shares of OITL in contravention of any provisions of law.*
    - *That I am not directly/ indirectly connected with the Altra Clean Operations and/ or its partners and/ or its employees or any of the persons/ entities as referred in the show cause notice dated February 28, 2018.*

CONSIDERATION OF ISSUES AND EVIDENCE

13. I have carefully perused the charges levelled against the Noticees in the SCN, their reply and the material / documents available on record. In the instant matter, the following issues arise for consideration and determination:-

(a) Whether the Noticees 1 to 11 have violated the provisions of regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and (g) of PFUTP Regulation?

(b) Do the violations, if any, on the part of the Noticee attract monetary penalty under section 15HA of SEBI Act for the alleged violation?; and,

(c) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?

14. Before proceeding further, I would like to refer to the relevant provisions of the PFUTP regulations:

Relevant provisions of PFUTP Regulations:

Prohibition of certain dealings in securities

3. *No person shall directly or indirectly—*

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

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

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

15. SEBI had conducted second investigation in the scrip OITL for the period September 1, 2009 to January 15, 2010) and had observed that Manish Rathi Group had traded in the off market and on the exchange in a circular/reversal trading pattern and attempted to influence the scrip price. However the scrip price during the investigation period displayed a steady and consistent decline from ₹ 239 on September 02, 2009 to ₹ 10.20 on January 15, 2010.Further, the quarterly shareholding pattern of OITL indicates that a number of promoters sold their stakes in OITL and exited the company during the quarter ended March 2010 and the subsequent quarters. It was also noticed that some entities connected to promoters had sold their stakes towards the end of the investigation period. In this regard it is pertinent to note that the price of the scrip had stabilized by January 15, 2010 at ₹ 10.20 (closing price). Thereafter the scrip opened at ₹ 10.40 (January 18, 2010) reached a low of ₹ 9.15 (February 26, 2010), touched a high of ₹ 15.51 (May 03, 2010) and closed ₹ 11.48 (September 30, 2010). These price levels were much lower than the opening price (₹ 69.50) at the start of the price rise in the above matter. Majority of the net sellers who have only sold shares in the market, had met their pay-in obligation of securities from the shares received in the off-market from promoters/entities related/connected to OITL/ promoters.

16. Further, the quarterly shareholding pattern of OITL indicates that a number of promoters sold their stakes in OITL and exited the company during the quarter ended March 2010 and the subsequent quarters. It was also noticed that some entities connected to promoters had sold their stakes towards the end of the investigation period.

Changes in shareholding of Promoter Group											
		Souru: BSE w/s									
		Sep-09		Dec-09		Mar-10		Jun-10		Sep-10	
Sl.No.	Name of the Shareholder	No.of Shares	% to total	No. of Shares	% to total	No. of Shares	% to total	No. of Shares	% to total	No. of Shares	% to total

1	Keystone Stockfin Pvt	13.000	0.0S	13.000	0.05						
2	Keystone Stockfin	3.09.500	1.20	3.09.SOO	1.20						
3	Kushagra Software	1.32.850	0.52	1.32.8SO	0.52						
4	LV Ramnarayan	15.00.000	5.84	15.00.000	5.84	15.00.000	5.84	9.08.845	3.54	5.00.000	1.95
5	Pradeep Dhanuka	3.41.900	1.33	3.41.900	1.33	3.41.900	1.33				
6	Prahlad Rai lnani	4,S9,300	1.79	4,59,300	1.79	4,59,300	1.79	4,59,300	1.79	4,59,300	1.79
7	Raikishor Agarwal	1.41.600	0.55	1.41.600	0.55						
8	Santa lnani	64.900	0.25	64.900	*0.25*	64.900	*0.25*	64.900	*0.25*	64.900	0.25
9	Tanu G Agarwal	500	0.00	500	0.00						
10	Tanu G Agarwal	35.500	0.14	35.500	0.14	36.000	0.14	36.000	0.14	36.000	0.14
11	Tanu Healthcare Ltd	11.20.000	4.36	11.20.000	4.36						
12	Tanu Healthcare Ltd	60.600	*0.24*	60.600	0.24						
13	Romy Rea lty Pvt Ltd	3.84.400	1.50	3.84.400	1.50	3.84.400	1.50	3.84.400	1.50	3.84.400	1.5
14	Trask Infrastructure	3.81.800	1.49	3.81.800	1.49	3.81.800	1.49	3.81.800	1.49	3.81.800	1.49
15	Vidhata Securities	16.300	0.06	16.300	0.06	4.85.520	1.89				
16	Vidhata Securities	4.69.220	1.83	4.69.220	1.83						
17	Dil1p V S	9.00.000	3.5O	9.00.000	3.50	9.00.000	3.50	4.00.000	1.56	4.00.000	1.56
18	Sooraj C K	10.30.000	4.01	10.30.000	4.01	10.30.000	4.01	10.30.000	4.01	10.30.00	4.01
19	RajeevVs	10.10.000	3.93	10.10.000	3.93	10.10.000	3.93	10,10,000	3.93	10.10.00	3.93
20	Manmohan Sahu							5.00.000	1.9S	5.00.000	1.95
A	Total of Promoter holdings	83,71,370	32.58	83,71,370	32.58	65,93,820	25.66	51,75,245	20.14	47,66,400	18.55

17. I note from the documents on record that the VRP Financial Services Pvt. Ltd., Anmol Finance Company Limited and Rupak Developers Pvt. Ltd. constitute the promoter group dealt in the scrip during the investigation period. The ‘Promoter Group’ and the Noticees have altogether purchased 16,29,465 shares @ ₹ 82.80 per share (11.71% of market volume and 6.34% of the total share capital) and sold 14,05,266 shares @ ₹ 39.29 per share (10.10% of market volume and 5.47% of the total share capital) thereby incurring loss of ₹ 6,11,43,123 on purchase and sale of 14,05,266 shares.

18. The basis of connections between various group entities is as under:

Sr.	Client Name	Basis of connection
		Altra Clean Group
1	Altra Clean Operations * (Manish Rathi)	As per KYC documents, Manish Rathi and Jitendra Singh share a common bank account with Kotak Mahindra Bank ie (A/c no.:06662000001231). As per KYC documents, Manish Rathi - Altra Clean Operations shares the same address with Amizara Securities & Finance (Proprietor: Indra Pratap Singh) who received OITL shares in the offmarket from OITL Promoter *viz;* Keystone Stock Finance Ltd and also from VRP Financial Services Ltd. (Promoter: Pradeep Dhanuka) during the period January 2, to September 02, 2009.
2	Altra Clean Operations Prop* (Jitendra Singh) —	

3	KishorV Gandhi HUF	Received OITL shares in off market from Manish Rathi- Altra Clean Operation during the period 08/09/09 to 24/09/09
4	Rashmi Vijayjeet Walia	Received OITL shares in off-market from Manish Rathi- Altra Clean Operation & Jitendra SingFT - Altra Clean Operations (Prop) during the period 06/10/09 to 08/10/09.
5	Geeta Ajayjeet Walia	Common address with Rashmi Walia i.e. Ganesh Nagar, Gondia - 441601
6	Narendra Vallabhji Bahuva	Transferred OITL shares to Geeta Walia in off market
7	Jaywant Ganpat Chavan	Received shares in off market from M/s. Altra Clean Operation in the scrip Channel Guide India Ltd.
8	Maheswar Das	Received OITL shares in off market from Jaywant Ganpat Chavan on 18/09/09
9	Kailash Chandra Mishra	Received OITL shares in off market from Maheshwar Das on 12/10/09 and transferred shares to Jaywant Ganpat Chavan and Yogarathinam Durai in offmarket on 15/09/09, 17/09/09 & 16/10/09
10	Yogarathinam Siva Arul Durai	Received OITL shares in off market from Kailash Mishra, Jaywant Ganpat Chavan and Maheshwar Das during the period from 01/09/09 to 03/10/09
11	Rahul Sharma	Received OITL shares in off market from Jaywant Ganpat Chavan on 10/09/09, 17/09/09 & 08/10/09
* It is observed from the KYC documents of Manish Rathi and Jitendra Singh that both entities have represented themselves as proprietor of Altra Clean Operations.		

19. The trading activities of the Noticees during the investigation period on the exchange and in the off-market is as under:

Details of trades by Connected Persons

Sr. No. ■M	Particulars	Off-market trades					Exchange Trades				
		Buy	% of **Category Total**	Sell	.Of **Category Total**	**Net (Buy-Se««)**	**Buy**	**%af Category Total**	**Sell**	% of **Category Total**	**Net (Buy-Sell)**
1	Manish Rathi	387662	30.31	435521	40.82	**-47859**	246584	15.13	14550	1.04	**232034**
2	Jitendra Chandrabha n Singh	144786	11.32	206016	19.31	**-61230**	176861	10.85	10000	0.71	**166861**
3	Kishor V Gandhi HUF	70000	5.47	0	0.00	**70000**	0	0.00	70000	4.98	**-70000**
4	Rashmi Vijayjeet Walia	27006	2.11	0	0.00	**27006**	0	0.00	27006	1.92	**-27006**
5	Geeta Ajayjeet Wa 1 ia	19500	1.52	0	0.00	**19500**	0	0.00	23500	1.67	**-23500**
6	Narendra Vallabhji Bahuva	19500	1.52	19500	1.83	**0**	33890	2.08	0	0.00	**33890**
7	Jaywant Ganpat Chavan	39444	3.08	208639	19.55	**-169195**	129640	7.96	0	0.00	**129640**
8	Maheswar Das	39651	3.10	60185	5.64	**-20534**	33602	2.06	2	0.00	**33600**
9	Kailash Chandra Mishra	25187	1.97	40387	3.79	**-15200**	26200	1.61	0	0.00	**26200**
10	Yogarathinam Siva Arul Durai	78850	6.17	15499	1.45	**63351**	0	0.00	60501	4.31	**-60501**
11	Rahul Sharma	24000	1.88	0	0.00	**24000**	0	0.00	24000	1.71	**-24000**
	Total of Connected Persons	**875586**	**68.45**	**985747**	**92.39**	**-110161**	**646777**	**39.69**	**229559**	**16.34**	**417218**

20. A perusal of the trading activities of the Noticees indicated a circular/ reversal pattern between them as in the table above on the exchange and in the off market. It is very difficult to indulge

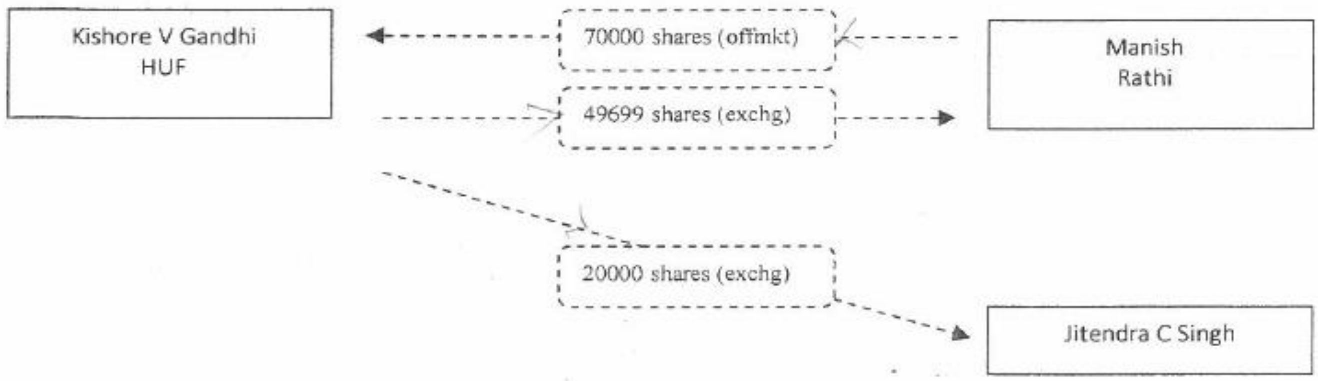
in trading of shares off-market without knowing the counterparty. It is observed that some of the Noticees, who have only sold shares in the market, have met their pay-in obligation of securities from the shares received in the off-market from connected group entities. An example of the circular/ reversal pattern demonstrated by the trading pattern of a group entity *viz;* Rashmi is given below. The demat account statement of Rashmi indicates the aforesaid circular/cyclical pattern wherein shares received in the offmarket have been utilized towards the settlement of exchange trades.

Details of Circular Trading Pattern of trades by Rashmi Vijayjeet Walia (PAN No.: AABPW3168J)							
Exchange Sell Trades of Rashmi Walia				**Offmarket Buy (Cr)Trades of Rashmi Walia (BO ID: 1205280000002262)**			
Trade Date	**Client Code**	**Name of Counter-party (Buyer)**	**Quantity**	**Execution Date**	**Source BO ID (Seller)**	**Name of 1* Holder**	**Quantity**
05-10-2009	253662	Manish D Rathi	2000	06-10-2009	1205280000002171	Jitendra C. Singh	10000
	A059	Akta Narendra Patel #	5				
	AO 119	Altra Clean Prop	7995				
		Total (A)	10000			Total (A)	10000
07-10-2009	253662	Manish D Rathi	4000	08-10-2009	IN301983 10511795	Manish D Rathi	7225
	A0119	Altra Clean Prop	6000		1205280000002171	Jitendra C. Singh	2776
	D2184	Dhyalal K Dineshbhai #	1				
		Total (B)	10001			Total (B)	10001
12-10-2009	8501095422	Vinay R Somani #	3 5	14-10-2009	IN301774 15284389	Jitendra C. Singh	7005
	A200	Jitendra C. Singh	6965				
		Total (C)	7000			Total (C)	7005
		Grand Total (A+B+C)	27001		Grand Total (A+B+C)	Grand Total	27006
*Note: # = Entity is not from within the connected group.							

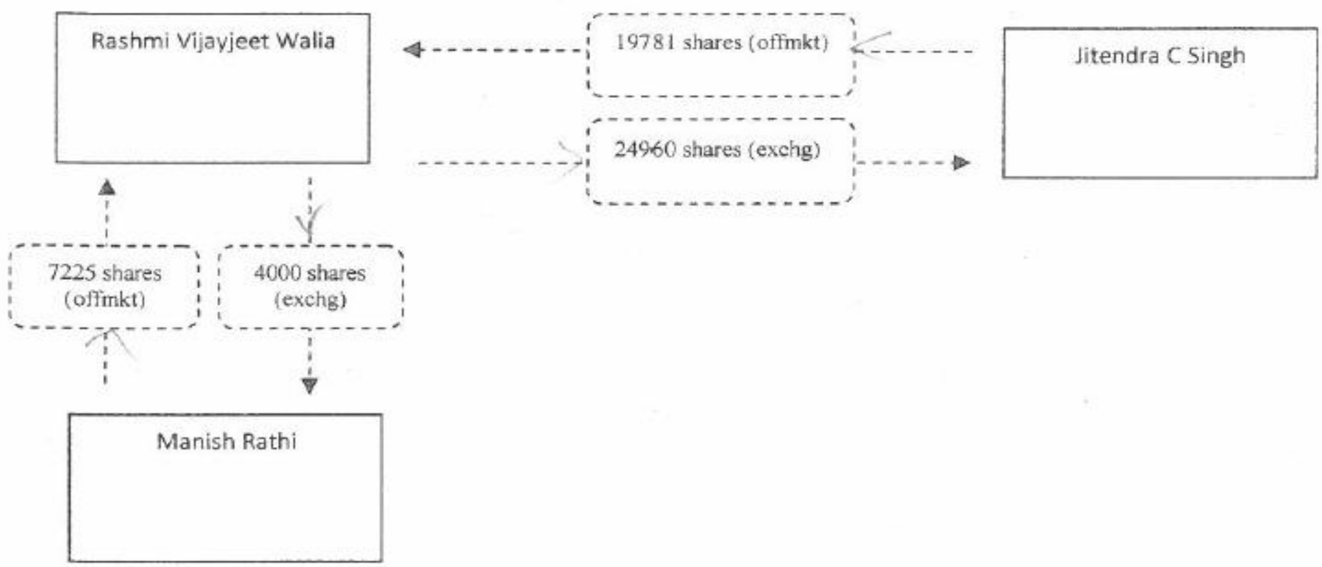
21. From the above table, it is clear that Rashmi had sold 27001 shares in the exchange to Jitendra and Manish (apart from other 2 entities) and bought 27006 shares in off-market from Manish and Jitendra. It can be observed that these reversal trades led to false and misleading appearance of trades in the market and hence can be concluded as fraudulent in nature. Rashmi had submitted that she was unaware of any entities with whom she had traded and the trades were carried out on her behalf by her relative. However, this cannot be considered.

22. Flowcharts depicting the circular/reversal pattern in the offmarket and on the exchange is enclosed as below

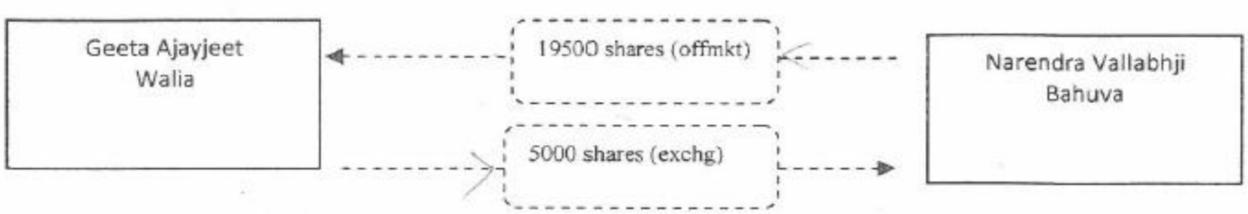
i. Kishore V Gandhi HUF & Manish Rathi, Jitendra C Singh



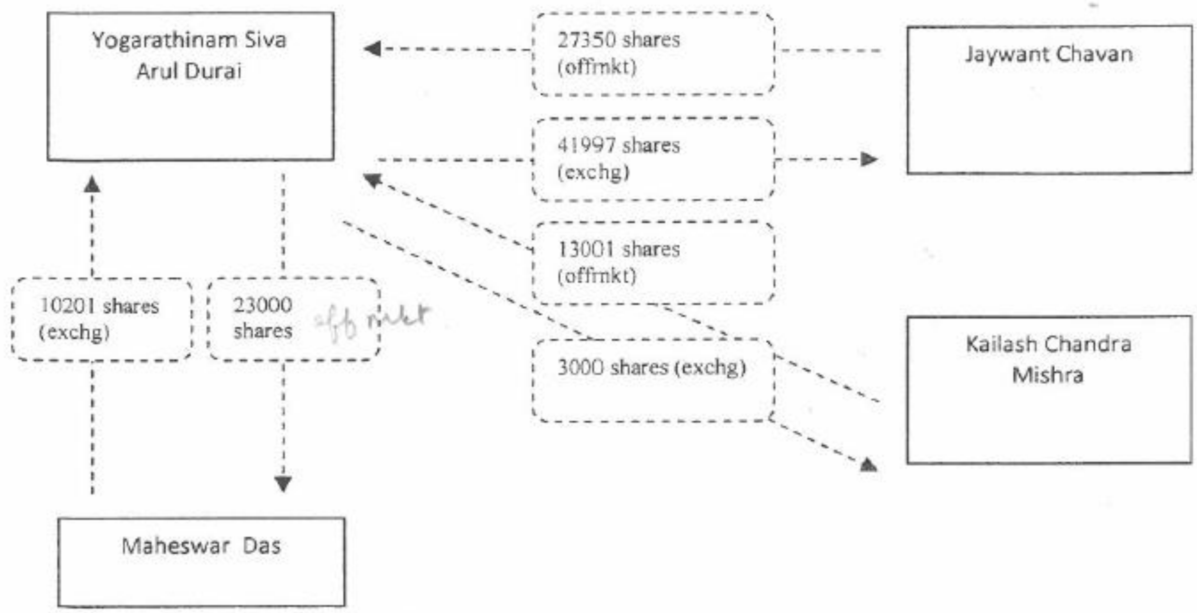
ii. Rashmi Vijayjeet Walia & Jitendra C Singh, Manish Rathi



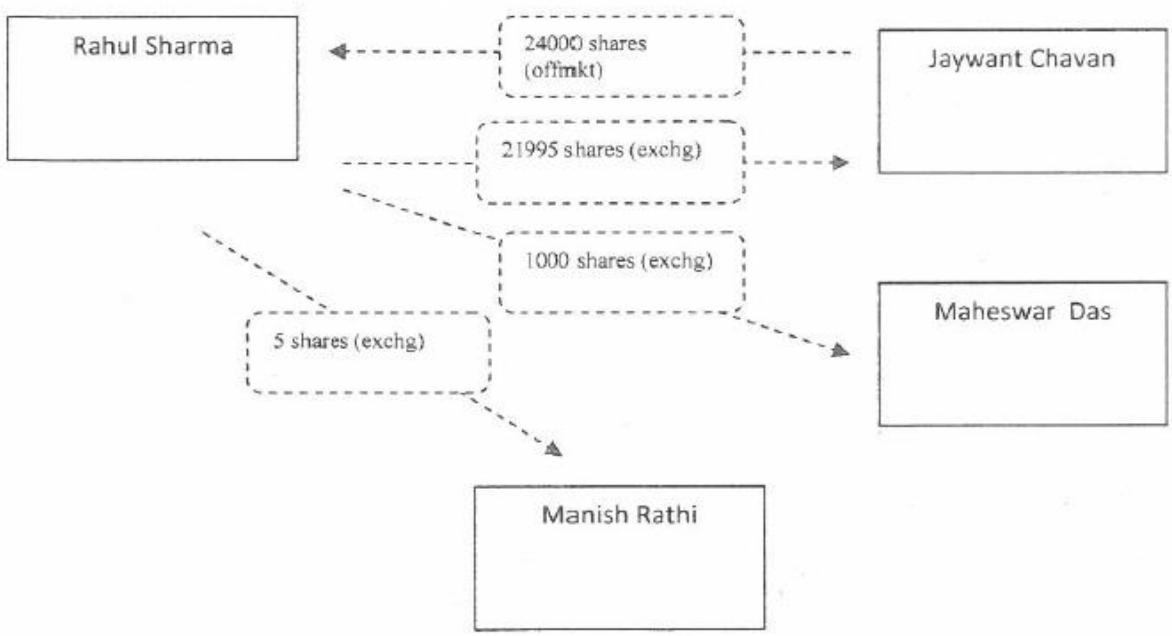
iii. Geeta Ajayjeet Walia & Narendra Vallabhji Bahuva



iv. Yogarathinam Siva Durai & Jaywant Chavan, Maheswar Das, Kailash Chandra Mishra



v. Rahul Sharma & Jaywant Chavan, Maheswar Das, Manish Rathi



23. As observed from the flowcharts, the Noticees indulged in circular/ reversal trades which gave false impression of trading in the market. Hon'ble SAT in the matter of Monica Jain v. SEBI, order dated February 11, 2011 noted that "*A circular trade is a fictitious trade which is executed on the trading screen of exchange which does not result in the transfer of beneficial ownership of the traded scrip*."

24. Further, Hon'ble SAT in the matter of V. G. Capital Market Pvt. Ltd. v SEBI, order dated December 1, 2009 also noted the following:

> *"The trading system on the exchanges is based on the principle of anonymity. The buyer does not know who the seller is and seller cannot know who the buyer is. In other words, the buyer should buy the shares without being concerned as to who the seller is and similarly the seller should sell the shares in the market without being concerned about the buyer and it is the system which determines the buyer and the seller by matching the buy and sell orders. On a screen based trading, the best buy order will match the best sell order subject to price time priority. The buyer and seller cannot keep matching their trades and if they do, they are obviously manipulating the system which is the case before us. Reverse trades are a clear instance of manipulative trading. It is true that before any buy and sell order can result in a trade they must match but this matching must take place through the system without the intervention of any human element. Knowing how the system works, reverse trades are not possible unless the trades are manipulated particularly when the scrip is liquid."*

25. The Noticees who were connected to each other got together to buy and sell large number of shares amongst themselves. They had traded both on market and off-market and in many cases the buy and sell transactions cancel out each other and the shares remained within the circle. No Noticee could give any cogent explanation as to why they had indulged into such trades. Moreover, Manish Jitendra, Kishor, Jaywant, Maheshwar and Kailash did not reply to the SCN or availed the opportunities of hearings given to them. Hon'ble Securities Appellate Tribunal, in Appeal no. 68 of 2013 in *Sanjay Kumar Tayal and others v SEBI*, vide its order dated February 11, 2014 have stated that "*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*."

26. In addition to this, all the Noticees (except Rashmi, Maheswar and Yogarathinam) indulged in synchronized trades. The details of all the trades of the Noticees are as under:

Sr. No.	Name of Entity	Quantity of shares immlurt W in involved in circular trades (A)	Total Traded Qty of shares on the exchange (B)	Circular trades as a % of Total trades {(A) as %of (B»	No. of days on which circular trading pattern was observed	No of circular trades	Quantity of shares involved in synchronised trades	No. of days on which synchronized trading pattern was observed	No. of synchronised trades
1	Manish Rathi	59,204	2,46,584	24.01	6	18	21,498	2	5
2	Jitendra CSingh	40,960	1,76,861	23.16	4	19	5,000	1	1
3	Kishore V. Gandhi HUF	69,699	70,000	99.57	5	17	26,498	3	6
4	Rashmi Walia	26,965	27,006	99.85	4	19	-	-	.
5	Geeta Walia	8,500	23,500	36.17	2	2	5,000	1	1
6	Narendra Bahuva	5,000	33,890	14.75	1	1	5,000	1	1
7	Jaywant Chavan	63,997	1,29,640	49.37	5	15	10,000	2	4
8	Maheswar Das	11,201	33,602	33.33	3	5	4,701	1	2
9	Ka i 1 a s h C Mi s h ra	3,000	26,200	11.45	1	3	-	.	-
10 ;	Yogarathinam Siva Durai	55,198	60,501	91.23	7	18	14,701	3	6
1 1	Rahul Sharma	23,000	24,000	95.83	3	5	-	-	.
	Total	3,66,724	8,51,784	43.05	16	122	46,199	6	13

i. Qty of shares listed in column (A) pertain to circular trades only and includes sell trades of entities at sr. no. 3, 4, 5, 10, 11 and corresponding buy trades of entities at sr. no. m1, 2, 6, 7, 8, 9 on the exchange which has resulted in circular pattern.

ii. Circular trading pattern was observed on 16 days during the investigation period.

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

28. In view of the above, I find that the Noticees have indulged in circular/ reversal/ synchronized trades in connivance with each other without the intention of transferring beneficial ownership leading to false and misleading appearance of trading in the securities market which is fraudulent in nature. Thus, I hold all the Noticees have violated regulation 3(a), (b), (c), (d) and regulation 4(1), 4(2)(a) and (g) of PFUTP Regulations.

29. I note that in the investigation for the prior period, SEBI has observed that Manish Rathi Group along with promoters of OITL has undertaken reversal/ circular trades, buying off-market and selling on-market. Though they claimed that purchases being made on-market in 2007/ 2008 was through forged contract notes. Entities were not able to provide any proper evidence of payments made in lieu of the shares purchased by them, the brokers/ counterparties have not asked for the payment and the entities have not asked their brokers the reason for non-credit of shares purchased to their account, gives an impression that the entities concerned were hand in gloves with the brokers concerned in manipulating the shares of OTIL scrip and tried to circumvent detection of reversal/ circular trades by issuing forged contract notes to give an impression that the shares were bought on stock exchange through third parties. Taking advantage of the resultant price rise, two promoter group entities viz. Shri Giriraj Kishore Agarwal and Ms. Tanu Giriraj Agarwal could offload OITL shares at such manipulated price.

30. I have considered the role of Manish Rathi Group as a whole in the current proceedings and also in the proceedings for the prior investigation period for which SEBI has passed order dated August 02, 2019.

31. The Hon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) held that *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established"*.

32. The Noticee is liable for penalty under section 15HA of SEBI Act, which reads as under:

Penalty for fraudulent and unfair trade practices.

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher*.

33. While determining the quantum of penalty under section 15HA of the SEBI Act, it is important to consider the factors relevantly as stipulated in section 15J of the SEBI Act which read as under:-

> ***Section 15J** - **Factors to be taken into account by the adjudicating officer** While adjudging quantum of penalty under section 15, 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.*

34. I find that the investigation did not bring out the disproportionate gain or unfair advantages to the Noticee and loss caused to investors. The Noticees indulged in 13 synchronized trades and the circular/ reversal trades were executed throughout the investigation period. Hence, the default is repetitive in nature.

ORDER

35. 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-J of the SEBI Act, I, in exercise of the powers conferred upon me under Section 15-I(2) of the SEBI Act read with Rule 5 of the SEBI Adjudication Rules, conclude that the proceedings against the Noticee stand established in terms of the provisions of the SEBI Act. Hence, in view of the charges established under the provisions of the SEBI Act, I, hereby impose monetary penalty under section 15HA of SEBI Act as under:

Sl. No.	Name	Penalty
1	Manish	₹ 25,00,000 (Rupees Twenty Five Lakh only)

2	Jitendra	₹ 25,00,000 (Rupees Twenty Five Lakh only)
3	Kishor	₹ 10,00,000 (Rupees Ten Lakh only)
4	Rashmi	₹ 5,00,000 (Rupees Five Lakh only)
5	Geeta	₹ 5,00,000 (Rupees Five Lakh only)
6	Narendra	₹ 5,00,000 (Rupees Five Lakh only)
7	Jaywant	₹ 10,00,000 (Rupees Ten Lakh only)
8	Maheshwar	₹ 5,00,000 (Rupees Five Lakh only)
9	Kailash	₹ 5,00,000 (Rupees Five Lakh only)
10	Yogarathinam	₹ 10,00,000 (Rupees Ten Lakh only)
11	Rahul	₹ 5,00,000 (Rupees Five Lakh only)

36. The Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of receipt of this order either by way of Demand Draft (DD) in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai and 1) the said DD should be forwarded to the Division Chief, Enforcement Department 1(EFD), Division of Regulatory Action - IV [**EFD 1-DRA-4**] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai – 400 051 and also send an email to tad@sebi.gov.in with the following details:

Case Name	
Name of the Payee	
Date of payment	
Amount Paid	
Transaction No.	
Bank Details	
In which payment is made for	Penalty

OR

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

38. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for

realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

39. In terms of Rule 6 of the Rules, copy of this order are sent to the Noticee and also to the Securities and Exchange Board of India.

Date : August 02, 2019
Place : Mumbai

SAHIL MALIK
ADJUDICATING OFFICER