BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/AE/2022-23/16375-16387]

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

In respect of:

Noticee No.	Noticee Name	PAN
1	Bharat Jayantilal Patel	AAAPP6652R
2	Minal Bharat Patel	AACPP5126G
3	Hardik Bharat Patel	AHIPP1407H
4	Ruchit Bharat Patel	ANDPP9202F
5	Pat Financial Consultant Pvt. Ltd.	AAACP3115E
6	Fidelity Multitrade Pvt. Ltd.	AABCF0017A
7	Pasha Finance Pvt. Ltd.	AAACP8316P
8	Gandiv Investment Pvt. Ltd.	AACCG3017C
9	Acira Consultancy Pvt. Ltd.	AAICA9489N
10	Hridaynath Consultancy Pvt. Ltd.	AACCH5285R
11	Moneybee Realty Pvt. Ltd.	AAFCM3690Q
12	Vanraj Shah	ABAPS7558L
13	Finquest Securities Pvt. Ltd.	AABCB7028F

*(hereinafter collectively referred to as "**Noticees**")*

In the matter of Garware Polyster Ltd.

FACTS OF THE CASE IN BRIEF:

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') carried out an investigation into trading in the scrip of Garware Polyster Limited (hereinafter

referred to as “**Garware**”**/**“**Company**”) for the period December 15, 2011 to October 09, 2014 (hereinafter referred to as ‘**Investigation period/IP**’). The focus of the investigation was to ascertain whether there was any violation of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as ‘**SEBI Act**’) and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities market) Regulations, 2003 (hereinafter referred to as **‘PFUTP Regulations’**) during the aforesaid investigation period. The shares of the Company are listed on BSE Ltd (BSE).

2. During the course of investigation, SEBI observed that there were 16 suspected entities from a connected group hereinafter referred to as “**Bharat Patel Group**”, out of which 15 group entities had traded in the scrip of Garware during the investigation period. It was observed that 12 entities (namely, Bharat Jayantilal Patel, Minal Bharat Patel, Hardik Bharat Patel, Ruchit Bharat Patel, Pat Financial Consultant Pvt. Ltd., Fidelity Multitrade Pvt. Ltd., Pasha Finance Pvt. Ltd., Gandiv Investment Pvt. Ltd., Acira Consultancy Pvt. Ltd., Hridaynath Consultancy Pvt. Ltd., Moneybee Realty Pvt. Ltd., and Vanraj Shah i.e. Noticees 1 to 12 respectively) out of the aforesaid 15 Bharat Patel Group entities repetitively executed synchronized trades on BSE within the group for 13,16,653 shares (10.17% of the market volume) in 79 trades over 24 trading days and thus created misleading appearance of trading in the scrip without any intention of change in ownership of the security. In view of the above, it was alleged that the trades of Noticees 1 to 12 at BSE had violated the provision of section 12A (a), (b) and (c) of SEBI Act read with regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) and (g) of the PFUTP Regulations.

3. It was also observed that Finquest Securities Pvt. Ltd. (Noticee 13), was the broker and counterparty broker for 7 out of 79 synchronized trades in the scrip of Garware at BSE for a quantity of 3,02,900 shares (23% of the synchronized trades of the Bharat Patel Group and 2.33% of the market volume) during the investigation

period. It was also observed that all the synchronised buy and sell trades were executed from terminal ID 4, 6, 8 and 10 of Noticee 13. It was observed that two of the suspected entities, namely, Hardik Bharat Patel and Minal Bharat Patel were directors of Noticee 13. Thus, it was observed that Noticee 13 was connected to the suspected entities which have indulged in synchronized trades and in view of the same, it was alleged that Noticee 13 facilitated their fraudulent trades and created misleading appearance of trading in the scrip of Garware without any intention of change in ownership of the security. In view of the above, it was alleged that Noticee 13 has violated the provisions of section 12A (a), (b) and (c) of SEBI Act read with regulation 3 (a), (b), (c) and (d), regulations 4(1) and 4(2)(a) of the PFUTP Regulations. Further, it was alleged that the Noticee, being a SEBI registered intermediary was bound to maintain high standards of integrity, promptitude and fairness in the conduct of its business and it failed to exercise due skill, care and diligence laid down in the code of conduct for Brokers thereby violating clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 (now Regulation 9 w.e.f. September 27, 2013) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as '**Stock Broker Regulations**'). Noticees 1 to 13 hereinafter collectively referred to as "**Noticees**".

APPOINTMENT OF ADJUDICATING OFFICER

4. Vide communication order dated July 31, 2019, Shri Santosh Shukla was appointed as Adjudicating Officer (**AO**) under Section 15-I of the SEBI Act read with Rule 3 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to inquire into and adjudge under section 15HA of the SEBI Act, the alleged violations of the aforementioned provisions of SEBI Act read with PFUTP Regulations by Noticees 1 to 13 and under section 15HB of SEBI Act, the alleged violation of aforementioned provisions of Stock Broker Regulations by Noticee 13.

Subsequently, vide communication order dated January 07, 2020, Shri Amit Pradhan was appointed as AO in the place of Shri Santosh Shukla. Thereafter, the undersigned was appointed as the AO in the matter by SEBI vide communication order dated June 21, 2021.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A common Show Cause Notice vide ref. no. EAD-2/AP/VS/11764/1-13/2020 dated July 16, 2020 (hereinafter referred to as '**SCN**') was issued to the Noticees under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticees and penalty, if any, not be imposed upon them under the provisions of 15HA and 15HB the SEBI Act, as applicable, for the aforesaid violations alleged to have been committed by them.

6. The allegations levelled against Noticee 1 in the SCN are as under:

   a) During the investigation, the price volume data of the scrip at BSE for the period before, during and after the investigation period was noted as mentioned in following graphs and tables:

Chart-1: Price Volume movement at BSE

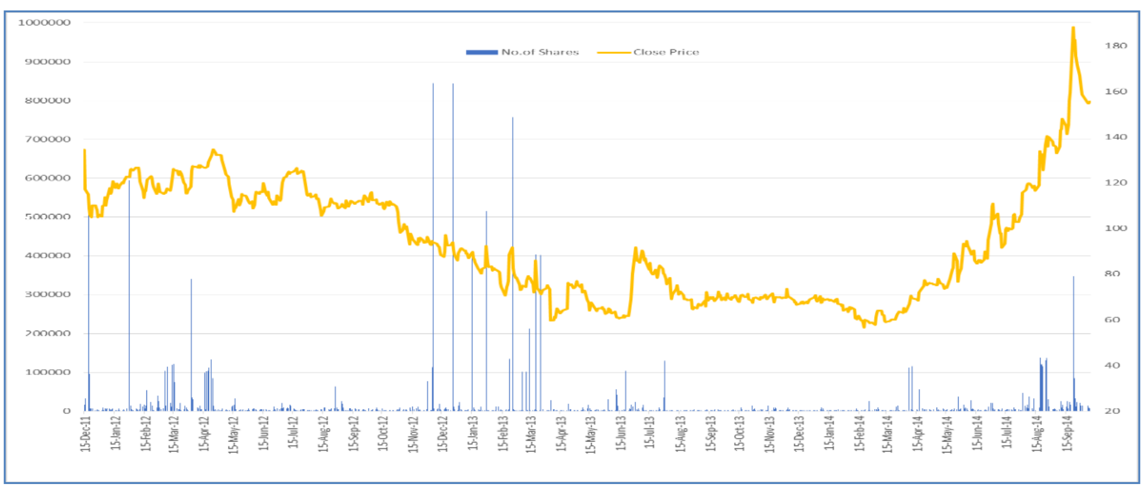

Table-1: Price movement at BSE

Period	Dates		Open	High	Low	Close	Total Vol/(Avg. Vol.)
Pre Investigation Period	15/09/2011-14/12/2011	Price	158.05	164.95 (15/09/2011)	130 (02/11/2011)	136.85	497555 (8293)
		Vol	20213	59017 (16/11/2011)	637 (20/10/2011)	15728	
Patch 1 (Fall)	15/12/2011-05/04/2013	Price	135.05	137.8 (15/12/2011)	58.65 (03/04/2013)	59.6	9433483 (28673)
		Vol	16934	845218 (06/12/2012)	34 (13/11/2012)	28618	
Patch 2(Rise)	08/04/2013-08/07/2013	Price	59.45	94 (02/07/2013)	58.4 (08/04/2013)	90.4	469376 (7450)
		Vol	3872	103622 (21/06/2013)	215 (31/05/2013)	8171	
Patch 3 (Fall)	09/07/2013-20/02/2014	Price	90.4	95.5 (09/07/2013)	55.2 (20/02/2014)	56.7	518430 (3323)
		Vol	15196	129494 (31/07/2013)	66 (29/08/2013)	746	
Patch 4(Rise)	21/02/2014-09/10/2014	Price	59.9	193.5 (23/09/2014)	56.6 (21/02/2014)	155.65	2528961 (16529)
		Vol	3965	347543 (22/09/2014)	87 (22/03/2014)	7243	
Post Investigation period	10/10/2014-08/01/2015	Price	151.15	165.7 (12/11/2014)	121.05 (17/12/2014)	131.4	391777 (6530)
		Vol	7581	44548 (13/11/2014)	1279 (10/12/2014)	5158	

b) Based on Know Your Client (KYC)/Unique client code (UCC) details, MCA website (for common directors), Bank statements and Off market transfers, 16 entities were identified as 'suspected entities' (hereinafter referred to as "Bharat Patel Group") by SEBI. The details of the 16 'suspected entities' are as follows:

Table No. 2: Suspected entities of Bharat Patel Group

Sr. no.	PAN No.	Entity Name	Sr. no.	PAN No.	Entity Name
1	AAAPP6652R	Bharat Jayantilal Patel	9	AAACP3115E	Pat Financial Consultants Pvt. Ltd.
2	ANDPP9202F	Ruchit Bharat Patel	10	AAICA9489N	Acira Consultancy Pvt. Ltd.
3	AACPP5126G	Minal Bharat Patel	11	AACCG3017C	Gandiv Investment Pvt. Ltd.
4	AHIPP1407H	Hardik Bharat Patel	12	AACCH5285R	Hridaynath Consultancy Pvt. Ltd.
5	AABPP2156M	Prashant Jayantilal Patel	13	AABCP1438P	Pranav Holdings Pvt. Ltd.
6	AABPP2157L	Pankaj Jayantilal Patel	14	AABCF0017A	Fidelity Multitrade Pvt. Ltd.
7	ABAPS7558L	Vanraj Vinod Shah	15	AAFCM3690Q	Moneybee Realty Pvt. Ltd.
8	AAGPK6090A	Ajaykumar Banwarilal Kejriwal	16	AAACP8316P	Pasha Finance Pvt. Ltd.

c) It is noted that out of the 16 'suspected entities' in the Bharat Patel Group, following 15 'suspected entities' had traded in the scrip of Garware during the investigation period:

Table 3: Summary of trading by Bharat Patel Group during the investigation period

Name of Entity	Gross Buy	% of Gross Buy to Mkt. Vol	Gross Sell	% of Gross Sell to Mkt. Vol	Net Qty.
Bharat Jayantilal Patel	16,31,213	12.6	8,14,602	6.29	8,16,611
Hardik Bharat Patel	10,14,734	7.84	3,42,527	2.65	6,72,207
Prashant Patel	8,36,950	6.46	8,35,000	6.45	1,950
Pat Financial Consultants Pvt. Ltd	7,93,000	6.12	5,66,705	4.38	2,26,295
Minal Bharat Patel	4,79,205	3.7	4,75,000	3.67	4,205
Pankaj Patel	4,02,387	3.11	4,00,437	3.09	1,950
Pasha Finance Pvt. Ltd.	4,01,196	3.1	4,01,196	3.1	0
Ruchit Bharat Patel	2,99,745	2.32	3,52,378	2.72	-52,633
Acira Consultancy Pvt Ltd	2,21,200	1.71	2,21,200	1.71	0
Hridaynath Consultancy Pvt Ltd	1,05,153	0.81	7,30,153	5.64	-6,25,000
Vanraj Shah	3,800	0.03	1,900	0.02	1,900
Moneybee Realty Pvt Ltd	1,900	0.02	1,900	0.02	0
Gandiv Investment Pvt. Ltd.	1,900	0.02	1,900	0.02	0
Fidelity Multitrade Pvt. Ltd.	1,900	0.02	1,900	0.02	0
Pranav Holding Pvt Ltd	300	0	2,050	0.02	-1,750
Total	**61,94,583**	**47.83**	**51,48,848**	**39.76**	**10,45,735**

a. From the above table, it was observed that Bharat Patel Group purchased 6,194,583 shares (47.83% of total market volume) and sold 5,148,848 (39.76 % of total market volume) at BSE. The Group was net buyer of 1,045,735 shares.

b. Trading among Bharat Patel Group was for 2,588,995 shares which accounted for 19.99 % of total market volume at BSE.

d) It is also noted that the 12 out of aforesaid 15 'suspected entities' of the Bharat Patel Group had executed, within the group, synchronized trades in the scrip of the company on BSE for 13,16,653 shares (10.17% of the market volume) in 79 trades over 24 trading days and thus created misleading appearance of trading in the scrip without any intention of change in ownership of the security. Details of Bharat Patel Group's contribution to synchronized trades are as follows:

Table 4: Details of Contribution of Bharat Patel Group to synchronized trades

Gross Buy Qty of Bharat Patel Group	Gross Sell Qty of Bharat Patel Group	Gross Total	Total traded qty among Bharat Patel Group	Sync traded qty by Bharat Patel Group	Sync Trades as % of total traded qty among Bharat Patel Group	Sync Trades as % of Total market volume
61,94,583	51,48,848	1,13,43,431	25,88,995	13,16,653	50.86	10.17

Table 5: The entity-wise details of synchronized trades by Bharat Patel Group

Buyer	Seller	Synchronized Qty.	% of Sync. Vol. to Mkt. Vol.	No. of Trades	No of days
Vanraj Shah (Noticee No. 12)	Bharat Jayantilal Patel	1900	0.02	1	1
Ruchit Bharat Patel (Noticee No. 4)	Pat Financial Consultants Pvt. Ltd	15000	0.12	1	1
Pat Financial Consultants Pvt. Ltd. (Noticee No. 5)	Bharat Jayantilal Patel	120000	0.93	3	2
Pat Financial Consultants Pvt. Ltd	Moneybee Realty Pvt. Ltd. (Noticee No. 11)	1900	0.02	1	1
Minal Bharat Patel (Noticee No. 2)	Pat Financial Consultants Pvt. Ltd	15000	0.12	1	1
Hridaynath Consultancy Pvt. Ltd. (Noticee No. 10)	Gandiv Investment Pvt. Ltd. (Noticee No. 8)	1900	0.02	1	1
Hridaynath Consultancy Pvt. Ltd	Hardik Bharat Patel	1900	0.02	1	1
Hardik Bharat Patel (Noticee No. 3)	Hridaynath Consultancy Pvt. Ltd	50000	0.39	1	1
Hardik Bharat Patel	Acira Consultancy Pvt. Ltd	219100	1.69	2	2
Bharat Jayantilal Patel (Noticee No. 1)	Pasha Finance Pvt. Ltd. (Noticee No. 7)	1100	0.01	1	1
Bharat Jayantilal Patel	Fidelity Multitrade Pvt. Ltd. (Noticee No. 6)	1900	0.02	1	1
Bharat Jayantilal Patel	Hridaynath Consultancy Pvt. Ltd	680153	5.25	9	7
Acira Consultancy Pvt. Ltd. (Noticee No. 9)	Pat Financial Consultants Pvt. Ltd	31000	0.24	1	1
Acira Consultancy Pvt. Ltd	Bharat Jayantilal Patel	175800	1.36	55	3
		1316653	**10.17**	**79**	**24**

e) In view of the above, it was observed that the trades of aforementioned 12 'suspected entities'/Noticees of the Bharat Patel Group at BSE have violated the provision of section 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) and (g) of the PFUTP Regulations.

f) It was also observed that Finquest Securities Pvt. Ltd. (Noticee No. 13), was the broker and counterparty broker for 7 out of 79 synchronized trades at BSE for a quantity of 3,02,900 shares (23% of the synchronized trades of the Bharat Patel Group and 2.33% of the market volume) during the investigation period. All the buy and sell synchronized trades were executed from terminal ID 3, 4, 6, 8 and 10 at Noticee. It is also noted that two of the 'suspected entities', Noticee No. 2 and 3 are directors of the Noticee No. 13. Thus, the Noticee No. 13 is connected to the 'suspected group' which had indulged in synchronized trades and in view of the same, it is alleged that the Noticee No. 13 facilitated their fraudulent trades and created misleading appearance of trading in the scrip.

g) Therefore, in view the above, it is alleged that the Noticee No. 13 has violated the provisions of section 12A (a), (b) and (c) of the SEBI Act read with regulation 3 (a), (b), (c) and (d), regulations 4(1) and 4(2)(a) of the PFUTP Regulations. Further, the Noticee being a SEBI registered broker was bound to maintain high standards of integrity, promptitude and fairness in the conduct of its business and it failed to exercise due skill, care and diligence laid down in the code of conduct for Brokers thereby violating clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with regulation 7/9 of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as 'Brokers Regulations').

Reply and Hearing of Noticees 1 to 8 and 13 (Bharat Jayantilal Patel, Minal Bharat Patel, Hardik Bharat Patel, Ruchit Bharat Patel, Pat Financial Consultant Pvt. Ltd., Fidelity Multitrade Pvt. Ltd., Pasha Finance Pvt. Ltd., Gandiv Investment Pvt. Ltd., and Finquest Securities Pvt. Ltd. respectively)

7. The SCN was sent to the Noticees 1 to 8 and 13 through Speed Post Acknowledgement due (hereinafter referred to as '**SPAD**') and the same was duly served. The SCN was also sent to the above Noticees through email dated July 17, 2020 at their respective email ids. The Noticees were given fourteen (14) days' time from the date of receipt of SCN to submit their replies to the allegations made in the SCN.

8. Vide email dated July 30, 2020 received from the email id - bjpatel763@gmail.com, and signed by "Bharat Patel & Others" it was *inter alia* stated that they are in receipt of the SCN, however they could not attend to the same earlier due to covid-19 related lock down. Further, they requested the copy of the investigation report. Vide email reply dated August 21, 2020 sent to bjpatel763@gmail.com, it was communicated that the relevant portion of the investigation report pertaining to the Noticees in the matter has already been incorporated in the SCN. It was further

communicated that the necessary documents relied upon in the matter has already been forwarded to the Noticees along with the SCN. As an additional document the “details of Synchronised trades” by the Noticees was forwarded to all Noticees for their perusal vide the said email and the Noticees were granted opportunity to submit their reply to the SCN latest by August 28, 2020.

9. Vide letter dated September 24, 2020, Noticee 13 filed reply in the matter. The main submissions made therein are as follows –
    i. They had requested SEBI to provide them with investigation report and any other documents relied upon. No investigation report or any other documents were provided to them by stating that all documents relied upon were already provided with.
    ii. They have acted as a broker and carried out directions of their clients which they ought to. Merely because they facilitated transactions in the normal course of our business, it cannot be said that there is violation of any regulation.
    iii. They have carried out transactions on the instructions of their clients and in regular course of business and with view to earn brokerage. There was no other objective or motive on our part which can be ascribed.
    iv. They state that the various clients on whose instructions these respective trades were entered were doing their trades for long time and have done large volume and in number of scripts. (Annexure — A Enclosed).
    v. Further, they did not find any abnormal or questionable issue in these trades. Just because both clients are known to them and their volume are significant, inference of negligence and lack of care is unfounded and erroneous. It will not be out of context to mention that there is efficient and active surveillance system by respective Stock Exchanges and the Regulator and none of them have ever found anything unusual or wrong at that point of time and thereafter till date the SCN is issued.

vi. It is submitted that there is no prohibition on synchronised trading in securities, so as long as the transactions are effected in accordance with the Stock Exchange Mechanism, securities are delivered and that the transaction have not been effected with manipulative intent. It will not out be of place to mention that the trade of 1900 shares Garware Polyester Ltd (value Rs. 1,35,850/-) for a client whose volume is of business in that year was Rs. 109.28 Crores is being questioned by Regulator after 6-7 years exhibits biased, prejudicial and mechanical approach.

vii. It is submitted that each and every trade and transaction carried on the Stock Exchanges are in fact synchronised. Unless the price and the volume match, the trade or transaction cannot be effected or accomplished. It is also noted that there is no allegation that these trades were done with the intention to manipulate. It is nowhere stated in SCN that alleged synchronised trades have manipulated prices of shares.

viii. The investigation in respect of the period which is almost 6-8 years back, they are constrained to provide any more explanation after 6-8 years from the date of trade. Their annual volume is for year 2011-12, 2012-13, 2013-14 & 2014-15 is given herein below. In background of such large volume, it is not possible to reason and justify each trade after 6-8 years.

Year	Volume (Rs. In Crores)
2011-12	2698.55
2012-13	2598.77
2013-14	1886.19
2014-15	2984.08

ix. In their view of the matter, they are not expected to find out reasons from client's rationale for each trade. Notwithstanding what is stated herein above, it is stated that the trades could have been executed by the clients for many reasons including financial liquidity requirement or other financial commitment or availability of other scrips, comparatively cheaper valuation. Therefore, no adverse inference can be attributed for to any of the trades effected by us as a broker for and on behalf of our clients. Inordinate delay in conducting inquiries and punishing the delinquent demoralize market players who are ultimately not found guilty. The Hon'ble SAT has also held that market players have the right that proceedings against them are conducted expeditiously so that they are not made to undergo mental agony without any fault on their part.

x. Reliance was placed on the judgement dated September 08, 2020 passed in one recent case for similar facts by the Hon’ble SAT in Appeal No. 154 of 2020 (Bharat J Patel & Others Vs SEBI) which in turn relied on the earlier judgements in the following matters – (a) Ashok Shivlal Rupani &n Ors Vs SEBI (in Appeal No. 417 of 2018 — decided on 22nd August 2019); (b) Sanjay Jethalal Soni & Ors Vs SEBI (in Appeal No. 102 of 2019 — decided on 14th November 2019); and (c) Anilkumat Nandkumar Harchandrai & Ors Vs SEBI (in Appeal No. 75 of 2019 — decided on 5th December 2019). The crux of all the aforesaid judgement, inter alia, was that delay has caused prejudice to the parties and therefore the proceedings initiated by SEBI were quashed and set aside.

10. Subsequently, vide Hearing Notice dated October 07, 2020, the Noticees were granted an opportunity of personal hearing before the erstwhile AO, Shri Amit Pradhan on October 21, 2020. Vide the said Hearing Notice, the Noticees were also granted opportunity to file their reply to the SCN. However, the Noticees 1 to 8 and 13 did not appear for the personal hearing scheduled on October 21, 2020. Vide letter dated October 14, 2020, Noticee 1 (Bharat J Patel) forwarded a copy of order dated September 08, 2020 of Hon’ble SAT in the matter of Bharat J Patel & Others v/s Securities and Exchange Board of India (Appeal no. 154 of 2020). The said order was related to the scrip of Seshasayee Paper and Boards Ltd. Vide email dated October 22, 2020, the Noticees were granted opportunity another opportunity to file

reply to the SCN latest by October 30, 2020. In this regard, a letter dated October 23, 2020, was received from Noticees 1 to 7, wherein the said Noticees stated that they had received a Show Cause Notice dated December 12, 2019 under Sections 11B(1) and 11(4) read with Section 11(1) of SEBI Act in the same matter, the contents of which was also similar to the SCN issued in the present adjudication proceedings. The said Noticees further enclosed a copy of their reply dated October 08, 2020 which was filed in response to the SCN dated December 12, 2019 and requested the same to be considered as their reply in the present adjudication proceedings. Similarly, Noticee 8 vide its letter dated October 30, 2020 enclosed a copy of its reply dated October 09, 2020, which was in response to the SCN dated December 12, 2019 and requested the same to be considered as reply in the present adjudication proceedings. The main submissions made in the above replies are summarized below –

i. At the outset, it is submitted that there has been inordinate delay in issuance of SCN. Even though the details of the alleged trades are furnished by SEBI but it is humanly impossible and untenable for them or for any investor to remember and recollect and explain rationale or reasons now in 2020 as to how and why such trades of 2011-12, 2012-13, 2013-14& 2014-15 were executed.
ii. It is also submitted that the reasons for such could be liquidity requirements, booking of profit or loss, tax planning availability of better alternative investment or business opportunities.
iii. The investigation has not disclosed any reasons for splitting investigation period into various patches and for attributing purported wrongdoing by linking everyday movement and fluctuation in prices of shares.
iv. In fact, the investigation has failed or ignored to recognize the principle that price is a result of demand and supply of scrips. It is further stated that reasons for doing transactions could be many things including some news about the Company, about industry in which a company operates, specific

Government steps which may affect sector or market in short or longer run, price parity of other scripts such as some other scripts have fallen or risen sharply.

v. It is submitted that their dealing, if any, with alleged connected entities is in their regular course of business.

vi. Volume depends on many factors like Networth of investor, no. of shares held by investor. Therefore, the volume of transactions should not lead to any negative inference of any nature of whatsoever as the total gross buy and sell to the market volume is normal, considering their volumes in other scrips and total volume.

vii. Noticee 1 stated that Noticee no. 2, 3 & 4 (Minal B. Patel, B. Patel & Ruchit B. Patel) is his wife and sons respectively and Noticee no. 5 (Pat Financial Consultants Pvt. Ltd.), Noticee No. 6 (Fidelity Multitrade Pvt. Ltd.) and Noticee no. 7 (Pasha Finance Pvt. Ltd.) are Companies where he is a Director. They are financially independent.

viii. There is no bar to "Connected" parties trading. In fact, even negotiated trades between connected parties is not prohibited and are very common.

ix. It is denied that they have repetitively executed synchronized trades within group. The SCN itself confirms that they have entered into ONLY 22 days of synchronized trades during 1029 days of investigation period i.e. 15/12/2011 to 09/10/2014. Out of 22 instances, 4 instances are for nominal quantity of 1000-2000 shares.

x. It is also denied that the said trades had created misleading appearance of trading in the scrip without any intention of change in ownership of the security. Full payment was made and all transactions had resulted into delivery and transferred from/or to Demat Statement. They became registered holder and owner of the shares, and the transactions were done on platform of stock exchange and for consideration in normal course of purchase/ sale of stock and effect of transactions is reflected in audited accounts in respective years.

xi. It is wrong to allege and assume that the transaction is done without any intention to change ownership while their Demat statements clearly show delivery of the same. (Demat Statements enclosed as Annexure - B).

xii. In fact, transaction has been displayed on Bulk deal of stock exchange window when the quantity traded exceeds 0.50% of share capital of the Company.

xiii. It is also stated that there is no prohibition on synchronized in securities, so long as the transactions are effected in accordance with the Stock Exchange Mechanism, securities are delivered, and that the transactions have not been effected with manipulative intent to artificially move the price of the stock.

xiv. It is submitted that all trades and transactions carried on the Stock Exchanges are in fact synchronized. Unless the price and the volume match, the transaction cannot be effected.

xv. It is also to be noted that there is no allegation that these trades have manipulated the price of the scrip and/or were done with the intention to manipulate.

xvi. It is also not even alleged that they were in any manner connected to or acting at behest of the promoter or director of the Company whose shares are being traded. It is stated that they and their family are still holding more than 10% of Equity Shares of the Company. Therefore, no ulterior motive could be attributed to their transactions.

xvii. The surveillance system of the stock exchanges and the regulator did not find anything unusual or wrong at that point of time and thereafter till the date of issuance of SCN.

xviii. It is stated that they are independent in respect of their transactions and financially independent. They all are income tax assesses and have large portfolio. It is also pointed out that the alleged trades are minuscule compared to their volume.

xix. Reliance was placed on the judgments by Hon'ble SAT and Hon'ble Supreme Court in the following matters which clearly condemn inordinate delay on the part of Regulatory Authority including SEBI – Libord Finance Ltd, HB Stockholdings Ltd, S. Jacob vs Director of Geology and Mining, Subhkam Securities and Price Waterhouse. It was requested that the SCN be withdrawn.

11. Subsequently, another reply dated December 01, 2020 was filed by Noticees 1 to 7. The main submissions made therein are summarized below –

i. All noticees are HNI and large investors and even large taxpayers.

ii. The analysis of data clearly shows that trading of Noticees is not limited to only synchronized but large volume is carried with open market participants as well. The following chart prepared from details available from SCN justifies their contention –

Name of Entity	BSE			
	Buy Qty	**% of Mkt. Vol.**	**Sell Qty**	**% of Mkt. Vol.**
BHARAT JAYANTILAL PATEL				
Gross Qty (Synchronised & Non-Synchronised)	1631213	12.60	814602	6.29
Synchronised Qty	1100	0.01	1900	0.02
	1900	0.02	120000	0.93
	680153	5.25	175800	1.36
Total Synchronised Qty	683153	5.28	297700	2.31
Non-Synchronised Qty	948060	7.32	516902	3.98
HARDIK BHARAT PATEL				
Gross Qty (Synchronised & Non-Synchronised)	1014734	7.84	342527	2.65
Synchronised Qty	50000	0.39	1900	0.02
	219100	1.69		0.00
Total Synchronised Qty	269100	2.08	1900	0.02

Non-Synchronised Qty	745634	5.76	340627	2.63
PRASHANT PATEL				
Gross Qty (Synchronised & Non-Synchronised)	836950	6.46	835000	6.45
Synchronised Qty		0.00		0.00
Total Synchronised Qty		0.00		0.00
Non-Synchronised Qty	836950	6.46	835000	6.45
PAT FINANCIAL CONSULTANTS PVT. LTD.				
Gross Qty (Synchronised & Non-Synchronised)	793000	6.12	566705	4.38
Synchronised Qty	120000	0.93	15000	0.12
	1900	0.02	15000	0.12
		0.00	31000	0.24
Total Synchronised Qty	121900	0.95	61000	0.48
Non-Synchronised Qty	671100	5.17	505705	3.90
MINAL BHARAT PATEL				
Gross Qty (Synchronised & Non-Synchronised)	479205	3.70	475000	3.67
Synchronised Qty	15000	0.12		0.00
Total Synchronised Qty	15000	0.12		0.00
Non-Synchronised Qty	464205	3.58	475000	3.67
PANKAJ PATEL				
Gross Qty (Synchronised & Non-Synchronised)	402387	3.11	400437	3.09
Synchronised Qty		0.00		0.00
Total Synchronised Qty		0.00		0.00
Non-Synchronised Qty	402387	3.11	400437	3.09
PASHA FINANCE PVT. LTD.				
Gross Qty (Synchronised & Non-Synchronised)	401196	3.10	401196	3.10
Synchronised Qty		0.00	1100	0.01
Total Synchronised Qty		0.00	1100	0.01
Non-Synchronised Qty	401196	3.10	400096	3.09

RUCHIT BHARAT PATEL				
Gross Qty (Synchronised & Non-Synchronised)	299745	2.32	352378	2.72
Synchronised Qty	15000	0.12		0.00
Total Synchronised Qty	15000	0.12		0.00
Non-Synchronised Qty	284745	2.20	352378	2.72
FIDELITY MULTITRADE PVT. LTD.				
Gross Qty (Synchronised & Non-Synchronised)	1900	0.02	1900	0.02
Synchronised Qty		0.00	1900	0.02
Total Synchronised Qty		0.00	1900	0.02
Non-Synchronised Qty	1900	0.02		0.00
TOTAL GROSS QTY	5860330	45.27	4189745	32.37
TOTAL SYNCHRONISED QTY	1104153	8.55	363600	2.84
TOTAL NON-SYNCHRONISED QTY	4756177	36.72	3826145	29.53

12. Vide Hearing Notices dated March 09, 2022, an opportunity of personal hearing was granted to the above Noticees before the undersigned on April 04 and 05, 2022 at various time slots. M/s M&M Legal Ventures, vide email dated April 01, 2022, stated that they were representing Noticees 1 to 8 and 13 in the matter and further requested that the personal hearing be conducted for and on behalf of all their clients on April 05, 2022. The said request was acceded to. On April 05, 2022, the authorised representatives (ARs) viz. Mr. Nevil Lashkari, Mr. Rihal Kazi, Mr. Harshad Virkar and Mr. Dhruval Suthar appeared on behalf of Noticees 1 to 8 and 13 and made their submissions wherein the ARs reiterated the earlier replies submitted by the aforementioned Noticees. Further, the ARs requested for time till April 20, 2022 to file additional submissions in the matter which was acceded to. The Hearing proceedings were concluded and the aforementioned Noticees did not seek further hearing in the matter.

13. Subsequently, vide two separate letters dated April 19, 2022, the ARs made post hearing submissions on behalf of Noticees 2 to 8 and Noticee 13 respectively. The main submissions made therein are summarized as follows -

i. Mr. Bharat Jayantilal Patel (Noticee 1) expired on May 29, 2021 and a copy of the death certificate of Mar Bharat J Patel was enclosed.

ii. The present proceedings relate to the trading by their clients in the scrip of Garware as far back as 15.12.2011.

iii. No particulars or details have been given by SEBI about the purported synchronised trades, including the date, order or trade timings, quantity or price of the 79 purported synchronized trades by Noticees 1 to 8. Further, no relevant particulars or details have been given about the 7 purported synchronized trades executed by Noticee 13 as a broker on behalf of clients. The SCN only gives details of the entire quantity of the alleged "synchronised trades" without any break-up of the dates or timings or prices of the same. Even the 4 annexures to the SCN do not give any details of the purported synchronized trades.

iv. Consequently, the Show Cause Notice is completely vague and devoid of all material particulars

v. It is settled law that a SCN has to give all relevant particulars. In this regard, reliance was placed on the judgment passed by the Hon'ble Supreme Court in the matter of Commissioner of Central Excise, Bangalore, V/s. Brindavan Beverages (P) Ltd. &Ors, reported in (2007) 5 Supreme Court Cases 388.

vi. Delay in commencing proceedings: The SCN at paragraph 1 states that the Investigation Period is from 15.12.2011 to 9.10.2014. However, the SCN is dated 16.7.2020, i.e. it was issued after a delay of 9 years. The SCN does not even attempt to justify the inordinate delay of 9 years. The prejudice caused to their clients by the delay is that they have traded in huge quantities in several scrips for lakhs of trades. In the year 2020, it is impossible for Noticee 1 to 8 as clients and Noticee 13 as broker to have any recollection of the reasons or rational or even collate the circumstances for carrying out their trades and the impugned unidentified 7 trades alleged in the case of Noticee 13. Moreover, in the absence of the relevant details as stated hereinabove, it is impossible for their clients to make appropriate inquiries.

vii. Reliance was placed on the judgements of Hon’ble Supreme Court in the matters of Government of India vs. Citedal Fine Pharmaceuticals, Madras and Others, AIR (1989) SC 1771 and Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294), regarding delay in the proceedings. In this regard, reliance was also placed on the judgements of Hon’ble SAT in the matters of Ashok Shivlal Rupani v. SEBI, SAT Appeal No. 417 of 2018, order dated 22 August 2019, Bharat J. Patel v. SEBI, SAT Appeal No. 154 of 2020, Order dated 8 September 2020 and ICICI Bank v. SEBI, SAT Appeal No. 583 of 2019, Order dated 8 July 2020, and Yatin Pandya V. SEBI, SAT Appeal No. 719 of 2021 Order dated 243.2022.

viii. Noticee 13 is bound and ought to follow the instructions of its clients.

ix. Without prejudice to the aforesaid, it is submitted that even if it assumed that the trades were synchronized, yet, the same is not at all illegal or impermissible, if payment was made, and delivery of the shares took place by the parties, which has factually been done in this instance. SEBI has not even considered this aspect.

x. The matter has to also be seen from another aspect. The alleged synchronised trades are alleged for only 29 trading days out of 1029 trading days of the investigation period. In fact, as per the limited information given in the SCN, it is seen that in some instances, there were just about 1100 shares which are alleged to be synchronised. Consequently, even on this aspect it is undeniable that there was no intention to create any misleading appearance of trading by our clients.

xi. It is also pertinent to note that in another Ld. AO's Order dated 27.10.2020 in the scrip of Transpek Industries Ltd., the Ld. AO there had held that as all the trades were not synchronised, and there were several other trades with 3 rd parties, it could not be held that the Noticees therein were guilty of carrying out "synchronised trades" to create a misleading appearance of trading. Similarly, the Noticees have given full details of the "non-synchronised" trades which are in excessive of the alleged "synchronised trades" total numbers as given in the Show Cause Notice. This by itself shows that the Appellants had several other huge trades (apart from the alleged synchronised trades) in the same scrip for which no allegations have even been made against them. Consequently, it is irrational to prejudice the Noticees for just a few trades when admittedly, there are no allegations of price manipulation, etc.

xii. It is also most pertinent to note that there is nothing wrong in synchronisation of trades, and the same is in fact permitted, unless the trades are done with any mischievous intent. In the present case, full payment was made for the purchase of shares, delivery of shares was made and taken by the parties, and absolutely no fault whatsoever can be found with the same. SEBI can never contend that merely because the Noticees were known parties there was no "intention of change in ownership of the security". In fact, such a finding would be completely unknown to law. Undoubtedly, there is no restriction whatsoever on known parties transferring shares to one another, and the same does not amount to a violation of any SEBI Regulation.

xiii. In fact, it may also be noted that each trader / noticee / party has paid STT, brokerage, fees, taxes, etc, on their individual trades. If there was no factual change of ownership, as alleged the parties would not be liable to pay any of the aforesaid amounts. As an example, if a family member were to sell any property to another family member or an acquaintance, they cannot avoid paying tax or stamp duty, or cannot claim that there is no transfer of property, on the purported ground that such transfer is only between family members, and that there is no real change in ownership. Such an interpretation would be absurd and defeat the very purpose of law.

xiv. With regard to Section 15J of the SEBI Act, while it is submitted that the Noticees have not made any disproportionate gain or unfair advantage as a result of any of their trades, the lack of particulars in the SCN prevents the Noticees from getting details about their profit / loss from the purported trades. The SCN also does not establish any disproportionate gain made by the Noticees or unfair advantage received by the Noticees. Moreover, there is no "repetitive default", and each separate permitted trade can never be considered to be "default".

xv. In the circumstances, it is most respectfully submitted that their clients be discharged from the present proceedings without any penalty being imposed upon them.

<u>Reply and Hearing of Noticee 9 (Acira Consultancy Pvt. Ltd.)</u>

14. The SCN sent to Noticee 9 through SPAD had returned undelivered from the address of Noticee 9. However, I note that it was delivered through email at its email ids – aciraconsultancy@yahoo.in and shankerkirpalani@yahoo.co.in. Vide Hearing Notice dated October 07, 2020, Noticee 9 was granted an opportunity of personal hearing before the erstwhile AO, Shri Amit Pradhan on October 21, 2020. The said Hearing Notice was also served on Noticee 9 at its aforementioned email ids. However, no response was received from Noticee 9. Thereafter the SCN was also served on Noticee 9 through newspaper publication dated June 24, 2021 in the newspaper, Times of India. Vide letter dated June 25, 2021, Noticee 9 submitted that it had received a SCN dated December 12, 2019 under Sections 11B(1) and 11(4) read with Section 11(1) of SEBI Act in the matter of Garware. Noticee 9 further stated that since the contents in the aforesaid SCN was same and identical to the SCN issued in the present adjudication proceedings, they were enclosing a copy of

their reply dated October 09, 2020 made to the SCN dated December 12, 2019 and requested the same to be considered as their reply in the present adjudication proceedings. The main submissions made in Noticee 9's reply dated October 09, 2020 are summarized as below –

i. It is requested that copy of the investigation report and/or any document that may been relied in the SCN.

ii. At the outset, it is submitted that there has been inordinate delay in issuance of SCN and it is impossible to explain now in 2020 about rationale or reasons as to how and why such trades of 2011-12, 2012-13, 2013-14&2014-15 were executed in background of substantial volume done by them each day and each year. (Volume of trading for 2011-12 to 2014-15 enclosed as Annexure - A).

iii. It is further submitted that though the details of the alleged trade are submitted however it is not possible to remember rationale or reason for alleged trade. The reason could be many things including news about company, news about industry it operates, liquidity requirement, tax planning, availability of other better opportunities and/or better price parity providing opportunity for switch. It is relevant to state that none of so called trades have manipulated prices or even alleged manipulation of price.

iv. The investigation period is splitted into various patches without any logical or justified basis with a view to paint negative picture of alleged trade. The investigation has attempted to attribute price rise and price fall due to alleged trade which is misleading. In fact, price rise or price fall is function of demand or supply of scripts.

v. They are not part of any group or Bharat group as alleged. It is erroneous to conclude that they can be part of any group or Bharat Patel group. Just because one of their director was a director of company during March 2005 to April 2014 wherein son and wife of Bharat J. Patel is a director, this cannot mean that they are part of any group as alleged. There is nothing unusual about their volume and it should be viewed in comparison to their total volume and no of scripts traded. Their transaction is done in ordinary course of business and are in compliance various rules and regulations of securities market.

vi. It is alleged that they have repetitively executed synchronized trades and the allegation is contrary to facts. As per information submitted, it is stated that they have done trade for 6 Days in BSE out of investigation period of 1029 days. Hence it is factually wrong that they have done synchronized trades repetitively. The details of alleged synchronized trades are given below.

No. of Trades	Date	Buyer	Seller	Synchronised Qty
1	11-06-13	ACIRA CONSULTANCY PRtVATE LIMITED		53300
2	12-06-13	ACIRA CONSULTANCY PRtVATE LIMITED		25000
3	21-06-13	ACIRA CONSULTANCY PRIVATE LIMITED		97500
4	07-04-14		ACIRA CONSULTANCY PRIVATE LIMITED	110000
5	10-04-14		ACIRA CONSULTANCY PRIVATE LIMITED	109100
6	03-06-13	ACIRA CONSULTANCY PRtVATE LIMITED		31000

vii. The above details itself proves that alleged synchronized transactions were not done repetitively as alleged. The trades were done on the floor of the exchange and as per the rules and regulations of the exchange.

viii. It is matter of records that the ownership of the shares have changed which can be verified from demat statements as enclosed herewith as Annexure — B. The transaction has resulted into delivery and for consideration and effect of this transaction was reflected in audited account of respective years. The allegation that transaction was done without any intention of change in the ownership is devoid of truth and bald statement.

ix. There is no prohibition on synchronized trading in securities, so long as the transactions are effected in accordance with the Stock Exchange Mechanism, securities are delivered, and that the transaction has not been effected with manipulative intent. It is also noted that there is no allegation that these trades were done with the intention to manipulate. It is nowhere stated in SCN that alleged synchronized trades has manipulated prices of shares.

x. It is also stated that there is surveillance system by the SEBI as well as stock exchange and they have never even questioned the alleged trade in so many years.

xi. Reliance was placed on the judgement dated September 08, 2020 passed in one recent case for similar facts by the Hon'ble SAT in Appeal No. 154 of 2020 (Bharat J Patel & Others Vs SEBI) which in turn relied on the earlier judgements in the following matters – (a) Ashok Shivlal Rupani &n Ors Vs SEBI (in Appeal No. 417 of 2018 — decided on 22nd August 2019); (b) Sanjay Jethalal Soni & Ors Vs SEBI (in Appeal No. 102 of 2019 — decided on 14th November 2019); and (c) Anilkumat Nandkumar Harchandrai & Ors Vs SEBI (in Appeal No. 75 of 2019 — decided on 5th December 2019). The crux of all the aforesaid judgement, inter alia, was that delay has caused prejudice to the parties and therefore the proceedings initiated by SEBI were quashed and set aside.

15. Vide Hearing Notice dated March 09, 2022, Noticee 9 was granted an opportunity of personal hearing before the undersigned on April 05, 2022. The said Hearing Notice, sent through SPAD, returned undelivered from the address of Noticee 9. Copy of the said Hearing Notice was served through digitally signed email dated March 10, 2022 at Noticee 9's email id – aciraconsultancy@yahoo.in. However, Noticee 9 failed to appear for the hearing on April 05, 2022. The said Hearing Notice was also sent for affixture at Noticee 9's address, however the same could not be affixed. However, during the affixture process, a new address of Noticee 9 viz. 104-105, Giridhar Apartment, Mathura Das Road, Kandivali West, Mumbai – 400067 was provided by one Mr. Shanker Kirpalani. Accordingly, vide Hearing Notice dated April 25, 2022, Noticee 9 was granted another opportunity of personal hearing on

May 04, 2022. The said Hearing Notice was duly served on Noticee 9 through SPAD at its new address as mentioned above, and also through digitally signed email dated April 26, 2022 at its email ids - aciraconsultancy@yahoo.in and shankerkirpalani@yahoo.co.in. Vide email dated May 02, 2022, sent from the email id, aciraconsultancy@yahoo.in, Noticee 9 *inter alia* requested for adjournment of the hearing scheduled on May 04, 2022. Considering Noticee's request, vide email dated May 04, 2022, Noticee 9 was granted a final opportunity of personal hearing on May 09, 2022. In the personal hearing held on May 9, 2022, Mr. Neville Lashkari and Mr. Aiqan Z Memon, authorized representatives (ARs) appeared on behalf of Noticee 9 and reiterated the earlier submissions made by the Noticee and further requested that they be allowed to submit additional written submissions by May 09, 2022, which was acceded to. Hearing proceedings were concluded and the Noticee has sought no further hearing in the matter. Vide email dated May 10, 2022, the AR of Noticee 9 made post hearing submissions in the matter, and the main submissions made therein are summarized below –

i. Noticee 9 is not part of any alleged "Bharat Patel Group", and all allegations in this regard are completely denied. The Noticee's trades are completely independent of any of the other Noticees in the SCN.
ii. No particulars or details (like date, order time, trade time, quantity and price etc) have been given by SEBI about the purported synchronized trades.
iii. There is inordinate delay in commencing proceedings in the matter. Reliance was placed on various judgements passed by Hon'ble Supreme Court and Hon'ble SAT.
iv. It is submitted that even if it assumed that the trades were synchronized, yet, the same is not at all illegal or impermissible, if payment was made, and delivery of the shares took place by the parties, which has factually been done in this instance. SEBI has obviously not even considered this aspect
v. The matter has to also be seen from another aspect. The alleged synchronised trades are alleged for only 6 trading days out of 1029 trading

days of the investigation period. In fact, as per the limited information given in the SCN, it is seen that in some instances, there were just about 1100 shares which are alleged to be synchronised. Consequently, even on this aspect it is undeniable that there was no intention to create any misleading appearance of trading by their client.

vi. It is also pertinent to note that my client had several other huge trades (apart from the alleged synchronized trades) in various scrip for which no allegations have been made against them. Consequently, it is irrational to prejudice the Noticees for a few trades when admittedly, there are no allegations of price manipulation, etc.

vii. It is also most pertinent to note that there is nothing wrong in synchronisation of trades, and the same is in fact permitted, unless the trades are done with any mischievous intent. In the present case, full payment was made for the purchase of shares, delivery of shares was made and taken by the parties, and absolutely no fault whatsoever can be found with the same.

viii. In fact, it may also be noted that each trader / noticee / party has paid STT, brokerage, fees, taxes, etc, on their individual trades. If there was no factual change of ownership, as alleged the parties would not be liable to pay any of the aforesaid amounts. As an example, if a family member were to sell any property to another family member or an acquaintance, they cannot avoid paying tax or stamp duty, or cannot claim that there is no transfer of property, on the purported ground that such transfer is only between family members, and that there is no real change in ownership. Such an interpretation would be absurd and defeat the very purpose of law.

ix. With regard to Section 15J of the SEBI Act, while it is submitted that the Noticee has not made any disproportionate gain or unfair advantage as a result of any of their trades, the lack of particulars in the SCN prevents the Noticee from getting details about their profit / loss from the purported trades. The SCN also does not establish any disproportionate gain made by the

Noticee or unfair advantage received by the Noticee. Moreover, there is no "repetitive default", and each separate permitted trade can never be considered to be "default".

x. In the circumstances, it is most respectfully submitted that their client be discharged from the present proceedings without any penalty being imposed upon it.

Reply and Hearing of Noticee 10 (Hridaynath Consultancy Pvt. Ltd.)

16. The SCN sent to Noticee 10 through SPAD had returned undelivered from the address of Noticee 10, however it was delivered through email at its email ids – hridaynathconsultancy@yahoo.in and vanrajshah@rediffmail.com. Vide Hearing Notice dated October 07, 2020, Noticee 10 was granted an opportunity of personal hearing before the erstwhile AO, Shri Amit Pradhan on October 21, 2020. The said Hearing Notice was also served on Noticee 10 at its aforementioned email ids. However, no response was received from Noticee 10. Thereafter, the SCN was also served on Noticee 10 through newspaper publication dated June 24, 2021 in the newspaper viz. Times of India. Vide letter dated June 25, 2021, Noticee 10 submitted that it had received a SCN dated December 12, 2019 under Sections 11B(1) and 11(4) read with Section 11(1) of SEBI Act in the matter of Garware. Noticee 10 further stated that since the contents in the aforesaid SCN was same and identical to the SCN issued in the present adjudication proceedings, they were enclosing a copy of their reply dated October 09, 2020 made to the SCN dated December 12, 2019 and requested the same to be considered as their reply in the present adjudication proceedings. I note that the submissions made in the reply dated October 09, 2020 by Noticee 10 is similar to the submissions made by Noticee 9 vide its letter dated October 09, 2020 which has been elaborated above in paragraph 14 and for the sake of brevity the same is not being repeated. Noticee 10 also made an additional submission that it was erroneous to conclude that they

are part of Bharat Patel Group; and that just because there was movement of fund with their director, Vanraj Vinodchandra Shah, they cannot be treated as part of any group as alleged.

17. Vide Hearing Notice dated March 09, 2022, Noticee 10 was granted an opportunity of personal hearing before the undersigned on April 05, 2022. The said Hearing Notice was served on Noticee 10 through SPAD and also through digitally signed email dated March 10, 2022 at Noticee 10’s email ids – hridaynathconsultancy@yahoo.in and vanrajshah@rediffmail.com. However, Noticee 10 failed to appear for the hearing on April 05, 2022. Thereafter, vide Hearing Notice dated April 25, 2022, Noticee 10 was granted another opportunity of personal hearing on May 04, 2022. The said Hearing Notice was duly served on Noticee 10 through SPAD and also through digitally signed email dated April 26, 2022 at the abovementioned email ids of Noticee 10. However, Noticee 10 again failed to appear for the said hearing.

Reply and Hearing of Noticee 11 (Moneybee Realty Pvt. Ltd.)

18. The SCN sent to Noticee 11 was duly delivered to it through courier and also through email at its email id –info@moneybee.in. However, no reply was received from it within the stipulated time. Vide Hearing Notice dated October 07, 2020, Noticee 11 was granted an opportunity of personal hearing before the erstwhile AO, Shri Amit Pradhan on October 21, 2020. The said Hearing Notice was also served on Noticee 11 at its aforementioned email id. However, no response was received from Noticee 11. Vide Hearing Notice dated March 09, 2022, Noticee 11 was granted an opportunity of personal hearing before the undersigned on April 05, 2022. The said Hearing Notice was served on Noticee 11 through SPAD and also through digitally signed email dated March 10, 2022 at Noticee 11’s email ids – dhirens@moneybee.in and info@moneybee.in. However, Noticee 11 failed to

appear for the hearing on April 05, 2022. Thereafter, vide Hearing Notice dated April 25, 2022, Noticee 10 was granted another opportunity of personal hearing on May 04, 2022. The said Hearing Notice was duly served on Noticee 10 through SPAD and also through digitally signed email dated April 26, 2022 at its abovementioned email ids. Vide email dated May 04, 2022, Noticee 11 replied that Mr. Dhiren Shah and Mr. Samir Shah would be appearing for the hearing scheduled on May 04, 2022. During the scheduled hearing, Mr. Dhiren Shah and Mr. Samir Shah appeared on behalf of Noticee 11 and made oral submissions and stated that they would be submitting the written submissions by May 04, 2022. The hearing proceedings were concluded and the Noticee sought no further hearing in the matter. Vide letter dated May 04, 2022 (also received through email dated May 04, 2022), Noticee 11 made submissions in respect of the SCN. The submissions are elaborated below –

i. They do invest in share market and hold stocks which will give good investment value due to fundamental and technical ground either in short term or long term.
ii. The transactions under query 1900 shares has been sold in market on 26th March 2014 which has been purchased on 29th February 2012 and they incurred a loss of more than INR 1.00 Lakh approx.
iii. They are not part of Bharat Patel group; They are independent entity.
iv. There is no insider trading, price rigging or market manipulations or artificial price movement by them. This was the only transaction in their books as far as Garware Polyesters Ltd. So, they have not done any fraudulent, manipulative, or unfair trade practices.
v. It is requested the alleged violations of Section 12(A) (a), (b) and (c) of the SEB' Act and regulation 3 (a), (b), (c), (d), 4(1), 4(2) (a) and (g) of the PFTUP Regulations and Section 15 HA and 15HB of the SEBI Act, 1992 be condoned.

Reply and Hearing of Noticee 12 (Vanraj Shah)

19. The SCN sent to Noticee 12 was duly delivered to him through courier and also through email at his email id –vanrajshah@rediffmail.com. However, no reply was received from him within the stipulated time. Vide Hearing Notice dated October 07, 2020, Noticee 12 was granted an opportunity of personal hearing before the erstwhile AO, Shri Amit Pradhan on October 21, 2020. The said Hearing Notice was also served on Noticee 12 at his aforementioned email id. However, no response was received from Noticee 12. Vide Hearing Notice dated March 09, 2022, Noticee 12 was granted an opportunity of personal hearing before the undersigned on April 05, 2022. Vide the said Hearing Notice, Noticee 12 was also granted opportunity to submit reply, if any, to the SCN. The said Hearing Notice was served on Noticee 12 through SPAD and also through digitally signed email dated March 10, 2022 at Noticee 12's abovementioned email id. However, Noticee 12 failed to appear for the hearing on April 05, 2022. Thereafter, vide Hearing Notice dated April 25, 2022, Noticee 12 was granted another opportunity of personal hearing on May 04, 2022. Vide the said Hearing Notice, Noticee 12 was also granted opportunity to submit reply, if any, to the SCN. The said Hearing Notice was duly served on Noticee 12 through SPAD and also through digitally signed email dated April 26, 2022 at his above email id. However, neither did Noticee 12 appear for the hearing nor did he file any reply to the SCN.

20. I note that although ample opportunities have been provided to Noticee 12 to represent his case, he has not submitted his reply on merits nor has he availed the opportunity of personal hearing provided to him. Considering the above, I note that principles of natural justice have been complied with. I am also of the view that since Noticee 12 has not made any submissions, despite being given sufficient opportunities in this regard, in terms of rule 4(7) of the Rules, the matter can be proceeded ex-parte on the basis of material available on record. In this regard, it is

pertinent to note that the Hon'ble Securities Appellate Tribunal (**SAT**) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, 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".*

21. Further, the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, and 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 leveled against them in the show cause notices..."*

22. Further, the same position is reiterated by the Hon'ble SAT in the matter of *Dave Harihar Kirtibhai Vs SEBI* (Appeal No. 181 of 214 dated December 19, 2014), wherein the Hon'ble SAT held as under:

> *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

23. In the absence of any response from Noticee 12 to the SCN, the matter can be proceeded ex-parte on the basis of the material available on record, in terms of Rule 4(7) of the Adjudication Rules. In view of the aforesaid judgements of the Hon'ble SAT, I find no reason to take a different view and therefore, I deem it appropriate to proceed against him ex-parte, based on the material available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

24. I have carefully examined the allegations in the SCNs, material available on record and the submissions made by the Noticees. The issues that arise for consideration in the present case are:

I. a) Whether Noticees 1 to 12 have violated the provisions of section 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) and (g) of the PFUTP Regulations?

b) Whether Noticee 13 has violated the provisions of section 12A (a), (b) and (c) of SEBI Act read with regulation 3 (a), (b), (c) and (d), regulations 4(1) and 4(2)(a) of the PFUTP Regulations, and Clause A (2) of Code of Conduct for Stock Brokers as specified under Regulation 7 (now Regulation 9 w.e.f. September 27, 2013) of Stock Brokers Regulations?

II. Do the violations, if established, attract monetary penalty under Sections 15HA and 15HB of SEBI Act?

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

25. Before proceeding further, I find it relevant to refer to the relevant provisions of the SEBI Act, PFUTP Regulations and Stock Brokers Regulations alleged to have been violated by the Noticees, as below:

SEBI Act

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

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

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

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

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

PFUTP Regulations

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*

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

Stock Brokers Regulations

Conditions of registration.

9. *Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely,-*

…

(f) *he shall at all times abide by the Code of Conduct as specified in Schedule II;*

SCHEDULE II

Securities and Exchange Board of India (Stock Brokers) Regulations, 1992

CODE OF CONDUCT FOR STOCK BROKERS

[Regulation 9]

A. General*.*

(2) *Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.*

<u>Issue No. 1(a): Whether Noticees 1 to 12 have violated the provisions of section 12A (a), (b) and (c) of the SEBI Act read with regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) and (g) of the PFUTP Regulations?</u>

26. Before going into the merits, I would like to first deal with the preliminary objections raised by certain Noticees viz. Noticees 1 to 10 and 13 w.r.t. delay in initiating proceedings. I note that the aforesaid Noticees have contended that the SCN ought to be set aside on the ground of inordinate delay in the issuance of the same. They have further contended that it is difficult for them to recollect the reasons for executing such trades due to limited human memory. The aforesaid Noticees have contended that the long delay had prejudiced their ability to adequately respond to the SCN since the documents pertaining to the alleged violations were not readily available with them. In this regard, I note that in the case of *Bharat J Patel & Others vs. SEBI*, decided vide order dated September 8, 2020, the Hon'ble SAT had emphatically iterated that "*whether delay has caused prejudice to the parties would depend on the facts of each case.*". In the instant matter, I note that the investigation pertained to the period between December 15, 2011 and October 09, 2014 and involved complex and detailed Self-trade analysis, LTP Analysis, Broker and Client Concentration Analysis, Synchronized Trade Analysis and discovery and establishment of connection between 16 connected entities of Bharat Patel Group. The investigation also involved various communications with the Company, BSE, Depositories and Banks. The investigation was completed on March 29, 2019 and the instant adjudication proceeding and Section 11B proceeding were approved on the same date. Thereafter, the first SCN in the matter was issued in the Section 11B proceedings on December 12, 2019. It is also noted that Shri Santosh Shukla was originally appointed as the Adjudicating Officer in the captioned matter on May 28, 2019. Subsequently, Shri Amit Pradhan was appointed as the Adjudicating Officer on December 27, 2019, consequent to the transfer of Shri Santosh Shukla and the SCN were issued on July 16, 2020. Thereafter, the undersigned was appointed as

the Adjudicating Officer in the matter by SEBI vide its communication order dated June 21, 2021. I note that a similar issue had also came up for consideration before the Hon'ble SAT in the matter of *Rajendra Aggarwal vs. SEBI* (Appeal No 552/2019-DoD –17.09.2021) and while rejecting the said contention, following has been held by the Hon'ble SAT:

> *"On issue of delay, we find that the show cause notice was issued in the year 2013 and the trades were executed in 2009. The investigation was against a large number of entities which apparently took time and ultimately notices were issued to 35 entities. Consequently, we do not find any inordinate delay in the issuance of the show cause notice..................."*

27. Similarly, in the instant matter also, only after the receipt of the information from the stock exchanges, and after analyzing the data collected in the course of investigation, SCN was issued after following the due process. In this regard, I would like to rely upon the judgement of Hon'ble SAT in the case of *Ravi Mohan & Ors. vs. SEBI* (SAT Appeal No. 97 of 2014, DoD 16/12/2015) wherein it was held that : -

> *"....................Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no.114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice................."*

28. Considering the foregoing and placing reliance on the aforesaid judgements of the Hon'ble SAT, I am of the view that there has been no unreasonable delay by SEBI in initiating action in the present matter contrary to the claim made by these Noticees and I find that the proceedings against Noticees have been initiated within a reasonable period of time.

29. I note from the submissions of the aforesaid Noticees that they have failed to state as to what record/document/evidence that could not be accessed/obtained because of the alleged passage of time which has prejudiced their ability to defend themselves. I note that Noticees were provided with the following documents along with the SCN: a) Price volume data during the investigation period, b) Basis of connection amongst the Bharat Patel Group, c) Copy of the data from MCA extract regarding connection of the Noticee No. 13, and d) Copy of communication-order dated January 07, 2020. Further, I note that Noticees 2 to 9 and 13 have contended in their replies that the particulars of the alleged synchronized trades were not provided to them. In this regard, I note that the details of the synchronized trades was provided to all the Noticees vide email dated August 21, 2020. The said email was in response to Noticee 1's email request, on behalf of himself and others, for documents in the matter. The details of the synchronized trades provided to the Noticees contained all the relevant fields such as trade date, client name, counterparty client name, trade id, order id, order time, trade time, order rates, order quantities etc. Thus, looking at the material available at the disposal of the Noticees, I find that the Noticees have been provided with all the material that would have been abundantly adequate to facilitate recollection of events or collection of relevant data, thereby enabling them to form a definite defense to the charges in the SCN, which they have submitted vide their various replies, as elaborated in previous paragraphs. In view of the above facts, I find that no prejudice has been caused to Noticees 1 to 10 and 13, nor have the said Noticees been able to sufficiently make

out a case about the prejudice due to the alleged delay in the issue of the SCN. Thus, I find that the contentions of the aforesaid Noticees in this regard are without merits.

30. Having dealt with the preliminary issue raised by the Noticees, I now proceed to deal with the matter on merits.

31. I note that the main allegation against Noticees 1 to 12 is that they repetitively executed synchronized trades on BSE within the group for 13,16,653 shares (10.17% of the market volume) in 79 trades over 24 trading days and thus created misleading appearance of trading in the scrip without any intention of change in ownership of the security. In view of the above, and on account of these trades, it was alleged that Noticees 1 to 12 had violated the provision of section 12A (a), (b) and (c) of SEBI Act read with regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) and (g) of the PFUTP Regulations.

32. I note that investigation has identified a group of 16 entities who are referred to as "Bharat Patel Group". The inter-se relationship among the Bharat Patel Group entities has been brought on the basis of Know Your Client (KYC)/Unique client code (UCC) details, MCA website (for common directors), Bank statements and Off market transfers, and the same has been elaborated in Annexure B of the SCN issued to the Noticee. The details of the 16 suspected entities of Bharat Patel Group and the basis of their connection are as follows:

Sr. no.	PAN	Entity Name	Basis of Connection
1	AAAPP6652R	Bharat Jayantilal Patel	1. Director in Fidelity Multitrade Ltd., Finquest Financial Solutions Pvt. Ltd., Pranav Holdings Pvt. Ltd., Pasha Finance Pvt. Ltd. and PAT Financial Consultants Ltd. 2. Fund movement with Prashant Jayantilal Patel, Hardik Bharat Patel, Ruchit Bharat Patel, Minal Bharat Patel, Vanraj Vinod Shah, PAT Financial Consultants Pvt Ltd and Pranav Holdings Pvt Ltd.

2	AACPP5126G	Minal Bharat Patel	1. Director in Finquest Securities Pvt. Ltd. (Member, BSE), Fidelity Multitrade Pvt. Ltd., Pasha Finance Pvt. Ltd.& Finquest Financial Solutions Pvt. Ltd. 2. Fund movement with Bharat Jayantilal Patel, PAT Financial Consultants Pvt. Ltd.
3	AHIPP1407H	Hardik Bharat Patel	1. Director in Finquest Securities Pvt. Ltd.(Member, BSE), PAT Financial Consultants Pvt. Ltd. & Finquest Financial Solutions Pvt. Ltd. 2. Fund movement with Bharat Jayantilal Patel, PAT Financial Consultants Pvt. Ltd.
4	ANDPP9202F	Ruchit Bharat Patel	1. Director in Fidelity Multitrade Pvt. Ltd. & Pat Financial Consultants Pvt. Ltd. 2. Fund movement with Bharat Jayantilal Patel,
5	AABPP2156M	Prashant Jayantilal Patel	1. Director in Pat Financial Consultants Pvt. Ltd 2. Fund movement with Bharat Jayantilal Patel
6	AABPP2157L	Pankaj Jayantilal Patel	1. Director in Pranav Holdings Pvt. Ltd.
7	ABAPS7558L	Vanraj Vinodchandra Shah	1. Director in Hridaynath Consultancy Pvt. Ltd. 2. Fund movement with Bharat Jayantilal Patel
8	AAGPK6090A	Ajaykumar Banwarilal Kejriwal	1. Off market transfers between Ajaykumar Banwarilal Kejriwal and Hridaynath Consultancy Pvt Ltd.
9	AAACP3115E	Pat Financial Consultants Pvt. Ltd.	1. Bharat Jayantilal Patel, Hardik Bharat Patel, Ruchit Bharat Patel and Prashant Jayantilal Patel are the directors. 2. Fund movement with Bharat Jayantilal Patel, Minal Patel, Hardik Patel, Acira Consultancy Pvt Ltd., Moneybee Realty Pvt Ltd and Hridaynath Consultancy Pvt Ltd
10	AAICA9489N	Acira Consultancy Pvt. Ltd.	1. Shanker Tuljaram Kirpalani is the director. He was also director on Finquest Securities Private Limited between March 28, 2005 to April 30, 2014. Hardik Bharat Patel and Minal Bharat Patel, Hardik Bharat Patel are directors in Finquest securities Pvt. Ltd. Since February 15, 2001 2. Fund movement with Gandiv Investment Pvt Ltd., PAT Financial Consultants Pvt Ltd 3. Off market transfers between Acria Consultancy Pvt Ltd and Hridaynath Consultancy Pvt Ltd.
11	AACCG3017C	Gandiv Investment Pvt. Ltd.	1. Fund movement with Acira Consultancy Pvt. Ltd.
12	AACCH5285R	Hridaynath Consultancy Pvt. Ltd.	1. Vanraj Vinodchandra Shah is a director 2. Fund movement with PAT Financial Consultants Pvt. Ltd. 3. Off market transfers between Acria Consultancy Pvt Ltd and Hridaynath Consultancy Pvt Ltd (Hriday) between Ajaykumar Banwarilal Kejriwal and Hriday.
13	AABCP1438P	Pranav Holdings Pvt. Ltd.	1. Bharat Jayantilal Patel, Pankaj Jayantilal Patel are directors. 4. Fund movement with Bharat Jayantilal Patel,
14	AABCF0017A	Fidelity Multitrade Pvt. Ltd.	1. Bharat Jayantilal Patel, Minal Bharat Patel and Ruchit Bharat Patel are the directors.
15	AAFCM3690Q	Moneybee Realty Pvt. Ltd.	1. Dhiren Shevantilal Shah is a director. He is also a director in Tee Ventures India Pvt Ltd on which Bharat Jayantilal Patel was director between March 29, 2011 to July 05, 2015. 2. Fund movement with PAT Financial Consultants Pvt. Ltd.

16	AAACP8316P	Pasha Finance Pvt. Ltd.	1. Bharat Jayantilal Patel and Minal Bharat Patel are directors.

33. From the replies, I note that Noticee 1 had stated that Noticee 2 was his wife and that Noticee 3 and 4 were his sons. Noticee 1 further stated that he was director in Noticee 6 and 7. From the table above, I note that Notice 1's sons viz. Noticee 3 and 4 were directors in Noticee 5 (Pat Financial Consultant Pvt. Ltd.). Noticee 5 is also observed to have funds movement with Noticees 1, 2, 3, 9, 10 and 11. I note that Noticee 9 has contended that just because one of its director was director in Finquest Securities Pvt Ltd (Noticee 13) wherein Noticee 2 and 3 were directors, it does not mean that it was part of Bharat Patel Group. In this regard, I note that the same shows the connection of Noticee 9 with other Bharat Patel Group entities. Further, apart from the above connection, Noticee 9 also has fund movement with Noticee 5 and 8. Further, Noticee 9 also has off market transfers with Noticee 10. It is noted that fund transfers and off market transfers also further buttress the connection of Noticee 9 with the Bharat Patel Group entities. Noticee 10 has also submitted that just because there was movement of fund with their director, Vanraj Vinodchandra Shah, they cannot be treated as part of any group as alleged. In this regard, I note that Noticee 1 had fund transfers with director of Noticee 10. Further, Noticee 10 itself had fund transfers with Noticee 5. Noticee 10 also had off market transfers with Noticee 9. Thus, I find that Noticee 10 was connected to the Bharat Patel Group entities. I also note that Noticees 1 to 7 have stated that they are all financially independent and are independent tax payers. In this regard, I note that the SCN does not allege about irregularities in paying taxes by the Noticees, and regardless of their financial independence, the Noticees have not been able to sufficiently demonstrate that they are not connected to each other apart from plain denial. From the above, I note that strong *inter se* connections exists between the Noticees.

34. The SCN alleges that Bharat Patel Group purchased 61,94,583 shares of Garware (which consisted of 47.83% of total market volume in the scrip of Garware during the Investigation Period) and sold 51,48,848 shares of Garware (which consisted of 39.76 % of total market volume in the scrip of Garware during the Investigation Period) at BSE. The Group was net buyer of 10,45,735 shares. The SCN further observes that Noticee nos. 1 to 12 belonging to "Bharat Patel Group" executed trades in a synchronized manner.

35. From available records, I note that during the IP, Noticees 1 to 12 have executed 79 trades wherein the price and quantity were exactly matching between the buy and sell orders and time difference was in the range of 0 seconds to 4 seconds, i.e., these were synchronized trades. The details of trades are summarized hereunder:-

Buyer	**Seller**	**Synchronized Qty.**	**% of Sync. Vol. to Mkt. Vol.**	**No. of Trades**	**No of days**
Vanraj Shah (Noticee 12)	Bharat Jayantilal Patel (Noticee 1)	1900	0.02	1	1
Ruchit Bharat Patel (Noticee 4)	Pat Financial Consultants Pvt. Ltd. (Noticee 5)	15000	0.12	1	1
Pat Financial Consultants Pvt. Ltd. (Noticee 5)	Bharat Jayantilal Patel (Noticee 1)	120000	0.93	3	2
Pat Financial Consultants Pvt. Ltd. (Noticee 5)	Moneybee Realty Pvt. Ltd. (Noticee 11)	1900	0.02	1	1
Minal Bharat Patel (Noticee 2)	Pat Financial Consultants Pvt. Ltd. (Noticee 5)	15000	0.12	1	1
Hridaynath Consultancy Pvt. Ltd. (Noticee 10)	Gandiv Investment Pvt. Ltd. (Noticee 8)	1900	0.02	1	1
Hridaynath Consultancy Pvt. Ltd. (Noticee 10)	Hardik Bharat Patel (Noticee 3)	1900	0.02	1	1
Hardik Bharat Patel (Noticee 3)	Hridaynath Consultancy Pvt. Ltd. (Noticee 10)	50000	0.39	1	1

Hardik Bharat Patel (Noticee 3)	Acira Consultancy Pvt. Ltd. (Noticee 9)	219100	1.69	2	2
Bharat Jayantilal Patel (Noticee 1)	Pasha Finance Pvt. Ltd. (Noticee 7)	1100	0.01	1	1
Bharat Jayantilal Patel (Noticee 1)	Fidelity Multitrade Pvt. Ltd. (Noticee 6)	1900	0.02	1	1
Bharat Jayantilal Patel (Noticee 1)	Hridaynath Consultancy Pvt. Ltd. (Noticee 10)	680153	5.25	9	7
Acira Consultancy Pvt. Ltd. (Noticee 9)	Pat Financial Consultants Pvt. Ltd. (Noticee 5)	31000	0.24	1	1
Acira Consultancy Pvt. Ltd. (Noticee 9)	Bharat Jayantilal Patel (Noticee 1)	175800	1.36	55	3
	Total	**1316653**	**10.17**	**79**	**24**

36. I note that the Noticees 1 to 12 have executed 79 trades wherein the price and quantity were exactly matching between the buy and sell orders and time difference was in the range of 0 seconds to 4 seconds, i.e., these were synchronized trades. From the above table, it is observed that Noticees 1 to 12 executed such trades on BSE within the Bharat Patel Group for 13,16,653 shares (10.17% of the market volume) in 79 trades over 24 trading days.

37. I note that Noticees 1 to 12 have executed 79 synchronised trades on 24 trading days out of an Investigation Period stretching over almost three years. Thus, I find that the frequency of the impugned trades was not high. I further note that the SCN does not allege any connection between Garware and the Noticees 1 to 12 or any *modus operandi* through which the Noticees 1 to 12 gained any advantage due to the artificially increased volume of trading in the scrip of Garware during the Investigation Period. I also note that Noticees 1 to 10 have submitted copies of their demat statements in support of their submissions that they had taken delivery of shares for the impugned trades and that the allegation regarding transactions were

done without any intention of change in the ownership is devoid of merits. I note that the same applies to other Noticees as well.

38. In their replies, Noticees 1 to 10 have submitted that there is no prohibition on synchronised trading in securities, so as long as the transactions are effected in accordance with the Stock Exchange Mechanism, securities are delivered and that the transaction have not been effected with manipulative intent. Further, it has also been submitted that there is no allegation that these trades have manipulated the price of the scrip and/or were done with the intention to manipulate. In this regard, I note that there is no allegation of price manipulation and the SCN has only alleged creation of an artificial appearance of trading. I also note that there is no allegation in the SCN that the Noticees 1 to 12 reversed the trades amongst themselves. Further, no case has been made out alleging that the trading volumes generated interest in trading in an otherwise illiquid scrip or caused price manipulation in the scrip of Garware during the IP.

39. Certain Noticees, viz. Noticees 1 to 7 have contended that it is also not alleged that they were, in any manner, connected to or acting at behest of the promoter or director of the Company whose shares are being traded. It has been further submitted that that they and their family were still holding more than 10% of Equity Shares of the Company. In this regard, I note that investigation has not brought out any connection between Noticees 1 to 12 and Garware / its promoters/ its directors. Accordingly, I find that the contentions of the said Noticees in this regard are acceptable.

40. I note that Noticees 2 to 9 and 13 have contended that synchronised trades are not illegal or impermissible, if payment was made and delivery of the shares took place. In this regard, I note that whether synchronised trades are illegal or not depends on the facts and circumstances in each case. I note that synchronised trading will be

illegal or violative of the Regulations if it is executed with a view to manipulate the market or is executed to create false volumes resulting in upsetting the market equilibrium. In this regard, in the matter of *SPJ Stock Brokers Pvt. Ltd. vs. SEBI* (Appeal No. 52 of 2013 decided on September 04, 2013) the Hon'ble Securities Appellate Tribunal (hereinafter referred to as "**SAT**") has taken the following view:

> *"12. Penalty under impugned order is imposed upon appellant solely on ground that almost all trades in shares of Adani Exports Ltd. effected by appellant during investigation were found to be synchronized and those trades were with only one group. It is well established by various decisions by this Tribunal that synchronized trade is per se not illegal. Synchronized transaction would be illegal if it is executed with a view to manipulate the market, is dubious in nature and is executed with a view to avoid regulatory detection, does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting market equilibrium etc."*

41. I also note the following observations made by the Hon'ble Supreme Court in its decision dated February 23, 2016 in *SEBI vs. Kishore R. Ajmera* (2016) 6 SCC 368.:

> *"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."*

42. The aforesaid observation was also relied upon by Hon’ble Supreme Court in its decision dated February 08, 2018 in the matter of *SEBI Vs. Rakhi Trading and Ors.* (2018) 13 SCC 753 wherein the following was observed:

> *“Findings must be gathered from patterns of trading data and the nature of the transactions etc. Several circumstances of a determinative character coupled with the inference arising from the conduct of the parties in a major market manipulation could reasonably lead to conclusion that the Broker was responsible in the manipulation. The evidence, direct or circumstantial, should be sufficient to raise a presumption in its favour with regard to the existence of a fact sought to be proved. As pointed out by Best in "Law of Evidence", the presumption of innocence is no doubt presumption juris; but everyday practice shows that it may be successfully encountered by the presumption of guilt arising from circumstances, though it may be a presumption of fact. Since it is exceedingly difficult to prove facts which are especially within the knowledge of parties concerned, the legal proof in such circumstances partakes the character of a prudent man's estimate as to the probabilities of the case.”*

43. Applying the test laid down in Kishore R. Ajmera case to the present case, I find that in the present case no direct or circumstantial evidence leads to an inference that the Noticees 1 to 12 executed the impugned 79 trades on 24 days spanning over 3 years from 2011 to 2014 in order to manipulate the market. I note that in an Investigation Period spreading over almost three years, the impugned 79 trades of the Noticees were only on 22 unique trading days (with 1 to 4 trades on each of these days, except 21.6.2013 which had 49 trades). Such low frequency of the trades of the Noticees when coupled with lack of connection between Noticees 1 to 12 and Garware does not lead to any inference of manipulation by Noticees through the impugned synchronized trades in the scrip of Garware. I note that even the findings of investigation do not show any impact of the impugned trades on the price of the scrip of Garware. Further, I note that Noticees 2 to 8 have also contended

that they have done non-synchronised trades which are in excess of the alleged synchronized trades which shows that they had several other huge trades in the same scrip for which no allegations have been made against them. Thus, trading pattern of Noticee 1 to 12 in the scrip of Garware, wherein frequency of the synchronized trades was low and were dispersed over a period of three years, does not indicate a concerted and manipulative intent on the part of Noticees 1 to 12 to generate a false appearance of trading in the scrip. Therefore, in the facts and circumstances of the present case, I find that the impugned trades executed by the Noticees 1 to 12 cannot be held to attract violations of Section 12A (a), (b) and (c) of SEBI Act, read with Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) and (g) of PFUTP Regulations. Thus, I note that the allegation that Noticees 1 to 12 violated the provisions Section 12A (a), (b) and (c) of SEBI Act, read with Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) and (g) of PFUTP Regulations is not established and therefore, I conclude that imposition of penalty is not warranted against the said Noticees in the present matter. I also note that Noticee no. 1 has passed away on May 29, 2021 and therefore the proceedings against him stand abated.

Issue No. 1(b): Whether Noticee 13 has violated the provisions of Section 12A (a), (b) and (c) of SEBI Act, read with Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) of PFUTP Regulations read with clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 (now Regulation 9 w.e.f. September 27, 2013) of Stock Brokers Regulations?

44. I note that the main allegation against the Noticee 13 is that it acted as a broker and counterparty broker for 7 out of 79 synchronized trades at BSE for a quantity of 3,02,900 shares (23% of the synchronized trades of the Bharat Patel Group and 2.33% of the market volume) during the investigation period. It has been alleged that all the synchronised buy and sell trades were executed from terminal IDs 3, 4, 6, 8 and 10 of Noticee 13 and two of the suspected entities Hardik Bharat Patel and Minal Bharat Patel are directors of Noticee 13. Thus, it has been alleged that Noticee

13 was also connected to the suspected entities which have indulged in synchronized trades. In view of the same, it has been alleged that the Noticee 13 facilitated their fraudulent trades and created misleading appearance of trading in the scrip without any intention of change in ownership of the security. Further, it has been alleged that Noticee 13, being a SEBI registered broker, was bound to maintain high standards of integrity, promptitude and fairness in the conduct of its business and it failed to exercise due skill, care and diligence laid down in the code of conduct for Brokers enshrined in Stock Broker Regulations.

45. In this regard, I note that, out of the total trades executed by the 12 group entities in the scrip of Garware, the synchronized trades which were facilitated by Noticee 13 contributed to only 2.33% of the market volume. Thus, I find that the contribution of the impugned trades to the market volume was insignificant. I also note from the material available on record that the 7 trades in question were spread across 6 trading days out of an Investigation Period stretching over almost three years which showed that the frequency of trades was negligible. Further, I note that since the trades of the clients of Noticee 13, i.e., Noticees 2, 3, 4, 5, 8, 9 and 10 for the impugned 7 trades are not found to be in violation of Section 12A (a), (b) and (c) of SEBI Act, read with Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) and (g) of PFUTP Regulations, the allegations against Noticee 13, as the broker to the synchronized trades by aforementioned Bharat Patel group entities, for violation of Section 12A (a), (b) and (c) of SEBI Act read with Regulations 3 (a), (b), (c) and (d), 4 (1), 4 (2) (a) of PFUTP Regulations and clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 7 (now Regulation 9 w.e.f. September 27, 2013) of Stock Brokers Regulations also do not stand established.

46. As the alleged violations are not established against the Noticees, Issues No. 2 and 3 require no consideration. Therefore, I find that no penalty is warranted against Noticees in the instant adjudication proceeding.

ORDER

47. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by Noticees and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby dispose of the Adjudication Proceedings initiated against the Noticees by way of SCN vide ref. no. EAD-2/AP/VS/11764/1-13/2020 dated July 16, 2020.

48. 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.

Place: Mumbai	**SOMA MAJUMDER**
Date: May 12, 2022	**ADJUDICATING OFFICER**