BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER Ref. No. ORDER/SBM/KL/2021-22/15788]

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

In respect of
Mr. Sunil Kumar Purohit
(PAN: AHSPP9704F)
Venus Apartment, 1st Floor
Room no. 103, Near Vishnu Hotel,
Opp Saibaba Mandir
Ulhasnagar, Maharastra 421001

In the matter of
Gravity India Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI'**) received an investigation report dated March 02, 2005, from Bombay Stock Exchange ('**BSE**'), regarding alleged irregularities w.r.t the trading in the scrip of Gravity India Limited (hereinafter referred to as '**GIL**'/ '**Company**'), by certain persons/entities during the period from December 23, 2003 to March 03, 2004 (hereinafter referred to as '**investigation period**'/'**relevant period'**) on BSE. It was alleged in the aforesaid BSE report that a group of persons/entities, including Mr. Sunil Kumar Purohit (hereinafter referred to as '**Noticee**'/**'Mr. Sunil'**) traded in the scrip of GIL during the investigation period and created artificial volume and contributed to the price rise in GIL by indulging in circular trading in connivance with other entities/ clients/brokers.
2. Pursuant to the receipt of BSE report, SEBI conducted an investigation in the matter, wherein, it was alleged that the Noticee along with a group of persons/entities had executed circular trades/reversal trades in the scrip of GIL during the investigation period in connivance with certain entities/clients/brokers and created artificial volumes and price rise in the scrip during the relevant period. It was observed that during the investigation period, the scrip price of GIL increased from Rs.10.60 on December 23,

2003, touched a high of Rs.32 on January 20, 2004 and closed at Rs.21 on March 03, 2004 on BSE. During the relevant period, the scrip was traded on BSE only. In this regard, it is alleged that the aforesaid group of entities/clients purchased 64,55,255 shares and sold 64,74,782 shares of GIL, which constituted 71% of the gross volumes approximately on the BSE during the investigation period. It is further alleged that the Noticee indulged in circular trading within the group (through stock broker Southern Shares & Stocks Limited) and purchased a total of 1,39,700 shares of GIL (1,35,206 among the group) and sold a total of 1,39,700 shares of GIL (21,025 shares among the group) during the investigation period.

3. In view of the above, it is alleged that the Noticee has colluded with certain brokers / clients/entities by transacting in the shares of GIL during the relevant period and, allegedly, manipulated and created a false market in the scrip and hence violated the provisions of Regulations 3 (a), (b), (c) & (d), 4(1), 4 (2) (a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**'). Therefore, SEBI initiated adjudication proceedings against the aforesaid entities, including the Noticee under the provisions of section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**).

4. In this context, an ex-parte adjudication order dated February 25, 2010, was passed in the matter in respect of the Noticee by the then adjudicating officer and a penalty of Rs. One Lakh (Rs. 1,00,000/-) was also imposed on the Noticee. The said order was challenged by the Noticee before the Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**Hon'ble SAT**'). The Hon'ble SAT, vide order dated March 07, 2016, restored the instant matter to the file of the Adjudicating Officer holding, inter alia, the following,

   "*In the light of the judgment of the Apex Court in the case of SEBI vs. Roofit* Industries *Ltd., reported in (2016) 194 Comp. Cas. 186 (S.C.) counsel for the parties state that the orders impugned in the respective appeals be quashed and set aside and the matters be restored to the file of the adjudicating officer for passing fresh order on merits and in accordance with law. Accordingly, orders impugned in the respective appeals are quashed and set aside by restoring the matters to the file of the adjudicating officer so as to pass fresh order on merits and in accordance with law.*"

APPOINTMENT OF ADJUDICATING OFFICER

5. Pursuant to the aforementioned order of Hon'ble SAT, the undersigned has been appointed as the Adjudicating Officer ('**AO**') in the matter vide communique dated February 18, 2021 under Section 19 of the SEBI Act read with Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**), to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the aforementioned alleged violation of the provisions of law by the Noticee. The said file along with the communique was received by the undersigned on February 24, 2021.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

6. Show Cause Notice ref no. SEBI/EAD1/SBM/JR/8312/2021 dated April 06, 2021 (hereinafter referred to as **'SCN'**) was issued to the Noticee in terms of Rule 4(1) of the Adjudication Rules read with Section 15-I of the SEBI Act to show cause as to why an inquiry should not be held against the Noticee and why penalty be not imposed on him in terms of the provisions of Section 15HA of the SEBI Act for the violations alleged to have been committed by the Noticee. The SCN, *inter-alia,* alleged the following :-

   a. *It was observed that the price of scrip of GIL increased from Rs.10.60 on December 23, 2003, touched a high of Rs.32 on January 20, 2004 and closed at Rs.21 on March 03, 2004 on BSE.*

   b. *It is alleged that a group of clients, including the Noticee and brokers traded significantly in the scrip in own account. The group aggregately purchased 64,55,255 shares and sold 64,74,782 shares, which constituted almost 71% of the gross volumes on the exchange during the period under investigation. It is observed that these clients, including the Noticee dealing through their respective members indulged into circular trading contributing to the volumes and price rise in the scrip during the period under investigation. The trades among this group of clients contributed to around 52% of the total market volume during the period of investigation and resulted in almost nil net position. The circular trading volume accounted for almost 30% to 70% of the respective day's traded volume.*

   c. *It is observed from the above table that the Noticee trading though member Southern Shares, bought a total of 1,39,700 shares (1,35,206 among the group) and sold total of 1,39,700 shares (21,025 shares among the group). It is alleged that the pattern of circular trading was usually among a group of 3-4 brokers i.e.   and same number of shares were rotated in a circular manner among brokers in the group on daily basis so that the same number of shares go back to the original seller at the end of the day and net position of* *each broker remains nil. It is further alleged that this manipulative trading operation was planned very carefully to avoid any easy detection.*

d. *It is alleged that on many instances, the buy and sell order quantities and rates were similar and time difference between the buy and sell order entered was negligible (from few seconds to few minutes). Hence, the orders of most of these trades appeared to be structured / synchronized. It is alleged that the orders were punched in with a preconceived motive and with prior arrangement and the orders would be picked up by a particular client and broker on the opposite side.*

e. *In view of the above, it is alleged that the Noticee has colluded with certain brokers / clients for transacting in the shares of GIL, thus manipulated and created false market for the scrip in violation of Regulation 3(a), (b), (c) & (d), 4(1), 4(2) (a), (b), (e) and (g) of FUTP Regulation 2003.*

7. Vide emails dated September 14, 2021 and March 21, 2022, the Noticee made the following major submissions in his reply to the SCN: -

Reply email dated September 14, 2021

a. *In the letter dated 01-09-2021, the Noticee asked the reasons behind such inordinate delay. However, the Noticee has not received any response on the delay.*

b. *Without prejudice, I further request your goodself to provide the Noticee copy of the purported KYC documents of the Noticee, if available on record. It is required because there are two different purported client codes were issued by the Member Broker to the Noticee i.e. Mr. Sunil Purohit. It is very shocking and surprising for me also that a Broker had issued two different client codes (S206 and S 209) for one individual client. I could have understood the case of Broker who may have two client codes i.e. one for executing pro trades and one for executing trades as a client. However, I never saw such a case wherein two client codes were issued to one individual client.*

Reply email dated March 21, 2022

a. *In response to my letters dated 01-09-2021, your office vide Email dated 14-09-2022 provided 4 files of compilation of Trade Log data. However, the data provided in the said files were not the original trade log data but the compilation of trade log data. Further, there were several discrepancies in the said data.*

b. *My AR further pointed out discrepancies in the data provided vide Email dated 14-09-2021. Vide Email dated 23-02-2022, I through my AR was provided copy of KYC documents with Member Broker Joinder Capital. It is very pertinent to mention that the alleged trades were executed in 2003-2004 through Southern Shares & Stocks Ltd. whereas the KYC documents was provided of Member Broker Joinder Capital.*

c. *Thus, I was informed that the Original Trade and Order Logs data is not available and further no other KYC documents are available with SEBI. I was advised to file reply.*

d. *Vide Email dated 23-02-2022, my AR once again requested to provide the material collected during the course of investigation and further placed reliance on one of the Judgement dated 18-02-2022 delivered by the Hon'ble Supreme Court of India in the matter of T. Takano v/s SEBI. Vide Email dated 24-02-2022, I was informed that whatever material available on records and relied in the SCN have already been provided. Since I was not provided Original Trade and Order Log data and KYC documents, I am not in apposition to make better submissions to the allegations made against me in the SCN.*

e. *The Noticee is presently unemployed and look after his father who is suffering from several ailments. The mother of the Noticee died 4 years back. The Noticee don't have any active bank as well as demat account from last 13 years. Indeed, the Noticee is out of securities market from last 12 - 13 years.*

f. *I strongly deny and refute that I had executed any trade in the scrip of Gravity India Limited (GIL / Gravity / Company). Indeed, my submissions is that I am not recollecting that I had ever opened any trading accounts with Southern Shares & Stocks Ltd. I request your good-self to please enquire the KYC documents and Ledger Accounts with the Member Broker so that it can be ascertained that whether I had opened any account with the said Member Broker and I had executed any trades in any scrip including in the shares of the Company with the said Brokers. I further reserve my right to cross examination of the said Member Broker during the course of the proceeding, if so allowed. In the year 2015, when I came to know about passing of several Orders against me by SEBI, I had lodged a Police Complaint before the Senior Inspector, MRA Marg Police Station against the Member Brokers. However, the Police Authorities did nothing on my Complaint*

g. *Since the Original Trade and Order Logs pertaining to the alleged trades have not been provided to me and no allegation of connection has been made in the SCN, the ratio laid down in the aforesaid Orders squarely applies in the present case also. Therefore, same order should be passed in the present case also.*

h. *I further submit that even assuming not admitting that I had executed the alleged trades. The quantum of alleged circular trade in my case was only 21,025 shares of the Company i.e. 0.23% of the market volume. Since the alleged volume arising out of circular trades is not substantial, no adverse inference should be taken against me. However, I made it very clear that I had never opened any account with Member Broker Southern Shares & Stocks Ltd and further not executed any trade in the scrip of the Company.*

i. From the aforesaid Table it can be seen that on 15-01-2004, Buy Order was placed at Rs. 25.20 and Sell Order was placed at the rate of Rs. 25.30 and the trade was executed at the rate of Rs. 25.30. It is very surprising that the trade was executed at the rate of Rs. 25.30 though the buyer was willing to buy shares at the rate of Rs. 25.20 only? This shows that the data are not correct

j. I, therefore, request your good-self not to place reliance on the data which having glaring discrepancies. In light of the aforesaid submissions, I pray to your good-self to disposed – off the SCN without passing any adverse order against me.

8. In the interest of natural justice and in terms of the Adjudication Rules, the Noticee was provided with an opportunity of personal hearing in the matter on March 21, 2022, through the online webex platform. Mr. Vikas Bengani, Advocate appeared as the Authorized Representative (hereinafter referred to as '**AR**') on behalf of the Noticee on the stipulated date of hearing. During the course of hearing, the AR reiterated the submissions made by the Noticee vide his emails dated September 14, 2021 and March 21, 2022.

CONSIDERATION OF ISSUES AND FINDINGS

9. I have carefully perused the allegations leveled against the Noticee in the SCN, the replies of the Noticee and also the documents/evidence available on record.
   The issues that arise for consideration in the present case are: -
   I. Whether the Noticee has violated the provisions of Regulations 3 (a), (b), (c) & (d), 4(1), 4(2) (a), (b), (e) and (g) of PFUTP Regulations?
   II. If yes, whether the violation would attract monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act?
   III. If yes, what should be the quantum of monetary penalty?

10. Before moving forward, the relevant provisions of the PFUTP Regulations, allegedly violated by the Noticee are reproduced as under:

    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;

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

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

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

ISSUE I :- Whether the Noticee has violated the provisions of Regulations 3 (a), (b), (c) & (d), 4(1), 4 (2) (a), (b), (e) and (g) of the PFUTP Regulations?

ISSUE II: - If yes, whether the violation committed by the Noticee would attract monetary penalty under Section 15HA of the SEBI Act?

11. In the context of the investigation conducted by SEBI in the instant matter, it is alleged that the circular trading indulged in by the group of persons/clients/brokers, including the Noticee in the scrip of GIL accounted for almost 30% to 70% of the respective day's traded volume on BSE, which resulted in artificial volume and price rise in the scrip during the investigation period. It was noted that during the investigation period, the price of scrip of GIL increased from Rs.10.60 on December 23, 2003 and closed at Rs.21 on March 03, 2004 on BSE. The price of scrip increased 98.11% while during the same period the Sensex and Nifty moved up by 4.5%. The pattern of the circular trading

employed by the aforesaid group of persons/entities, including the Noticee was usually among a group of 3-4 brokers i.e. A→B→C→D→A and same number of shares were rotated in a circular manner among the clients/brokers within the group on daily basis so that the same number of shares go back to the original seller at the end of the day and the net position of each broker remains nil. It is observed from the investigation report that on many instances w.r.t the circular trading in the instant case, the buy and sell order quantities and rates were similar and the time difference between the buy and sell orders entered was negligible (from few seconds to few minutes). Hence, the orders in respect of most of these trades appeared to be structured / synchronized. The details of the circular trading done by the group of clients/entities/brokers, including the Noticee in the scrip of GIL during the relevant period are given below:

Table-1

Member Name	**Client Name (group of persons/entities)**	**Total Buy Quantity**	**Buy among these clients**	**Buy among group of clients % of market volume**	**Total Sell Quantity**	**Sell among these clients**	**Sell among group of clients % of market volume**
Adolf Pinto	Kenneth Pinto	418280	403031	4.42	418280	410959	4.50
Vijay Bhagwandas Shah	Own	220850	219320	2.40	225825	223324	2.45
Southern Shares and Stocks Limited	Chirag Pujara	486110	283330	3.11	506176	62504	0.69
	Sunil Purohit/Noticee	**139700**	**135206**	**1.48**	**139700**	**21025**	**0.23**
Sanchay Fincom Ltd	Tejash Ghelani	478956	448157	4.91	484001	479387	5.25
Vijay J Thakkar	Mayuri V Thakkar	453497	347608	3.81	453497	424897	4.66
Harkishan Hiralal	Victor Trading Corporation	429652	419452	4.60	429652	421520	4.62
	Vasant H Bissa	188225	163193	1.79	188225	181460	1.99
M M Upadhyay	Amit Pandya	600450	128084	1.40	589841	268503	2.94
Galaxy Broking Ltd	Chaitanya P Raote	460180	443576	4.86	460180	445805	4.89
SPJ Stock Brokers Pvt. Ltd	OWN	1270702	598270	6.56	1270752	599095	6.57
Bharti Thakkar Securities Pvt. Ltd	Sayyad Mustafa	214433	173152	1.90	214433	203225	2.23
Uttam Financial Services Ltd	Own	779470	753469	8.26	779470	740105	8.11

Pilot Credit Capital Ltd	Dipak Dwarkadas Vyas	309775	255682	2.80	309775	289721	3.18
Grand Total		**6455255**	**4771530**	**52.30**	**6474782**	**4771530**	**52.30**

i. From the table above, it is observed that the group of persons/entities purchased 64,55,255 shares and sold 64,74,782 shares of GIL, which constituted to almost 71% of the gross volume on BSE in the scrip of GIL during the period under investigation.

ii. The Noticee traded though the broker viz. Southern Shares and Stocks Limited and purchased a total of 1,39,700 shares (1,35,206 among the group) and sold a total of 1,39,700 shares of GIL (21,025 shares among the group). The percentage of buy volume and sell volume of the Noticee (among the group) w.r.t market volume is 1.48% and 0.23% respectively.

iii. In this regard, it is alleged that out of 216 instances of circular trading (complete circles among the group entities) during the investigation period, the Noticee indulged in 39 instances of circular trading within the group. In view of the above, it is alleged that the Noticee has colluded with certain brokers / clients for transacting in the shares of GIL and thus manipulated and created artificial/ false market for the scrip of GIL during the Investigation period.

12. An illustrative analysis of the circular trades in the scrip of GIL that took place on January 7, 2004 among the brokers/clients, including the Noticee is explained in the following Table:

Table-2

Date	Selling Member	Sell Client	Buying Member	Buy Client	Qty	Average Rate
07/01/2004	Bharati Thakkar	Sayed Mustafa	Southern Shares	Sunil Purohit	4000	18.45
	Southern Shares	Sunil Purohit	Pilot Credit	Dipak Vyas	4000	18.10
	Pilot Credit	Dipak Vyas	Galaxy Broking	Chaitanya Raote	4000	18.45
	Galaxy Broking	Chaitanya Raote	Bharati Thakkar	Sayed Mustafa	4000	18.45

13. During the relevant period, 216 instances of circular trading (complete circles among the group entities) were observed among the brokers/clients, including the Noticee. From the findings of the investigation, it is alleged that the Noticee was involved in 39 different instances of circular trades in the 16 trading days on which he traded during the

investigation period. The details in this regard are given in the table below:

Table-3

Stock Broker Name	**Client Name**	**No. of instances of circular trading**	**Total no. of days the broker traded**	**No. of days on which the broker traded among group of clients**
Southern Shares	Chirag Pujara	18	27	23
	Sunil Purohit	39	16	16
Harkishan Hiralal	Vasant H Bissa	18	10	10
	Victory Trading Corporation	82	25	25
Vijay	Own	42	17	17
Sanchay Fincom Ltd	Tejash Ghelani	87	30	30
Vijay J Thakkar	Mayuri V Thakkar	46	33	33
M M Upadhyay	Amit Pandya	0	31	28
Galaxy Broking Limited	Chaitanya P Raote	99	38	38
SPJ Stock Brokers Pvt Ltd	OWN	83	39	39
Bharati Thakkar Securities Pvt. Ltd.	Sayyad Mustafa	49	11	11
Uttam Financial Services Limited	Own	142	32	32
Pilot Credit Capital Ltd	Dipak Dwaradas Vyas	69	25	24

14. The Noticee in his replies made the following major submissions/contentions and requested to drop the instant proceedings:

i. Noticee contended that he has not been provided with the original trade log and order log which contain the details of the trades done by the Noticee as alleged in the SCN.

ii. Noticee submitted that the data/documents (compilation of trade log of the group of entities - soft copy mode) provided to him and which were relied upon by SEBI in respect of the allegations levelled against him have certain factual discrepancies.

iii. The material available on record mentioned that the Noticee traded in the scrip of GIL under two client IDs viz. S209 and S206 in the instant matter. The Noticee disputed the above and contended that an individual client cannot trade through multiple client codes. The Noticee therefore requested for the KYC documents supporting the same i.e the multiple client codes. Noticee also submitted that he did not open any trading account with the broker in question viz. Southern Shares and Stocks Limited.

iv. Noticee reiterated that no allegation of his connections with the group and/or with any clients within the group have been made in the SCN.

v. Noticee further submitted that even if has to be assumed that the alleged trades were executed by him, the quantum of the alleged circular trades in his case was only 21,025 shares of GIL i.e. 0.23% of the market volume, which is not substantial.

15. In the instant matter, it is noted that the original trade log and order log pertaining to the Noticee's transactions in GIL during the relevant period were not made available by the concerned Department of SEBI i.e EFD. In this context, the relevant details were sought from EFD vide email dated August 31, 2021 and EFD had responded to the same vide email dated September 2, 2021. However, the data/information submitted by EFD did not contain the relevant trade log/order log details pertaining to the trades of the Noticee. The details that were made available by EFD (scanned copies) did not contain the specific order/trade details of the Noticee. In view of the same, the relevant details were sought from BSE during the course of the instant proceedings along with the KYC documents pertaining to the two client IDs of the Noticee viz. S209 and S206. BSE vide its email dated February 21, 2022, submitted that since the aforesaid data/original trade log and order log details sought were very old, the same were not available with it in their system and hence, BSE could not provide these details. It is further observed that the KYC documents of the Noticee which were furnished by BSE vide its email dated February 21, 2022, were pertaining to a different broker viz. Joinder Capital Services Limited, whereas, the impugned transactions executed by the Noticee in the instant matter and as alleged in the SCN was through the broker viz. Southern Shares and Stocks Limited. It is necessary to examine the trade log and order log in detail in order to conclusively establish the role of the Noticee in the said matter and the allegations levelled against him in the SCN.

16. In the absence of the records viz. the trade log and order log details and KYC documents of the Noticee in the instant matter, I find it difficult to ascertain/comment on the accuracy of the basic trading details of the Noticee like no. of shares traded, traded price, date of trades, order time, counterparty order time, counter party details etc.as well as on the trading pattern of Noticee so as to arrive at a definite conclusion regarding the creation of artificial volume through circular/synchronized trades by the Noticee, as alleged in the SCN. Further, I note that though the group of suspected persons/entities, including Noticee were alleged to have created artificial volume and price rise in the scrip of GIL during the investigation period, however, I find that no corroborative evidence/details of any connection of the Noticee with the aforesaid group of persons/entities have been brought out in the findings of the investigation and/or established on record. In this context, it is relevant to mention the judgement of Hon'ble SAT in the matter of Dhirajbhai V. Sanghvi HUF vs SEBI vide its order dated February 19, 2020, wherein Hon'ble SAT had held that: -

''We find that the AO has considered the trade logs, order logs and the investigation report in coming to the conclusion that the appellants had indulged in synchronized and reversal trades. This Tribunal in Ketan Parekh vs. SEBI Appeal No. 2 of 2004 decided on July 14, 2006 held that the nature of transaction executed, the frequency of the transactions are undertaken, the value of the transactions, whether they involved circular trading and whether there is a change in the beneficial ownership, the condition which have prevailing in the market are some of the factors which goes to show the intention of the parties. These factors can only be considered and found if trade logs, order logs and the investigation report are supplied to the appellants and a finding is given on that aspect. The summary of the trade logs as indicated in the show cause notice will not give a finding by itself on synchronized trades, 11 reversal trades, etc. Thus, on this short ground that there has been a violation of the principles of the natural justice by not supplying the relevant documents, the impugned orders cannot be sustained and on this short ground the impugned orders passed by the AO are set aside.''

17. The contention of the Noticee that he had not traded in the scrip of GIL through the broker viz. Southern Shares & Stocks Ltd during the relevant period is baseless and without any merit as the relevant details/information relating to his trades were made on the basis of the observations made by BSE in its report dated March 2, 2005.

18. I note that Noticee has pointed out certain discrepancies in the trade data shared with him through the SCN. However, in the absence of the trade data from BSE i.e trade and order log, I find that it is not possible to comment on the accuracy of the data provided to the Noticee in the SCN. Further, the allegation of 'reversal trades' executed by the Noticee also cannot stand as the investigation report only contains the observations/findings pertaining to circular trading by clients/entities /brokers, including Noticee in the scrip of GIL during the relevant period and not the details of reversal trades executed by the entities.
19. In view of the above observations/findings, I am of the considered view that a charge of market manipulation as a result of the circular trades executed by an entity should be made on the basis of strong and cogent evidence, which is lacking in this case. Based on the fact that the original trade log and order log, KYC documents of the Noticee etc are not available on record, and no connection was brought out in the findings of the investigation of the Noticee with the group of persons/entities who had traded in GIL during the relevant period, I find it difficult to conclusively establish the fact that the Noticee was responsible for the creation of artificial volume in GIL through circular trades during the relevant period in collusion with other entities/clients . Therefore, I find that the material on record is insufficient to conclude that the impugned circular trades/ synchronised trades of the Noticee were fraudulent or manipulative. Even if it is to be assumed that the Noticee executed the alleged trades, I note that the percentage of the alleged circular trades executed by the Noticee w.r.t the total buy volume during the investigation period and among the group was only 1.48% (among the group) and his sell volume among the group was only 0.23 % during the relevant period. The contribution of the Noticee in the trades of GIL during the relevant period was the least when compared to the traded volume of other clients. The same can also be seen in the Table mentioned above (Table 1). In my view, the above volume is miniscule and insignificant for the purpose of creation/generation of artificial volumes in the scrip.

20. In view of the above observations and considering the fact that there is insufficient material on record to conclusively establish the findings against the Noticee, I am inclined to give the benefit of doubt to the Noticee. In view of the above, I find that the allegation of violation of Regulations 3 (a), (b), (c) & (d), 4(1), 4 (2) (a), (b), (e) and (g)

PFUTP Regulations by the Noticee does not stand established.

ORDER

21. In view of the above observations/findings and in exercise of the powers conferred upon me under section 15I of the SEBI Act read with rule 5 of the Adjudication Rules, I hereby dispose of the Adjudication Proceedings against the Noticee viz. Mr. Sunil Kumar Purohit vide SCN dated April 06, 2021.

22. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee viz. Mr. Sunil Kumar Purohit also to the Securities and Exchange Board of India.

Date: March 31, 2022 **Suresh B Menon**

Place: Mumbai **ADJUDICATING OFFICER**