BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

ADJUDICATION ORDER NO. Order/VV/AK/PSS/2022-23/18247-18257

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

In respect of:

Noticee No.	Name of the Noticee	PAN
1.	Preyashbhai Rameshbhai Sathvara	BWPPS8357E
2.	Arpan Darshan Kumar Bhatt	BIKPB3580P
3.	Malay Shailesh Bhai Patel	BLOPP9579F
4.	Nailesh Kumar Ganeshbhai Prajapati	ARTPP3943M
5.	Divyaben Hiteshbhai Gangani	BTHPG8954L
6.	Jay Kamleshbhai Bhavsar	DFVPB1395J
7.	Nikhil Kiritbhai Panchal	AVOPP6274G
8.	Krunal Bhupendrabahi Makwana	BJBPM2368A
9.	Narendrabhai Jayantibhai Rupera	AMNPR3757N
10.	Manjulaben Bhaveshkumar Rangee	BDMPR5764C
11.	Dashrathbhai Maheshbhai Vada	ASBPV0615M

In the matter of **Ejecta Marketing Limited**.

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*(Noticees 1 to 11 are individually known by their respective name or Noticee no. and collectively referred to as the "**Noticees**")*

A. BACKGROUND

1. Securities and Exchange Board of India ("**SEBI**") conducted investigation into the Trading Activities of Certain Entities in the scrip of Ejecta Marketing Limited (herein after referred to as the Company/EML/Ejecta) in the wake of major spurt in trading volume around the dates of circulation of the SMSs (giving buy recommendation for the scrip of Ejecta) to ascertain any violation of the provisions of SEBI Act 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("***PFUTP Regulations***") by the suspected entities in trading in the scrip of EML, during the period April 1, 2018 to June 30, 2018 ("***investigation period***"). In the preliminary investigation/examination into the scrip, examination/investigation period was taken as April 1, 2018 to June 30, 2018. However, it was observed that 96.17% of the volume in the scrip occurred on two SMS days viz. May 14, 2018 to May 15, 2018. Hence, detailed investigation was undertaken for May 14, 2018 to May 15, 2018 ("***sub-investigation period"***).
2. During the course of investigation, it was observed that:

   I. Several SMSs were circulated on May 14, 2018 and May 15, 2018 giving buy recommendation for the scrip of Ejecta Marketing Limited. A major spurt in trade volume was observed around the dates of circulation of the SMSs. Investigation observed that some entities sold shares when SMSs were observed to have been circulated and hence, prima facie, it was suspected that SMSs may have been circulated to provide exit to such entities.

   II. On the basis of BSE reference, information obtained viz. UCC details from both the stock exchanges – NSE and BSE, off market transactions data from both the depositories – NSDL and CDSL, directorship details of entities from MCA website, KYCs from the stock brokers and bank statements from State Bank of India, one major group consisting of 34 connected entities were identified. Summary of the trading done by suspected entities during sub investigation period is placed below:

Trading by Group 1

Sl. No.	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Gross Buy to Mkt. Vol.	% of Gross Sell to Mkt. Vol.
1	Naileshkumar Ganeshbhai Prajapati	80973	49595	31378	4.43	2.71
2	Kirtikumar Popatlal Rangee	65050	22050	43000	3.56	1.21
3	Arpan Darshakkumar Bhatt	63166	27575	35591	3.46	1.51
4	Preyashbhai Sathvara	55000	55000	0	3.01	3.01
5	Sanjaykumar Vinodbhai Rathod	55000	0	55000	3.01	0.00
6	Divyaben Hiteshbhai Gangani	55000	40000	15000	3.01	2.19
7	Hiteshbhai Mistri	55000	20000	35000	3.01	1.09
8	Jay Bhavsar	50075	30075	20000	2.74	1.65
9	Nimesh Ganpatbhai Parmar	50000	0	50000	2.74	0.00
10	Nikhil Kiritbhai Panchal	50000	25000	25000	2.74	1.37
11	Krunal Bhupendrabhai Makwana	40791	40791	0	2.23	2.23
12	Narendrabhai Jayantibhai Rupera	40196	40196	0	2.20	2.20
13	Manjulaben Bhaveshkumar Rangee	32734	27734	5000	1.79	1.52
14	Mukeshkumar Mavjibhai Parmar	28193	15709	12484	1.54	0.86
15	Dashrathbhai Maheshbhai Vada	25001	25001	0	1.37	1.37
16	Dasharatbhai Rangi	25000	25000	0	1.37	1.37
17	Akashkumar Dipakbhai Kachhiya	22718	22718	0	1.24	1.24
18	Rameshchandra Chhitubhai Patel	15000	5000	10000	0.82	0.27
19	Abhishek Kumar Jain	15000	0	15000	0.82	0.00
20	Mayur Maheshkumar Panchal	9800	10000	-200	0.54	0.55
21	Vikash Mercantile Pvt Ltd .	0	5800	-5800	0.00	0.32
22	Shree Securities Ltd	0	100000	-100000	0.00	5.47
23	Apsara Vincom Private Limited	0	2000	-2000	0.00	0.11
24	Lekha Roy	0	3000	-3000	0.00	0.16
25	Patel Malay Shaileshbhai	0	121500	-121500	0.00	6.65
	Total	**833697**	**713744**	**119953**	**45.61**	**39.05**
	Market Total	**1827806**	**1827806**	**-**	**100.00**	**100.00**

III. It was observed that, 25 out of 34 suspected entities of Group 1 have traded in the scrip, during the sub-investigation period. The 25 suspected entities of Group 1 have purchased 8,33,697 shares (i.e. 45.61% of total buy volume) and sold 7,13,744 shares (i.e. 39.05% of total sell volume) during the sub investigation period. The suspected entities have contributed 42.33% to the gross trading volume in the shares of company during sub investigation period.

IV. Further with analysis of counterparties it was observed that out of 25 entities of Group 1 who have traded in the scrip during the sub investigation period, only 1 entity (viz. Abhishek Kumar Jain) has not traded within the group. 24 entities of Group 1 traded amongst themselves (for 3,99,396 shares) and contributed 21.85% to total market volume (details enclosed as Annexure - 5). The date wise trades of the Group is tabulated as below:

Trading by Group 1 on May 14, 2018

Sl. No.	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Gross Buy to Mkt. Vol.	% of Gross Sell to Mkt. Vol.
1	Preyashbhai Sathvara	55000	55000	0	4.33	4.33
2	Naileshkumar Ganeshbhai Prajapati	43766	41720	2046	3.45	3.29
3	Krunal Bhupendrabhai Makwana	40791	40791	0	3.21	3.21
4	Jay Bhavsar	30075	30075	0	2.37	2.37
5	Kirtikumar Popatlal Rangee	30050	22050	8000	2.37	1.74
6	Sanjaykumar Vinodbhai Rathod	30000	0	30000	2.36	0.00
7	Divyaben Hiteshbhai Gangani	30000	30000	0	2.36	2.36
8	Mukeshkumar Mavjibhai Parmar	28193	15709	12484	2.22	1.24
9	Manjulaben Bhaveshkumar Rangee	27734	27734	0	2.18	2.18
10	Narendrabhai Jayantibhai Rupera	26176	26176	0	2.06	2.06
11	Dashrathbhai Maheshbhai Vada	25001	25001	0	1.97	1.97
12	Nikhil Kiritbhai Panchal	25000	25000	0	1.97	1.97
13	Nimesh Ganpatbhai Parmar	25000	0	25000	1.97	0.00
14	Dasharatbhai Rangi	25000	25000	0	1.97	1.97
15	Akashkumar Dipakbhai Kachhiya	22718	22718	0	1.79	1.79
16	Hiteshbhai Mistri	20000	20000	0	1.58	1.58
17	Abhishek Kumar Jain	15000	0	15000	1.18	0.00
18	Mayur Maheshkumar Panchal	9800	10000	-200	0.77	0.79
19	Arpan Darshakkumar Bhatt	6555	6555	0	0.52	0.52
20	Rameshchandra Chhitubhai Patel	5000	5000	0	0.39	0.39
21	Vikash Mercantile Pvt Ltd .	0	4000	-4000	0.00	0.32
22	Shree Securities Ltd	0	100000	-100000	0.00	7.87
23	Apsara Vincom Private Limited .	0	200	-200	0.00	0.02
24	Patel Malay Shaileshbhai	0	75000	-75000	0.00	5.91
	Total	**520859**	**607729**	**-86870**	**41.02**	**47.86**
	Market total	**1269966**	**1269966**	**-**	**100.00**	**100.00**

Trading by Group 1 on May 15, 2018

Sl. No.	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Gross Buy to Mkt. Vol.	% of Gross Sell to Mkt. Vol.
1	Arpan Darshakkumar Bhatt	56611	21020	35591	10.15	3.77
2	Naileshkumar Ganeshbhai Prajapati	37207	7875	29332	6.67	1.41
3	Kirtikumar Popatlal Rangee	35000	0	35000	6.27	0.00
4	Hiteshbhai Mistri	35000	0	35000	6.27	0.00
5	Nimesh Ganpatbhai Parmar	25000	0	25000	4.48	0.00
6	Nikhil Kiritbhai Panchal	25000	0	25000	4.48	0.00
7	Sanjaykumar Vinodbhai Rathod	25000	0	25000	4.48	0.00
8	Divyaben Hiteshbhai Gangani	25000	10000	15000	4.48	1.79
9	Jay Bhavsar	20000	0	20000	3.59	0.00
10	Narendrabhai Jayantibhai Rupera	14020	14020	0	2.51	2.51
11	Rameshchandra Chhitubhai Patel	10000	0	10000	1.79	0.00
12	Manjulaben Bhaveshkumar Rangee	5000	0	5000	0.90	0.00
13	Vikash Mercantile Pvt Ltd .	0	1800	-1800	0.00	0.32
14	Apsara Vincom Private Limited .	0	1800	-1800	0.00	0.32
15	Lekha Roy	0	3000	-3000	0.00	0.54
16	Patel Malay Shaileshbhai	0	46500	-46500	0.00	8.34
	Total	**312838**	**106015**	**206823**	**56.08**	**19.01**
	Market total	**558740**	**558740**	**-**	**100.00**	**100.00**

V. It was further observed from the above tables that majority of the trades of Group 1 was undertaken on May 14, 2018. 13 out of 24 Group 1 entities who traded on May 14, 2018 had nil net traded quantity. Based on analysis of counterparties it was observed that the Group 1 entities have traded amongst themselves (for 3,18,993 shares) and contributed 25.11% to total market volume on May 14, 2018. Further, as can be seen, 16 out of 25 Group 1 entities traded on May 15, 2018 and traded amongst themselves for (80,503 shares) and contributed 14.43% to total market volume.

VI. Upon detailed analysis of the suspected entities trading pattern for synchronized trades (where the buy and sell order were placed within time gap of one minute, at the same rate and the quantity was same or similar), the following was observed for Group 1 entities :

Summary of Synchronised trades by Group 1 entities

Gross Buy Qty. of suspected entities	Gross Sell Qty. of suspected entities	Total traded Qty. among the suspected entities	Synchronized traded Qty. by suspected entities	Sync Trades as % of total traded Qty. among the suspected entities	Sync Trades as % of Total Mkt. Vol.	Sum of LTP contribution through Sync Trades
833697	713744	399396	215692	54.00%	11.80%	1.55

VII. From the above table it was observed that the suspected entities have executed among themselves synchronized trades for 2,15,692 shares (11.80% of total market volume) during the sub investigation period. These synchronized trades have also resulted in LTP contribution of Rs. 1.55. Thus, these suspected entities have created a misleading appearance of trading in the scrip and traded in scrip without intention to change the ownership. Out of 25 suspected entities of Group 1 who have traded during the sub investigation period, 11 entities (All the Noticees) have entered into synchronized trades.

VIII. During the sub investigation period, Group 1 entities entered into circular trades on May 14, 2018, details of which are given in subsequent paragraphs.

Instance 1 of circular trades by Group 1 entities

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Jay Bhavsar	Krunal Bhupendrabhai Makwana	09:26:07	09:26:07	09:26:07	21.75	21.75	21.75	14999	15000	14999
Manjulaben Bhaveshkumar Rangee	Jay Bhavsar	09:26:15	09:26:22	09:26:22	21.80	21.45	21.8	15000	15000	15000

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Krunal Bhupendrabhai Makwana	Narendrabhai Jayantibhai Rupera	09:26:37	09:26:36	09:26:37	21.95	21.95	21.95	14999	14999	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:48	09:26:48	09:26:48	21.85	21.85	21.85	14000	14000	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:49	09:26:48	09:26:49	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:50	09:26:48	09:26:50	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:51	09:26:48	09:26:51	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:52	09:26:48	09:26:52	21.85	21.85	21.85	250	250	15000

Instance 2 of circular trades by Group 1 entities

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:21:15	09:21:15	09:21:15	21.7	21.7	21.7	5000	5000	5000
Naileshkumar Ganeshbhai Prajapati	Divyaben Hiteshbhai Gangani	09:21:39	09:21:39	09:21:39	21.65	21.65	21.65	10000	10000	10000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:22:00	09:22:00	09:22:00	21.7	21.7	21.7	5000	5000	5000
Dashrathbhai Maheshbhai Vada	Nikhil Kiritbhai Panchal	09:22:19	09:22:19	09:22:19	21.65	21.65	21.65	10000	10000	10000
Nikhil Kiritbhai Panchal	Naileshkumar Ganeshbhai Prajapati	09:22:30	09:22:30	09:22:30	21.7	21.7	21.7	10000	10000	10000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:26:08	09:26:08	09:26:08	21.75	21.75	21.75	4999	5000	5000
Dashrathbhai Maheshbhai Vada	Nikhil Kiritbhai Panchal	09:27:19	09:27:19	09:27:19	21.7	21.7	21.7	15000	15000	15000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:28:19	09:28:19	09:28:19	21.7	21.7	21.7	10000	10000	10000
Naileshkumar Ganeshbhai Prajapati	Divyaben Hiteshbhai Gangani	09:29:10	09:29:10	09:29:10	21.6	21.6	21.6	15000	15000	15000
Nikhil Kiritbhai Panchal	Naileshkumar Ganeshbhai Prajapati	09:29:24	09:29:24	09:29:24	21.6	21.6	21.6	12700	15000	15000

IX. In the first instance, 14,999 shares got transacted from Krunal Bhupendrabhai Makwana to Jay Kamleshbhai Bhavsar to Manjulaben Bhaveshkumar Rangee to Narendrabhai Jayantibhai Rupera and back to Krunal Bhupendrabhai Makwana on the same day. In the second instance, It is observed that 22,700 shares got transacted from Dashrathbhai Maheshbhai Vada to Divyaben Hiteshbhai Gangani to Naileshkumar Ganeshbhai

Prajapati to Nikhil Kiritbhai Panchal and back to Dashrathbhai Maheshbhai Vada on the same day. The group entities while placing sell orders were aware that matching buy orders would or already have been placed.

X. It was observed from the aforesaid two instances, the shares changed hands in the course of the transactions but they were merely rotating/ circulating within the group and there was no change in ownership. Through circular trades (for 14,999*4 + 22,700*4 = 1,50,796 shares), these Group 1 entities contributed 11.87% to total market volume on May 14, 2018. The entities were creating artificial demand for the scrip through continuous buy sell orders and rotating the shares among them through circuitous route. These trades were merely an artifice to create an appearance of volume/ liquidity in the market.

XI. In view of all of the above, it is alleged that the Noticees entered into synchronized trades i.e. placed buy and sell orders within a gap of less than one minute with common intention to create a misleading appearance of trading in the scrip and traded in scrip without intention to change the ownership. Further, the Noticees also entered into circular trades i.e. rotating the shares among themselves in a circuitous manner and creating a false impression of volume in the market without intention of actual change in ownership of the shares. In view of all of the above, it is alleged that the Noticees by their trades have created artificial volume in the scrip of Ejecta Marketing Limited and created a misleading appearance of trading in the scrip by such trades.

B. APPOINTMENT OF ADJUDICATING OFFICER

3. I have been appointed as the Adjudicating Officer under section 15I of the Securities and Exchange Board of India Act, 1992 read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as the 'Adjudication Rules') to inquire into and adjudge under section 15HA of the SEBI Act, 1992 for the alleged violation of the section 12A (a) , (b) , (c) of SEBI Act, 1992 and regulation 3(a), (b), (c), (d) and regulation 4(1) , 4 (2) (a) and 4(2) (g) of PFUTP Regulations vide order dated 14-08-2020.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

4. Show Cause Notice No. EAD-9/VKV/NK/21620/2020 dated December 10, 2020 (hereinafter be referred to as the "SCN") was duly served upon the Noticees under Rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed against them under the provisions under sections 15HA of SEBI Act for the alleged violation of section 12A (a) , (b), (c) of SEBI Act, 1992 and regulation 3(a), (b), (c), (d) and regulation 4(1) , 4 (2)(a) and 4(2) (g) of PFUTP Regulations.

5. I note, from available records, that the SCN was duly delivered to all the Noticees. I note that Noticee no.2 and 10 have filed reply to the SCN and appeared for hearing. All other Noticees have neither filed any reply to the SCN nor appeared for hearing. Details relating delivery of SCN , hearing Notice, reply by entities and appearance for hearing are tabulated as under :

Noticee no.	SCN	Reply	Hearing Notice	Hearing attended
1	SPAD	No Reply	SPAD	No
2	SPAD	Dt. 31-07-2021 & 18-07-2022	E-mail	Yes
3	SPAD	No Reply	SPAD	No
4	Paper Publication	No Reply	Paper Publication	No
5	SPAD	No Reply	SPAD	No
6	SPAD	No Reply	SPAD	No
7	SPAD	No Reply	SPAD	No
8	SPAD	No Reply	SPAD	No
9	Paper Publication	No Reply	Paper Publication	No
10	SPAD	Dt. 07-02-2021 & 18-07-2022	SPAD	Yes
11	Paper Publication	No Reply	Paper Publication	No

6. I note that principles of natural justice have been complied with, since sufficient opportunities have been provided to the Noticees no.1, 3, 4, 5, 6, 7, 8, 9 and 11 to submit replies and to appear for personal hearing. I am, therefore, of the view that the Noticees no. 1, 3, 4, 5, 6, 7, 8, 9 and 11 have nothing to submit in terms of rule 4(7) of the AO Rules. In view of the facts and circumstances of the case, I am compelled to decide this matter ex-parte based on the documents/material and information available on record.

7. The Hon'ble SAT in the matter of *Classic Credit Ltd. v. SEBI [2007] 76 SCL 51 (SAT - MUM) 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"*. Similarly, the Hon'ble SAT also, in the case of *Sanjay Kumar Tayal & Ors. v. SEBI (in appeal No. 68/2013)* decided on February 11, 2014, held 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".*

8. Although, the allegations levelled in the SCN are assumed to be admitted by the Noticees no. 1, 3, 4, 5, 6, 7, 8, 9 and 11 , I will be deciding the instant matter on merits based on the documents/material and information available on record.

9. Noticee no.2 and 10 vide their separate but identical letters dated 07-02-2021 and 31-07-2021 have submitted their reply. The said two Noticees have also submitted written submissions dated 18-07-2022 vide separate letters. The key submissions made by the said two Noticees are collectively summarized as under:-

   i) The Alleged synchronized or reversal trades are miniscule as compared to the trading undertaken during the relevant period.

   ii) In a synchronized trade, quantity, time and price are important factors and in respect of the trades executed by them, the quantity does not match. There was no meeting of mind between them and others, if there was, the total quantities of shares traded by the suspected entities would have been the same as the quantity traded in a synchronized manner.

   iii) Noticees have no relationship/connection directly or indirectly with any Noticees. Without the element of any link/nexus/relationship/connection/ prior dealing or the collusion or mala fide for the alleged synchronized trades does not survive.

iv) Noticee no. 10 has contended that on the buy side, Noticee traded with 7 counterparties and out of the said counterparties, none of the parties has been alleged of fraudulent trades with the Noticee. On the sell side, Noticee traded with 18 counterparties and out of the said counter parties , only one of the parties i.e. Narendrabhai Jayantilalbhai Rupera is alleged to have one synchronized trade with the Noticee. Noticee does not have any link/connection/prior dealing with Narendrabhai and no connection has even been alleged in the Notice with Narendrabhai.

v) Noticee no.10 has submitted with respect to common address with Kirtikumar Popatlal Rangee that her husband's sister i.e. Kirtikumar has the same broker and broker put the same address which does not imply that they had any common understanding or objective while trading in the scrip of Ejecta, so as to manipulate the volumes in the scrip.

vi) Noticees have also relied on following orders passed by the Hon'ble Securities Appellate Tribunal ("***SAT***") and the Hon'ble Supreme Court :-

1) SPJ Sotck Brokers Pvt Ltd vs SEBI (SAT Order dt.04-09-2013)
2) M/s Jagruti Securities Ltd vs SEBI (SAT Order dt.27-10-2008)
3) M/s Nishith M. Shah vs SEBI (SAT Order dt.16-01-2020)
4) Varanasaya Sanskrit Vishwa Vidyalaya & Anr. v/s Dr.Rajkishore Tripathi and Anr. (SC)
5) Union of India vs H.C.Ceol (AIR 1964 SC 364)
6) L.D.Jaisinghani vs Naraindas N Punjabi (AIR 1976 SC 373)

D. CONSIDERATION AND FINDINGS

10. I have carefully perused the allegations levelled against the Noticees in the SCN, the replies of the Noticees and also the documents/evidence available on record. Before I proceed to deal with the charges as alleged in the SCN and replies filed by the Noticee it is relevant to reproduce the provisions of laws which have been attracted and invoked in the SCN and the same are quoted here under:

"SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

…

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

11. I note from the SCN that the allegation of synchronized trading has been made against all the 11 Noticees , whereas, the allegation of synchronized trading along with circular trading has been made against 8 Noticees i.e. Noticees no.4 to 11. Hence, it is seen that so far as Noticees no.1 , 2 and 3 are concerned, SCN has alleged only the charge of synchronized trading. For the sake of

convenience, allegations against Noticees no. 1, 2 and 3 are considered separately as follows.

Noticees no.1, 2 and 3

12. It has been alleged in the SCN that Noticees no.1 , 2 and 3 have executed synchronized trades and, thereby, have created misleading appearance of trading in the scrip and traded in scrip without intention to change the ownership. Details of synchronized trades have been provided to the Noticees as Annexure -6 to the SCN.

13. In this regard, it would be appropriate to produce the alleged synchronized trades as contained in Annexure-6 with regard to the aforesaid Noticees :

Noticee no.1

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
PREYASHBHAI SATHVARA	KRUNAL BHUPENDRA BHAI MAKWANA	12:57:32	12:58:09	12:58:09	22.10	22.10	22.10	1962	5000	3992
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:38	09:01:20	09:07:09	21.45	21.45	21.45	12011	20000	95000
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:46	09:01:20	09:07:09	21.45	21.45	21.45	20000	20000	95000
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:49	09:01:20	09:07:09	21.45	21.45	21.45	10000	10000	95000

Noticee no.2

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
NARENDRA BHAI JAYANTIBHAI RUPERA	ARPAN DARSHAKKUMAR BHATT	09:19:36	09:19:45	09:19:45	22.45	22.45	22.45	14020	14020	14020

Noticee no.3

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:38	09:01:20	09:07:09	21.45	21.45	21.45	12011	20000	95000
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:46	09:01:20	09:07:09	21.45	21.45	21.45	20000	20000	95000
PREYASHBHAI SATHVARA	PATEL MALAY SHAILESHBHAI	09:03:49	09:01:20	09:07:09	21.45	21.45	21.45	10000	10000	95000

14. For a trade to qualify as synchronized trade, its characteristics require that the buy and sell orders are placed within a gap of minute, at the same rate and for

the same or similar quantity. In this regard, it would be prudent to produce an extract from the order of the Hon'ble SAT in *Ketan Parekh vs SEBI* (Order dated 14-07-2006)

> "*20…....As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium……*"

15. With regard to Noticee no.1, it is observed from the trades that time gap between buy order and sell order for 3 trades is more than one minute. Further, it is observed that the order quantity for the said 3 trades is also very different from that of the counterparty. As regards the 1 trade of 1962 shares, although time gap between buy order and sell order is less than one minute, the order quantity for buy and sell sides are not similar let alone same. Owing to the said reasons, I conclude that the said 4 trades cannot be characterized as synchronized trades.

16. With regard to Noticee no.2, it is observed from the trades that there is only one trade which has been alleged to be synchronized. It is noted that in the said one trade, time gap is within one minute and order price and order quantity is also same. The allegations of reversal or circular trading have not been alleged against the Noticee no.2. Although, the said one trade can be characterized as a synchronized trade, I do not see any reason to conclude that execution of the said single synchronized trade has either created a misleading appearance of trading in the scrip or has manipulated the market. In view of the aforesaid, I am inclined to give benefit of doubt to Noticee no.2.

17. With regard to Noticee no.3, it is observed from the trades that Noticee no.3 is counterparty to Noticee no.1 in respect of the 3 trades mentioned in para 15 and for the same reasons mentioned in para 15, the trades of Noticee no.3 cannot be characterized as synchronized trades, let alone create a misleading appearance of trading in the scrip.

18. In view of the aforesaid consideration, owing to the fact that there are no allegations of reversal or circular trading against Noticee 1, 2, and 3 and, since, allegation of synchronized trading has not been established, I hold that the allegations of violation of PFUTP regulations are not made out against Noticees no.1, 2 and 3.

Noticees no.4, 5, 6, 7, 8, 9, 10 and 11

19. It has been alleged in the SCN that Noticees no.4 to 11 have executed synchronized and circular trades and, thereby, the said entities were creating artificial demand for the scrip through continuous buy and sell orders and rotating the shares among them through circuitous route and that these trades were merely an artifice to create an appearance of volume/ liquidity in the market.

20. I note from the SCN that Circular trading is a fraudulent scheme where sell orders are entered by a group entity who knows that offsetting buy orders for the same or similar number of shares and, at the same or similar price, have either been entered at the same time or will be entered. Circular trading artificially inflates volumes as a way to show that a security has liquidity and to act as proof that there is market interest in the stock. Such a trading scheme does not represent a real change in the beneficial ownership of the security but merely moves within connected entities in a circuitous manner.

21. The SCN has alleged that there were 2 instances of circular trading on 14-05-2018 during the sub-investigation period. Details of circular trading in the said 2 instances is given below :-

Instance 1 of circular trades by Noticees no.4 to 11

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Jay Bhavsar	Krunal Bhupendrabhai Makwana	09:26:07	09:26:07	09:26:07	21.75	21.75	21.75	14999	15000	14999
Manjulaben Bhaveshkumar Rangee	Jay Bhavsar	09:26:15	09:26:22	09:26:22	21.80*	21.45	21.8	15000	15000	15000
Krunal Bhupendrabhai Makwana	Narendrabhai Jayantibhai Rupera	09:26:37	09:26:36	09:26:37	21.95	21.95	21.95	14999	14999	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:48	09:26:48	09:26:48	21.85	21.85	21.85	14000	14000	15000

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:49	09:26:48	09:26:49	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:50	09:26:48	09:26:50	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:51	09:26:48	09:26:51	21.85	21.85	21.85	250	250	15000
Narendrabhai Jayantibhai Rupera	Manjulaben Bhaveshkumar Rangee	09:26:52	09:26:48	09:26:52	21.85	21.85	21.85	250	250	15000

*Last modified price for the said transaction was set as 21.80 by the buyer, hence the trade matched at 21.80.

Instance 2 of circular trades by Noticees no.4 to 11

Client Name	CP Client Name	Order Time	CP Order Time	Trade Time	Trade Rate	Order Rate	CP Order Rate	Traded Qty	Order Qty	CP Order Qty
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:21:15	09:21:15	09:21:15	21.7	21.7	21.7	5000	5000	5000
Naileshkumar Ganeshbhai Prajapati	Divyaben Hiteshbhai Gangani	09:21:39	09:21:39	09:21:39	21.65	21.65	21.65	10000	10000	10000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:22:00	09:22:00	09:22:00	21.7	21.7	21.7	5000	5000	5000
Dashrathbhai Maheshbhai Vada	Nikhil Kiritbhai Panchal	09:22:19	09:22:19	09:22:19	21.65	21.65	21.65	10000	10000	10000
Nikhil Kiritbhai Panchal	Naileshkumar Ganeshbhai Prajapati	09:22:30	09:22:30	09:22:30	21.7	21.7	21.7	10000	10000	10000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:26:08	09:26:08	09:26:08	21.75	21.75	21.75	4999	5000	5000
Dashrathbhai Maheshbhai Vada	Nikhil Kiritbhai Panchal	09:27:19	09:27:19	09:27:19	21.7	21.7	21.7	15000	15000	15000
Divyaben Hiteshbhai Gangani	Dashrathbhai Maheshbhai Vada	09:28:19	09:28:19	09:28:19	21.7	21.7	21.7	10000	10000	10000
Naileshkumar Ganeshbhai Prajapati	Divyaben Hiteshbhai Gangani	09:29:10	09:29:10	09:29:10	21.6	21.6	21.6	15000	15000	15000
Nikhil Kiritbhai Panchal	Naileshkumar Ganeshbhai Prajapati	09:29:24	09:29:24	09:29:24	21.6	21.6	21.6	12700	15000	15000

22. I note from the above tables that Noticees no.6, 8, 9 and 10 have allegedly indulged in circular trading in the first instance, whereas, Noticees no.4, 5, 7 and 11 have allegedly indulged in circular trading in the second instance. I note from the aforesaid trades that in all the trades, time gap between order time of buyer and seller is within one minute. Further, it is noted that order price and order quantity is also same or similar in the said trades. For these reasons, all the trades mentioned in the aforesaid two tables can be characterised as synchronized trades.

23. I also note that from para 8 of the SCN that the Noticees are directly or indirectly connected to each other. In this regard, I find it appropriate to produce relevant extract from the SCN indicating the connections among the Noticees :-

Noticee no.	**Name of entity**	**Reasons for connection**
1	Preyashbhai Rameshbhai Sathvara	• Common mobile numbers with Mukeshkumar Mavjibhai Parmar
2	Arpan Darshakkumar Bhatt	• Common mobile number Kirtikumar Popatlal, Nikhil Kiritbhai Panchal, Dasharathbhai Rangi and Rameshchandra Chhitubhai Patel. • Received Rs. 12,00,000 on May 4, 2018, in his SBI bank from SBI bank account of Divyaben Hiteshbhai Gangani
3	Malay Shaileshbhai Patel	• Received 2,50,000 shares of Birdhi Chand Pannalal Agencies Limited on August 24, 2017, in off market from Bhavishya Ecommerce Private Limited. • Received 3,91,454 shares of Ejecta Marketing Limited on January 30, 2018, in off market from Prudential Iron Merchants Private Limited.
4	Naileshkumar Ganeshbhai Prajapati	• Common mobile number with Hiteshbhai Vrajalal Mistri and Mukeshkumar Mavjibhai Parmar. • Received Rs. 25,00,000 on January 4, 2018 in his SBI bank account from SBI bank account of Mayur Maheshkumar Panchal. • He is director in Pankaj Buildtrades Private Limited since May 10, 2018 where Nilesh Rameshchandra Shah is also director since July 11, 2018.
5	Divyaben Hiteshbhai Gangani	• Common mobile number with Krunal Bhupendrabhai Makwana, Nikhil Kiritbhai Panchal, Dashrathbhai Maheshbhai Vada and Narendrabhai Jayantibhai Rupera, • Transferred 50,000 shares of Jackson Investments Limited, 14,000 shares of Globe Commercials Limited and 17,200 shares of Ishaan Infrastructures and Shelters Limited on August 24, 2018, in off market to Dasharathbhai Rangi.
6	Jay Kamleshbhai Bhavsar	• Transferred 2,000 shares of Gala Global Products Limited on March 26, 2018 and 3,000 shares of Gala Global Products Limited on April 20, 2018, in off market to Mukeshkumar Mavjibhai Parmar. • Transferred Rs. 10,000 on May 15, 2018 and Rs. 10,000 on June 18, 2018 from his SBI bank account to SBI bank account Nimesh Ganpatbhai Parmar.
7	Nikhil Kiritbhai Panchal	• Common mobile number with Krunal Bhupendrabhai Makwana, Dashrathbhai Maheshbhai Vada, Divyaben Hiteshbhai Gangani and Narendrabhai Jayantibhai Rupera. • Common mobile number with Kirtikumar Popatlal Rangee, Dasharathbhai Rangi, Arpan Darshakkumar Bhatt and Rameshchandra Chhitubhai Patel.
8	Krunal Bhupendrabha i Makwana	• Common mobile number with Kirtikumar Popatlal Rangee. • Common mobile number with Nikhil Kiritbhai Panchal, Dashrathbhai Maheshbhai Vada, Divyaben Hiteshbhai Gangani and Narendrabhai Jayantibhai Rupera. • Transferred Rs. 2,00,000 on May 23, 2018, Rs. 18,50,000 on May 25, 2018, Rs. 19,00,000 on May 29, 2018 and Rs. 12,70,000 on June 2, 2018, to Jay Kamleshbhai Bhavsar, from SBI bank.
9	Narendrabhai Jayantibhai Rupera	• Common mobile number with Krunal Bhupendrabhai Makwana, Nikhil Kiritbhai Panchal, Dashrathbhai Maheshbhai Vada and Divyaben Hiteshbhai Gangani .
10	Manjulaben Bhaveshkumar Rangee	• Common address with Kirtikumar Popatlal Rangee. • Her husband, Bhaveshkumar Popatlal Rangee is brother of Kirtikumar Popatlal Rangee.
11	Dashrathbhai Maheshbhai Vada	• He is director in Ravi Multi-trading LLP since October 3, 2017 where Hiteshbhai Vrajalal Mistri was also director during October 3, 2017 – January 24, 2019. • Common mobile number with Krunal Bhupendrabhai Makwana, Nikhil Kiritbhai Panchal, Divyaben Hiteshbhai Gangani and Narendrabhai Jayantibhai Rupera.

24. With regard to first instance, It is observed from the above table, at 09:26:07, Krunal Bhupendrabhai Makwana placed sell order for 14,999 shares at the rate of Rs. 21.75 and at the exact same time i.e. 09:26:07, Jay Kamleshbhai Bhavsar placed buy order for purchase of almost the same quantity i.e. 15,000 shares at the exact same price i.e. Rs. 21.75. In this case, 14,999 shares got traded.

Manjulaben Bhaveshkumar Rangee placed buy order for 15,000 shares at 09:26:15 at the rate of Rs. 21.45 (modified to 21.80). Within 7 seconds i.e. at 09:26:22, Jay Kamleshbhai Bhavsar placed sell order for exact same quantity i.e. 15,000 shares at Rs. 21.80. In this case, 15,000 shares got traded.

Manjulaben Bhaveshkumar Rangee placed sell order for 15,000 shares at 09:26:48 at the rate of Rs. 21.85. at the exact same time i.e. at 09:26:48, Narendrabhai Jayantibhai Rupera placed buy order for 14,000 shares at the same rate of Rs. 21.85 and then in the next 4 seconds, he placed orders for balance 1,000 shares in 4 tranches of 250 shares each, at the exact same price of Rs. 21.85. In this case, 15,000 shares got traded.

Narendrabhai Jayantibhai Rupera placed sell order for 15,000 shares at 09:26:36 at the rate of Rs. 21.95. Within 1 second i.e.at 09:26:37, Krunal Bhupendrabhai Makwana placed buy order for almost the same quantity i.e. 14,999 shares at the exact same price i.e. Rs. 21.95. In this case, 14,999 shares got traded.

25. In the first instance, it is observed that, 14,999 shares got transacted from Krunal Bhupendrabhai Makwana to Jay Kamleshbhai Bhavsar to Manjulaben Bhaveshkumar Rangee to Narendrabhai Jayantibhai Rupera and back to Krunal Bhupendrabhai Makwana on the same day.

26. With regard to second instance, it is observed from the above table that Dashrathbhai Maheshbhai Vada placed sell orders for 5,000 shares each at 09:21:15, 09:22:00 and 09:26:08, at the rates, Rs. 21.70, Rs. 21.70 and Rs. 21.75, respectively. Further, he placed sell order for 10,000 shares at 09:28:19 at the rate of Rs. 21.70. At the exact same times, buy orders with exact same quantity and exact same price were placed by Divyaben Hiteshbhai Gangani. In this case, 24,999 shares got traded.

Divyaben Hiteshbhai Gangani placed sell orders for 10,000 shares and 15,000 shares at 09:21:39 and 09:29:10, at the rates, Rs. 21.65 and Rs. 21.60, respectively. At the exact same times, buy orders with exact same quantity and exact same price were placed by Naileshkumar Ganeshbhai Prajapati. In this case, 25,000 shares got traded.

Naileshkumar Ganeshbhai Prajapati placed sell orders for 10,000 shares and 15,000 shares at 09:22:30 and 09:29:24, at the rates, Rs. 21.70 and Rs. 21.60, respectively. At the exact same times, buy orders with exact same quantity and exact same price were placed by Nikhil Kiritbhai Panchal. In this case, 22,700 shares got traded.

Nikhil Kiritbhai Panchal placed sell orders for 10,000 shares and 15,000 shares at 09:22:19 and 09:27:19, at the rates, Rs. 21.65 and Rs. 21.75, respectively. At the exact same times, buy orders with exact same quantity and exact same price were placed by Dashrathbhai Maheshbhai Vada. In this case, 25,000 shares got traded.

27. In the second instance, it is observed that 22,700 shares got transacted from Dashrathbhai Maheshbhai Vada to Divyaben Hiteshbhai Gangani to Naileshkumar Ganeshbhai Prajapati to Nikhil Kiritbhai Panchal and back to Dashrathbhai Maheshbhai Vada on the same day.

28. Upon examination of these trades, there appears clear case of circular trading from both the instances.

29. Noticee no.10 in her reply has submitted that alleged synchronized trades are miniscule as compared to the trading undertaken during the relevant period. The said submission is of no help to the Noticee as the allegation against the Noticee is of circular trading. In the case of circular trading, trade volume of the whole group involved in the circuit is considered to decide whether the trades are manipulative or non-genuine. In the case of Noticee no.10, it is observed from the second instance that a total of 59996 shares (14999*4) were circularly traded which is a significant volume to have the effect of manipulating the market.

30. In respect of above, I refer to the observations of the Hon'ble Securities Appellate Tribunal ("SAT") in the judgement in the matter of Giriraj Kumar Gupta HUF Vs. SEBI (Date of decisions: February 25, 2020), in which the Hon'ble Tribunal, inter alia, held that "*Having heard the learned counsel for the parties, we are of the*

considered view that the impugned transactions, in the facts and circumstances of the matter, would fall in the realm of violations of PFUTP Regulations. Individual argument that each entity's trade is miniscule and only on a few days alone etc. is not sufficient to rebut the findings in the impugned order."

31. Noticee no.10 has further averred in her reply that a synchronized trade, quantity, time and price are important factors and in respect of the trades executed by them, the quantity does not match. I note that the said argument made by the Noticee is incorrect. A perusal of the trades as mentioned in para 20 would go to show that Manjulaben placed buy order for 15,000 shares at 09:26:15 at the rate of Rs. 21.45 (modified to 21.80). Within 7 seconds i.e. at 09:26:22, Jay Kamleshbhai Bhavsar placed sell order for exact same quantity i.e. 15,000 shares at Rs. 21.80. Further, Manjulaben placed sell order for 15,000 shares at 09:26:48 at the rate of Rs. 21.85. at the exact same time i.e. at 09:26:48, Narendrabhai Jayantibhai Rupera placed buy order for 14,000 shares at the same rate of Rs. 21.85 and then in the next 4 seconds, Narendrabhai placed buy orders for balance 1,000 shares in 4 tranches of 250 shares each, at the exact same price of Rs. 21.85. In this case, 15,000 shares got traded. I note that Noticee no.10 bought 15000 shares from Jay Bhavsar and sold the same quantity of 15000 shares to Narendrabhai.

32. Noticee no.10 has also averred in her submission that she has no relationship/connection directly or indirectly with any Noticees. In this regard, It is pertinent to refer to para 8 of the SCN wherein details relating to connections among the suspected entities are given in a tabular form. A perusal of the said para would go to show that Noticee no.10 has common address with one Kirtikumar Popatlal Rangee ("*Kirtikumar*"). Kirtikumar has common mobile number with Noticee no.8 Krunal. Noticee no.8 Krunal is alleged to have significant fund transaction with Noticee no.6 Jay Bhavsar. Further, Noticee no.9 Narendra is alleged to have same mobile number as that of Noticee no.8 Krunal. I note that the Noticee is connected to other Noticees indirectly, if not directly.

33. I note that Noticee no.10 has submitted in her written submissions with respect to common address with Kirtikumar Popatlal Rangee that her husband's sister i.e. Kirtikumar has the same broker and broker put the same address. I do not

find merit in the said submission made by the Noticee. Further, I note that the submission made by the Noticee substantiates the fact of connection among the entities.

34. In this context, the Hon’ble SAT vide its order dated July 14, 2006, in the case of Ketan Parekh vs. SEBI (Appeal no. 2/2004) observed that- "*The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn*."

35. Further, in SEBI v Kishore R Ajmera (AIR 2016 SC 1079), Hon’ble Supreme Court held that - “…*in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...*”. The Hon’ble Supreme Court further observed that – “*It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion*.”

36. The trading behavior of the Noticees in this case makes it clear that aforesaid trades of the Noticees could not have been possible without prior meeting of minds. The synchronized trading by the Noticees among the closed group on during the relevant period in a particular scrip, all indicate that the trades executed by the Noticees were orchestrated trades, wherein they were acting in concert for creating an appearance of artificial trading volumes in the scrip of Ejecta.

37. Noticee no. 10 has further contended in her written submissions that on the buy side, Noticee traded with 7 counterparties and out of the said counterparties, none of the parties has been alleged of fraudulent trades with the Noticee. I find that the said submission of the Noticee is erroneous. A perusal of the circular trades as given in para 20, clearly shows that Jay Bhavsar (Noticee no.6) is counterparty as seller to Noticee no.10's transaction as buyer. Noticee no.6 has also been issued show cause notice in the matter and is facing the same allegations as Noticee no.10.

38. Noticee no.10 has further averred that on the sell side, Noticee traded with 18 counterparties and out of the said counter parties, only one of the parties i.e. Narendrabhai Jayantilalbhai Rupera is alleged to have one synchronized trade with the Noticee and that Noticee does not have any link/connection/prior dealing with Narendrabhai and no connection has even been alleged in the Notice with Narendrabhai. I note that the Noticee has not denied the said synchronized trade. So far as the fact of connection is concerned, I have dealt the same in para 26 and the same is not reiterated here in order to avoid repetition.

39. Noticee no.10 has also relied on several order passed by the Hon'ble SAT and the Hon'ble Supreme Court. I have the perused the judgments/orders cited by the Noticee and I am of the view that the facts of the instant case are different and distinguishable from the facts of the cited judgments/orders and the same shall not be of any help to the Noticee.

40. I note from the aforesaid two instances that the shares changed hands in the course of the transactions but they were merely rotating/ circulating within the group and there was no change in ownership. Through circular trades (for

14,999*4 + 22,700*4 = 1,50,796 shares), Noticees no.4 to 11 have contributed 11.87% to total market volume on May 14, 2018. I note that the said Noticees were creating artificial demand for the scrip through continuous buy sell orders and rotating the shares among them through circuitous route. These trades were merely an artifice to create an appearance of volume/ liquidity in the market.

41. I conclude that the Noticees no. 4 to 11 have entered into synchronized trades i.e. placed buy and sell orders within a gap of less than one minute with common intention to create a misleading appearance of trading in the scrip. I further conclude that the said synchronized trades have resulted into circular trading and, thereby, the Noticees have created a false impression of volume in the market without intention of actual change in ownership of the shares.

42. In view of the above, I note that Noticees no.4, 5, 6, 7, 8, 9, 10 and 11 have violated provisions of Regulations 3(a), 3(b), 3(c), 3(d) and Regulation 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003.

43. Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund { [2006]5 SCC 361 } 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 and hence the intention of the parties committing such violation becomes wholly irrelevant A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not*.''

44. In view of the above, I conclude that the Noticees no. 4 to 11 have become liable for monetary penalty under Section 15HA of the SEBI Act for the violation of Regulations 3(a), 3(b), 3(c), 3(d) and Regulation 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003.

45. While determining the quantum of penalty under Section 15HA of SEBI Act it is important to consider the factors stipulated in Section 15J of SEBI Act, which reads as under:

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

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

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation:

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

46. Having regard to the factors listed in section 15J of SEBI Act read with Rule 5(2) of the SEBI Adjudication Rules and in the light of Supreme Court's judgment in the matter of SEBI vs Bhavesh Pabari [(2019) 18 SCC 246], it is noted from the material available on record that any quantifiable gain or unfair advantage accrued to Noticees or the extent of loss suffered by the investors as a result of the default in this case cannot be computed. There are no investors' complaints on record arising out of such defaults. With respect to repetitive nature of default, I find that following regulatory action has been taken in past by SEBI against the following Noticees :-

Noticee	**In the matter of**	**Action**
Divyaben Hiteshbhai Gangani	Gala Global Products Limited (Adjudication Order dated 22-03-2022)	Penalty of Rs.5,00,000/-
Nikhil Kiritbhai Panchal		Penalty of Rs.5,00,000/-
Narendrabhai Jayantibhai Rupera		Penalty of Rs.7,00,000/-

E. ORDER

47. In view of the aforesaid facts and circumstances of the case, I, hereby, dispose of the Show Causes Notice dated December 10, 2020 qua Noticees no. 1, 2 and 3 without imposition of penalty.

48. After taking into consideration the nature and gravity of the violations established in the preceding paragraphs and in exercise of the powers conferred upon me under section 15-I of the SEBI Act read with rule 5 of the SEBI Adjudication Rules, I hereby impose penalty on the Noticees no.4 to 11 u/s 15HA of SEBI Act, 1992 for the violation of Regulations 3(a), 3(b), 3(c), 3(d) and Regulation 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, 2003 as under. In my view, the said penalty is commensurate with the violation committed by these Noticees in this case.

Noticee No.	Name of the Noticee	Penalty (Rs.)
4	Nailesh Kumar Ganeshbhai Prajapati	5,00,000/-
5	Divyaben Hiteshbhai Gangani	5,00,000/-
6	Jay Kamleshbhai Bhavsar	5,00,000/-
7	Nikhil Kiritbhai Panchal	5,00,000/-
8	Krunal Bhupendrabahi Makwana	5,00,000/-
9	Narendrabhai Jayantibhai Rupera	5,00,000/-
10	Manjulaben Bhaveshkumar Rangee	5,00,000/-
11	Dashrathbhai Maheshbhai Vada	5,00,000/-

49. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, or through 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

50. The Noticees shall forward the said demand draft or the details/ confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-1, DRA-2, SEBI, in the format given in table below:

Case name	
Name of payee	
Date of payment	
Amount paid	
Transaction no	
Bank details in which payment is made	
Payment is made for	Penalty

51. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this order, consequential proceedings including, but not limited to, recovery proceedings may be initiated under Section 28A of the SEBI Act, for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Date: July 29, 2022 **VIJAYANT KUMAR VERMA**
Place: Mumbai **ADJUDICATING OFFICER**