BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.BS/AO/DRA-3/135-140/2017-18]

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

In respect of:

Sr. No.	Name	PAN
1.	Shri Vipul Bhagwandas Shah	AARPS0651B
2.	Shri Kamlesh Lalitkumar Nagarsheth	ABIPN3243R
3.	Shri Rahul Ratailal Raghavan	AACPR9939H
4.	Prasad KJ HUF	AAGHS9010Q
5.	Shri Rameshwar Shaw	ALSPS5337G
6.	Shri Mahendra Kumar	ABDPK8884G

In the matter of Maharashtra Polybutenes Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into the alleged irregularities in the trading in the shares of Maharashtra

Polybutenes Ltd. (hereinafter referred to as 'MPL') for the period February, 2009 to July, 2009 (hereinafter referred to as 'relevant period') and into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992') and Regulations made thereunder. MPL had incurred losses till the financial year 2006-07 and made a meagre profit of ₹ 2.87 crore and ₹ 2.91 crore for the financial years 2007-08 and 2008-09 respectively. MPL shares were infrequently traded but during the relevant period, there was a spurt in the volumes traded and in the price. A total of 53,51,932 shares were traded and the price increased from ₹ 53.35 to ₹ 79.95, an increase of 49.85% in a span of 5 months without there being any change in the economic fundamentals of the company.

2. It was alleged that Shri Vipul Bhagwandas Shah, Shri Kamlesh Lalitkumar Nagarsheth, Shri Rahul Ratailal Raghavan, Prasad K J HUF, Shri Rameshwar Shaw and Shri Mahenadra Kumar (hereinafter referred to as Noticee Nos. 1 to 6 respectively and collectively as Noticees) created false or misleading appearance of trading in the scrip of MPL by entering into Synchronized Trades thereby alleged to have violated Section 12A (a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d), 4(1) and 4(2) of (a), (b), (d) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as PFUTP Regulations).

APPOINTMENT OF ADJUDICATING OFFICER

3. SEBI vide order dated March 12, 2014 appointed Shri A. Sunilkumar as the Adjudicating Officer under section 15 I of SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) to inquire into and adjudge under Section 15HA of SEBI Act, 1992 the aforesaid allegations. Consequent to the transfer of Shri A. Sunil Kumar, Shri S V Krishnamohan was appointed as the Adjudicating Officer vide order dated June 22, 2015.

4. Subsequently, vide order dated September 15, 2017, the undersigned was appointed as the Adjudicating Officer in the place of Shri S. V. Krishnamohan.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

5. A Common Show Cause Notice dated August 28, 2014 (hereinafter referred to as 'SCN') was issued to the Noticees in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Rules) read with Section 15I of SEBI Act, 1992 for the violations as specified in the SCN.

6. The SCNs addressed to the Noticees were either delivered to the Noticees by Speed Post with Acknowledgement due or was hand delivered.

7. Further Noticees were granted various opportunities for personal hearing in the following manner:

Sr. No.	Hearing Notice Date	Hearing Date	Status of the Hearing
1.	January 02, 2015	January 28, 2015	Did not appear
2.	March 10, 2015	March 25, 2015	Did not appear
3.	June 22, 2015	July 15, 2015	Did not appear
4.	August 25, 2015	September 07, 2015	Only Noticee No. 3 appeared
5.	February 23, 2018	March 13, 2018	Only Noticee No. 2 appeared

8. Noticee No. 3 vide letter dated July 10 2015 forwarded his bank account details and DP account details. Further, vide letter dated September 10, 2015, Noticee No. 3 filed reply to the SCN. Noticee No. 3 also appeared for the hearing on August 25, 2015 and September 07, 2015. The salient features of his submissions are as following:

   I. *Noticee No. 3 only sold and did not buy the shares during the investigation period and the average sale price was between ₹47.25 to ₹53.16. in the*

SCN, there are allegations of buying of shares which is not true. Noticee No. 3 had bought 2,35,000 shares on September 19, 2008 and sold the entire lot between March 06, 2009 and March 26, 2009 at an average price of ₹ 49.64 which is much below the alleged price range during the investigation period.

II. *All the counter-parties to my trades except one have not been made a part of the present proceedings.*

III. *I do not know either Vipul Bhagandas Shah or Kamesh Lalitkumar Nagarsheth.*

9. Noticee No. 2 appeared for the hearing on March 13, 2018 and submitted that all his records with respect to alleged trades are with Vishal Vijay Shah. Further vide letter dated March 16, 2018, Noticee No. 2 submitted that he knows the broker Vishal Vijay Shah and Noticee No. 1 for 36 years. All the Notices addressed to the Noticee No. 2 were sought by the broker and Noticee No. 1 in the pretext of representing Noticee No. 2 before SEBI. He further submitted that he doesn't have any clue about the trades executed by the broker on his behalf.

10. Vide letters dated January 27, 2015 and January 28, 2015, Noticee Nos. 4 and 6 sought time to file reply to the SCN. However they did not submit any reply to the SCN till date.

11. Noticee 1 and 5 neither filed any reply to the SCN nor appeared for the hearing.

12. Therefore I am inclined to proceed in the matter on the basis of material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

13. I have carefully examined the material available on record. The issues that arise for consideration in the present case are :

a. Whether Noticees violated Section 12A (a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d), 4(1) and 4(2) of (a), (b), (d) and (g) of PFUTP Regulations?

b. Does the violation, if established, attract monetary penalty under Section 15HA of SEBI Act, 1992?

c. If yes, then what should be the quantum of penalty?

FINDINGS

14. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions which are reproduced 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 securities market;

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

…

(d) paying, offering or agreeing to pay or offer, directly or indirectly, to any person any money or money's worth for inducing such person for dealing in any security with

the object of inflating, depressing, maintaining or causing fluctuation in the price of such security;

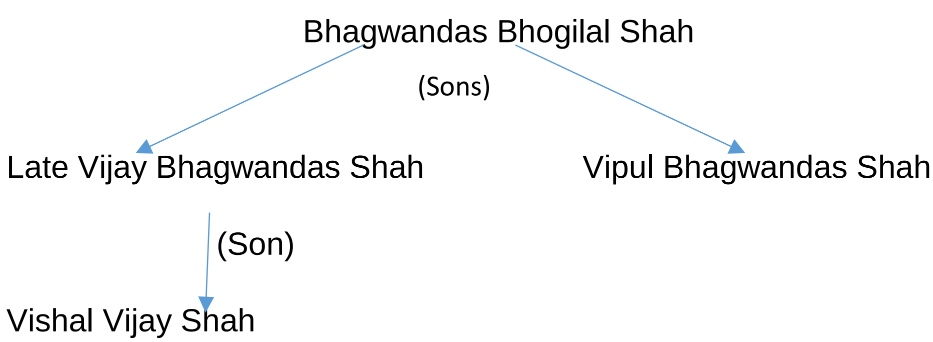
…

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

15. The SCN alleges the following activities by the Noticees mentioned below.

<u>Vipul Group</u>

16. Vijay Bhagwandas Shah & Co., was the sole proprietorship concern of Vijay Bhagwandas Shah. On demise of Vijay Bhagwandas Shah, the registration was transferred to his son Vishal Vijay Shah. Vijay Bhagwandas Shah and Vipul Bhagwandas Shah are sons of Bhagwandas Bhogilal Shah. Hence the broker Noticee and the client Vipul are related to each other.



17. Vishal Vijay Shah vide its letter dated April 19, 2010 admitted that all the three clients viz. Vipul, Kamlesh and Rahul are all connected / related entities. Therefore Vipul, Kamlesh and Rahul are referred as Vipul Group. It was alleged in the SCN that Vishal Vijay Shah and Vipul group are related to each other.

Misleading Appearance of trading in the scrip

18. It was alleged in the SCN that the Noticee Nos. 1 to 3 had traded in the scrip of MPL through Stock Broker, Vishal Vijay Shah (hereinafter referred to as Vishal) in the following manner:

Client Name	Buy TQ	Sell TQ	Buy Avg. Rate in Rs.	Sell Avg. Rate in Rs.	Buy % to market	Sell % to market
VIPUL BHAGWANDAS SHAH	14,16,815	10,300	65.28	55.20	26.47	0.19
KAMLESH LALITKUMAR NAGARSHETH	12,99,043	10,975	64.27	52.14	24.27	0.21
RAHUL RATAILAL RAGHVAN	1,88,834	249	50.05	48.00	3.53	0.00
Total	29,04,692	21,524	63.84	53.55	54.27	0.40

19. It was further alleged that Noticee Nos. 1 to 3 entered into circular trades and hence created artificial trades. The summary of the artificial volume created by Noticee Nos. 1 to 3 is given below:

Client Name	Total Buy Qty (through Vishal)	Circular trade volume	circular trades % w.r.t . own trades	Circular trades % w.r.t. market
VIPUL BHAGWANDAS SHAH	14,16,815	12,02,744	84.89	22.47
KAMLESH LALITKUMAR NAGARSHETH	12,99,043	11,15,120	85.84	20.84
RAHUL RATAILAL RAGHVAN	1,88,834	1,51,176	80.06	2.82
Total	29,04,692	24,69,040	85.00	46.13

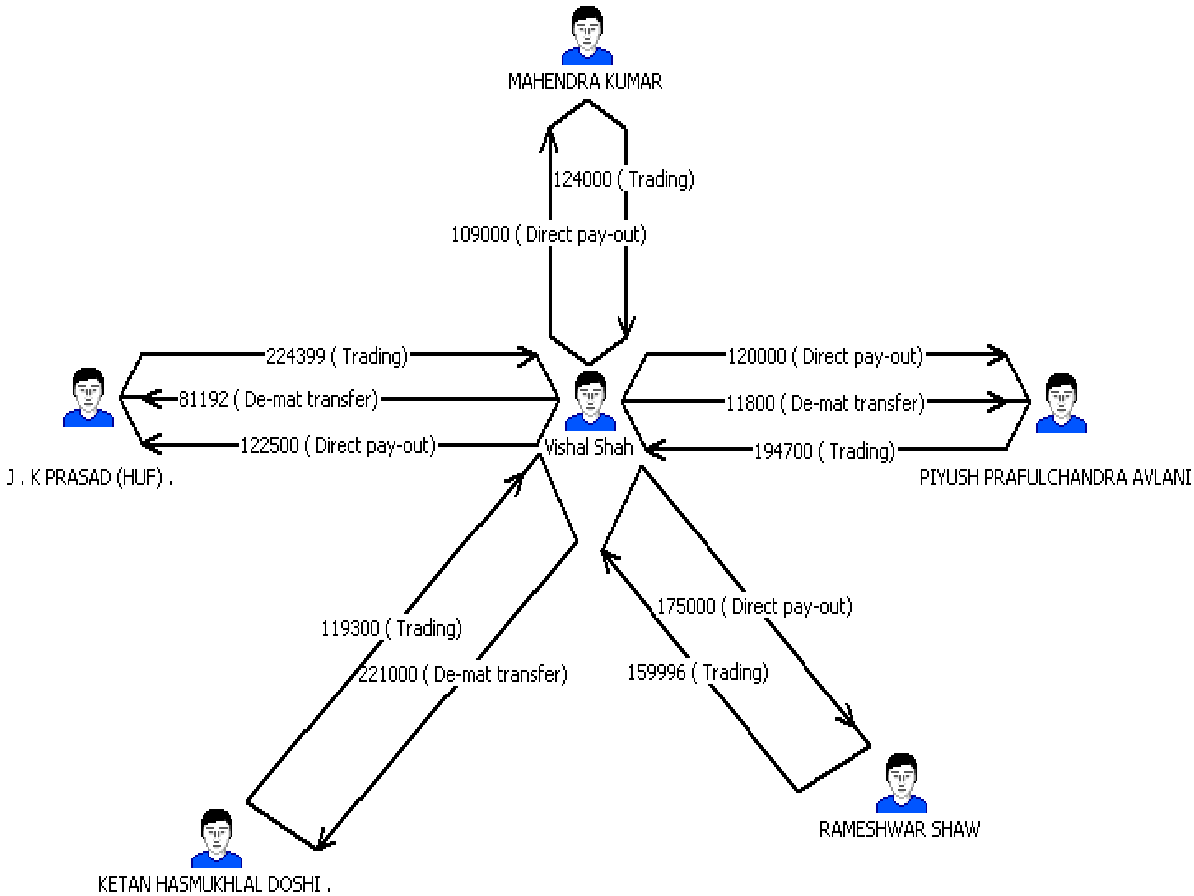
20. Noticee No. 1 had also traded through another broker Fair Intermediate Investment Private Limited in the scrip. Noticee Nos. 2 and 3 did not trade through any other broker in the scrip. The summary of the trading details of Noticee No. 1 through Fair Intermediate during the investigation period is given below:

Member Name	Client Name	Buy TQ	Sell TQ	Buy Rate	Buy % to market
Fair Intermediate Investment Limited	VIPUL BHAGWANDAS SHAH	1,90,000	-	49.55	3.55

21. In total, Noticee No. 1 had bought 16,06,815 shares. The summary of trading details of Noticee Nos. 1 to 3 is given below.

Client Name	Buy TQ	Sell TQ	Buy Avg. Rate In Rs.	Sell Avg. Rate in Rs.	Buy % to market	Sell % to market
VIPUL BHAGWANDAS SHAH	16,06,815	10,300	63.42	55.20	30.02	0.19
KAMLESH LALITKUMAR NAGARSHETH	12,99,043	10,975	64.27	52.14	24.27	0.21
RAHUL RATAILAL RAGHVAN	1,88,834	249	50.05	48.00	3.53	0.00
Total	30,94,692	21,524	62.96	53.55	57.82	0.40

22. It was further alleged that Vishal entered into circular trades with Noticee Nos. 4 to 6 in the following manner:



PRASAD K J (HUF) (Noticee No. 4)

23. Noticee No. 4 had sold 2,25,000 shares through the broker Doha Brokerage and Financial Services Limited (formerly known as Select Securities Ltd.). Out of 2,25,000

shares, 2,24,399 shares were bought by Noticee Nos. 1 and 2. The summary of the trading details is given below.

Client Name	Buy TQ	Sell TQ	Sell TV	Sell Rate	Sell % to market
PRASAD K J	-	225,000	16,093,270	71.53	4.20

24. The trade details are given below:

Buy Client	Sell Client	Trade Date	Trade Nun	Order Time	CP Order T	Time Diff	Trade Time	Order Qty	CP Order	Trade Rat	Traded Qty
VBS	PRASAD K	15-May-2009	10	12:07:37	12:07:22	00:00:15	12:07:37	500	5000	58.10	500
VBS	PRASAD K	15-May-2009	11	12:07:41	12:07:22	00:00:19	12:07:41	250	5000	58.10	250
VBS	PRASAD K	15-May-2009	12	12:07:47	12:07:22	00:00:25	12:07:47	1500	5000	58.10	1500
VBS	PRASAD K	15-May-2009	13	12:07:54	12:07:22	00:00:32	12:07:55	1100	5000	58.10	1050
KLN	PRASAD K	15-May-2009	19	13:45:22	13:45:17	00:00:05	13:45:23	1500	10000	58.00	1500
KLN	PRASAD K	15-May-2009	20	13:45:28	13:45:17	00:00:11	13:45:28	8500	10000	58.00	8500
VBS	PRASAD K	15-May-2009	24	14:48:09	14:47:49	00:00:20	14:48:10	5000	5000	57.50	5000
VBS	PRASAD K	15-May-2009	4	12:06:56	12:06:50	00:00:06	12:06:56	2500	5000	58.00	2500
VBS	PRASAD K	15-May-2009	5	12:07:00	12:06:50	00:00:10	12:07:01	1500	5000	58.00	1500
VBS	PRASAD K	15-May-2009	6	12:07:04	12:06:50	00:00:14	12:07:04	500	5000	58.00	500
VBS	PRASAD K	15-May-2009	7	12:07:07	12:06:50	00:00:17	12:07:07	500	5000	58.00	500
VBS	PRASAD K	15-May-2009	8	12:07:27	12:07:22	00:00:05	12:07:28	1500	5000	58.10	1500
VBS	PRASAD K	15-May-2009	9	12:07:33	12:07:22	00:00:11	12:07:33	200	5000	58.10	200
VBS	PRASAD K	19-May-2009	19	12:31:02	12:44:21	00:13:19	12:44:22	200	5000	56.00	200
VBS	PRASAD K	19-May-2009	20	12:43:53	12:44:21	00:00:28	12:44:22	4800	5000	56.00	4400
VBS	PRASAD K	19-May-2009	6	12:30:49	12:30:40	00:00:09	12:30:49	5000	15000	56.00	5000
VBS	PRASAD K	19-May-2009	7	12:30:54	12:30:40	00:00:14	12:30:54	5000	15000	56.00	5000
VBS	PRASAD K	19-May-2009	9	12:30:59	12:30:40	00:00:19	12:30:59	4800	15000	56.00	4800
VBS	PRASAD K	21-May-2009	13	15:05:24	15:05:10	00:00:14	15:05:24	2500	10000	64.00	2500
VBS	PRASAD K	21-May-2009	14	15:05:28	15:05:10	00:00:18	15:05:28	750	10000	64.00	750
VBS	PRASAD K	21-May-2009	15	15:05:36	15:05:10	00:00:26	15:05:37	6750	10000	64.00	6750
KLN	PRASAD K	25-May-2009	29	13:19:27	13:19:23	00:00:04	13:19:27	10000	10000	76.00	10000
KLN	PRASAD K	25-May-2009	30	13:23:29	13:23:28	00:00:01	13:23:29	10000	10000	77.75	10000
KLN	PRASAD K	26-May-2009	8	13:43:43	13:43:42	00:00:01	13:43:43	5000	5000	76.00	5000
KLN	PRASAD K	27-May-2009	10	13:10:06	13:10:04	00:00:02	13:10:07	4000	4000	70.00	4000
KLN	PRASAD K	27-May-2009	11	13:10:34	13:10:32	00:00:02	13:10:35	3000	3000	70.00	3000
KLN	PRASAD K	29-May-2009	40	14:53:48	14:53:45	00:00:03	14:53:48	5000	5000	81.00	5000
KLN	PRASAD K	29-May-2009	7	13:18:33	13:18:30	00:00:03	13:18:34	5000	5000	75.00	5000
KLN	PRASAD K	29-May-2009	8	13:18:50	13:18:47	00:00:03	13:18:51	5000	5000	75.00	5000
KLN	PRASAD K	01-June-2009	31	13:33:28	13:33:22	00:00:06	13:33:28	5000	5000	83.75	5000
KLN	PRASAD K	01-June-2009	39	14:06:04	14:06:02	00:00:02	14:06:05	5000	5000	82.75	5000
VBS	PRASAD K	15-June-2009	24	14:41:27	14:41:23	00:00:04	14:41:27	5000	5000	74.00	5000
VBS	PRASAD K	15-June-2009	25	14:41:43	14:41:39	00:00:04	14:41:44	5000	5000	74.00	5000
VBS	PRASAD K	16-June-2009	16	13:08:54	13:08:49	00:00:05	13:08:54	5000	5000	74.25	5000
VBS	PRASAD K	16-June-2009	17	13:09:09	13:09:06	00:00:03	13:09:09	5000	5000	74.25	5000
VBS	PRASAD K	16-June-2009	18	13:09:28	13:09:28	00:00:00	13:09:29	3000	3000	74.25	3000
VBS	PRASAD K	17-June-2009	10	14:07:15	14:07:12	00:00:03	14:07:16	5000	5000	72.00	5000
VBS	PRASAD K	17-June-2009	13	14:31:08	14:31:06	00:00:02	14:31:09	5000	5000	72.00	5000
VBS	PRASAD K	17-June-2009	14	14:34:30	14:34:23	00:00:07	14:34:31	4950	5000	72.00	4950
VBS	PRASAD K	17-June-2009	15	14:34:35	14:34:23	00:00:12	14:34:35	50	5000	72.00	50
KLN	PRASAD K	19-June-2009	37	13:42:30	13:42:26	00:00:04	13:42:31	5000	5000	76.00	5000
KLN	PRASAD K	19-June-2009	38	13:42:46	13:42:42	00:00:04	13:42:46	5000	5000	76.00	5000
KLN	PRASAD K	19-June-2009	39	13:43:07	13:43:04	00:00:03	13:43:07	5000	5000	76.50	5000
KLN	PRASAD K	22-June-2009	5	13:03:10	13:03:07	00:00:03	13:03:10	2500	2500	78.75	2500
KLN	PRASAD K	22-June-2009	6	13:03:38	13:03:36	00:00:02	13:03:38	2500	2500	78.75	2500
KLN	PRASAD K	23-June-2009	15	14:02:59	14:02:55	00:00:04	14:02:59	10000	10000	74.00	10000
KLN	PRASAD K	23-June-2009	16	14:03:20	14:03:17	00:00:03	14:03:21	5000	5000	74.00	5000

KLN	PRASAD K	23-June-2009	17	14:03:36	14:03:34	00:00:02	14:03:36	5000	5000	74.00	5000
VBS	PRASAD K	23-June-2009	18	14:16:15	14:16:12	00:00:03	14:16:15	5000	5000	74.00	5000
KLN	PRASAD K	24-June-2009	12	12:53:19	12:53:16	00:00:03	12:53:19	10000	10000	77.50	10000
KLN	PRASAD K	24-June-2009	13	12:53:34	12:53:34	00:00:00	12:53:35	5000	5000	77.50	5000
KLN	PRASAD K	24-June-2009	14	12:53:49	12:53:49	00:00:00	12:53:50	5000	5000	77.50	5000
KLN	PRASAD K	24-June-2009	25	14:31:19	14:31:16	00:00:03	14:31:19	5000	5000	77.50	5000
VBS	PRASAD K	25-June-2009	49	14:22:23	14:22:21	00:00:02	14:22:24	5000	5000	76.25	4999
								224850	335000		224399

25. Notice No. 4 had received 2.25 lakh shares from Vishal and the same quantity of shares was transferred to meet the pay-in obligation of Noticee No. 4. The entire quantity of these shares were received by Noticee No. 4 from Vishal on May 14, 2009 and transferred to the broker Doha Brokerage and Financial Services Limited's pool account by Noticee No. 4 on May 16, 2009 for the sell trades executed on May 15, 2009.

RAMESHWAR SHAW AND MAHENDRA KUMAR (Noticee No. 5 & 6)

26. Noticee Nos. 5 and 6 had sold 2,85,000 shares through BGSE Financials Ltd. Out of 2,85,000 shares, Noticee No. 2 had bought - 58,999 shares, and Noticee No. 1 had bought 2,24,997 shares (Total 2,83,996 shares). The summary of the trading details is given below.

Sl.NO	Client Name	Buy TQ	Sell TQ	Sell TV	Sell Rate	Sell % to market	Qty bought by VIshal
1.	RAMESHWAR SHAW	-	160,000	12,071,202	75.45	2.99	159996
2.	MAHENDRA KUMAR	-	125,000	9,657,875	77.26	2.34	124000
	Total		2,85,000				2,83,996

27. Date wise trading details of aforesaid 2,83,996 shares are given below.

Sell Client Name	Buy Client Name	Trade Date	Trade No.	Time Diff	Trade Time	Order Qty	CP Order (	Order Rate	CP Order	Trade Rat	Traded Q
MAHENDRA KUMAR	Vipul	03-Jun-09	28	00:00:04	13:47:24	5000	5000	81	80	80	5000
MAHENDRA KUMAR	Vipul	03-Jun-09	29	00:00:06	13:47:51	5000	5000	80	80	80	5000
MAHENDRA KUMAR	Vipul	03-Jun-09	30	00:00:04	13:48:22	5000	5000	80	80	80	5000
MAHENDRA KUMAR	Vipul	04-Jun-09	25	00:00:02	13:40:58	5000	5000	83	83	83	5000
MAHENDRA KUMAR	Vipul	04-Jun-09	26	00:00:03	13:49:18	1000	1000	83	83	83	1000
MAHENDRA KUMAR	Vipul	04-Jun-09	27	00:00:01	13:49:30	1000	1000	83	83	83	1000
MAHENDRA KUMAR	Vipul	04-Jun-09	28	00:00:01	13:49:42	1000	1000	83	83	83	1000
MAHENDRA KUMAR	Vipul	04-Jun-09	29	00:00:02	13:50:08	1000	1000	83	83	83	1000
MAHENDRA KUMAR	Vipul	04-Jun-09	32	00:00:02	15:00:48	1000	1000	83	83	83	1000
MAHENDRA KUMAR	Vipul	04-Jun-09	37	00:00:01	15:19:20	5000	5000	83	83	83	5000
MAHENDRA KUMAR	Vipul	05-Jun-09	24	00:00:01	13:46:21	2500	2500	79	79	79	2500
MAHENDRA KUMAR	Vipul	05-Jun-09	35	00:00:00	14:53:53	2500	2500	78.75	78.75	78.75	2500

MAHENDRA KUMAR	Kamlesh	08-Jun-09	27	00:00:02	15:22:41	5000	5000	75	75	75	5000
MAHENDRA KUMAR	Kamlesh	08-Jun-09	28	00:00:02	15:23:13	2500	2500	75.5	75	75	2500
MAHENDRA KUMAR	Kamlesh	08-Jun-09	29	00:00:07	15:23:39	500	500	75	75	75	500
MAHENDRA KUMAR	Kamlesh	08-Jun-09	30	00:00:11	15:27:03	1000	1000	75	75	75	1000
MAHENDRA KUMAR	Kamlesh	08-Jun-09	31	00:00:02	15:27:18	1000	1000	75	75	75	1000
MAHENDRA KUMAR	Vipul	26-Jun-09	19	00:00:02	13:40:00	10000	10000	78.5	78.5	78.5	10000
MAHENDRA KUMAR	Vipul	26-Jun-09	20	00:00:01	13:40:13	5000	5000	78.5	78.5	78.5	5000
MAHENDRA KUMAR	Vipul	26-Jun-09	21	00:00:01	13:40:23	5000	5000	78.5	78.5	78.5	5000
MAHENDRA KUMAR	Vipul	26-Jun-09	52	00:00:03	14:37:39	5000	5000	79.25	79.25	79.25	5000
MAHENDRA KUMAR	Vipul	29-Jun-09	19	00:00:01	12:35:05	10000	10000	80.25	80.25	80.25	10000
MAHENDRA KUMAR	Vipul	29-Jun-09	20	00:00:02	12:35:22	5000	5000	80.25	80.25	80.25	5000
RAMESHWAR SHAW	Vipul	06-Jul-09	11	00:00:03	14:36:09	10000	10000	75	75	75	10000
RAMESHWAR SHAW	Vipul	06-Jul-09	12	00:00:03	14:36:28	10000	10000	75	75	75	10000
RAMESHWAR SHAW	Vipul	06-Jul-09	13	00:00:03	14:36:42	5000	5000	75	75	75	5000
RAMESHWAR SHAW	Kamlesh	07-Jul-09	10	00:00:07	13:41:25	3000	3000	77.05	77.05	77.05	3000
RAMESHWAR SHAW	Kamlesh	07-Jul-09	11	00:00:06	13:41:43	1000	1000	78	77.05	77.05	1000
RAMESHWAR SHAW	Kamlesh	07-Jul-09	13	00:00:02	13:46:26	6000	5000	77	85	77	6000
RAMESHWAR SHAW	Kamlesh	07-Jul-09	14	00:00:02	13:46:43	5000	5000	77	77	77	5000
RAMESHWAR SHAW	Kamlesh	07-Jul-09	9	00:00:04	13:40:25	10000	10000	76.5	76.5	76.5	9999
RAMESHWAR SHAW	Vipul	09-Jul-09	10	00:00:03	14:10:20	10000	10000	73.25	73.25	73.25	10000
RAMESHWAR SHAW	Vipul	09-Jul-09	11	00:00:03	14:10:36	5000	5000	73.25	73.25	73.25	5000
MAHENDRA KUMAR	Vipul	09-Jul-09	12	00:00:03	14:11:15	5000	5000	73.25	73.25	73.25	5000
MAHENDRA KUMAR	Vipul	09-Jul-09	13	00:00:01	14:11:30	4000	4000	73.25	73.25	73.25	4000
MAHENDRA KUMAR	Vipul	09-Jul-09	18	00:00:02	14:21:35	1000	1000	73.25	73.25	73.25	1000
RAMESHWAR SHAW	Vipul	10-Jul-09	10	00:00:03	12:27:31	10000	10000	75.5	75.5	75.5	10000
RAMESHWAR SHAW	Vipul	10-Jul-09	11	00:00:05	12:27:54	5000	5000	75.5	75.5	75.5	5000
MAHENDRA KUMAR	Vipul	10-Jul-09	9	00:00:03	12:27:10	10000	10000	75.5	75.5	75.5	10000
MAHENDRA KUMAR	Kamlesh	13-Jul-09	16	00:00:02	14:10:03	10000	10000	71	71	71	10000
MAHENDRA KUMAR	Kamlesh	13-Jul-09	18	00:00:02	14:10:20	10000	10000	70	70	70	9000
RAMESHWAR SHAW	Kamlesh	13-Jul-09	20	00:00:08	14:11:33	5000	5000	71	71	71	5000
RAMESHWAR SHAW	Vipul	17-Jul-09	18	00:00:02	14:20:35	10000	10000	72.5	72.5	72.5	10000
RAMESHWAR SHAW	Vipul	17-Jul-09	19	00:00:01	14:20:52	5000	5000	72.5	72.5	72.5	5000
RAMESHWAR SHAW	Vipul	20-Jul-09	10	00:00:02	13:21:26	5000	5000	75	75	75	5000
RAMESHWAR SHAW	Vipul	20-Jul-09	9	00:00:05	13:21:06	5000	5000	75	75	75	5000
RAMESHWAR SHAW	Vipul	28-Jul-09	20	00:00:02	14:22:32	10000	10000	76	76	76	9999
RAMESHWAR SHAW	Vipul	28-Jul-09	21	00:00:01	14:22:52	5000	5000	76.25	76.25	76.25	5000
RAMESHWAR SHAW	Vipul	28-Jul-09	24	00:00:01	14:39:29	5000	5000	77	77	77	4999
RAMESHWAR SHAW	Vipul	28-Jul-09	27	00:21:20	15:00:49	5000	5000	77	77	77	1
RAMESHWAR SHAW	Vipul	28-Jul-09	28	00:00:01	15:00:50	5000	5000	77	77	77	4999
RAMESHWAR SHAW	Vipul	29-Jul-09	17	00:00:03	13:51:20	5000	5000	77.5	77.5	77.5	5000
RAMESHWAR SHAW	Vipul	29-Jul-09	18	00:00:02	13:51:42	5000	5000	77.5	77.5	77.5	5000
RAMESHWAR SHAW	Vipul	29-Jul-09	19	00:00:01	13:51:57	5000	5000	77.5	77.5	77.5	5000
RAMESHWAR SHAW	Vipul	29-Jul-09	21	00:00:01	14:30:04	5000	5000	77.5	77.5	77.5	4999
RAMESHWAR SHAW	Vipul	29-Jul-09	23	00:00:01	14:30:34	1000	1000	77.5	77.5	77.5	1000
RAMESHWAR SHAW	Vipul	29-Jul-09	39	00:00:02	15:02:42	2000	2000	78	78	78	2000
RAMESHWAR SHAW	Vipul	29-Jul-09	40	00:00:02	15:03:46	2000	2000	78.75	78.75	78.75	2000
											283996

28. Noticee No. 5 had received 1,55,000 shares from Vishal to meet his obligation in the following manner:

Sr. No.	**Date**	**Quantity**
1.	July 06 & 07, 2009	25,000 shares
2.	July 08, 2009	25,000 shares
3.	July 10, 2009	15,000 shares
4.	July 13, 2009	15,000 shares

5	July 14, 2009	5,000 shares
6	July 20, 2009	25,000 shares
7	July 29, 2009	25,000 shares
8	July 30, 2009	25,000 shares
	Total	**1,55,000**

29. Out of 1,55,000 shares transferred by Vishal to Noticee No. 5, 1,54,996 shares were received back by Vishal as part of pay-out obligation. Hence, 1,55,000 shares of the circular trades were executed were between Vishal to Noticee No. 5 and then back to Vishal.

30. Noticee No. 6 had received 1,35,000 shares from Vishal as under to meet his obligation:

Sr. No.	**Date**	**Quantity**
1.	June 03, 2009	15,000 shares
2.	June 04 & 05, 2009	20,000 shares
3.	June 08, 2009	20,000 shares
4.	June 29, 2009	25,000 shares
5	June 30, 2009	15,000 shares
6	June 10, 2009	9,000 shares
7	June 09, 2009	1,000 shares
8	June 13, 2009	10,000 shares
9	June 14, 2009	20,000 shares
	Total	**1,35,000**

31. Shares received back by Vishal: Out of 1,35,000 shares transferred by Vishal to the Noticee No. 6, 1,24,000 shares were received back by Vishal as part of pay-out obligation. Hence, 1,24,000 shares of the circular trades were executed between Vishal to Noticee No. 6 and then back to Vishal.

32. The day-wise analysis of circular trades is given below.

S.N	Trade Date	Sum of Trade Qty	Vipul Group trades	Circular trades	Vipul group % w.r.t	Circular Trades % w.r.t. r
1	15-May-2009	25190	25050	25000	99.44	99.25
2	03-July-2009	35266	35000	35000	99.25	99.25
3	28-July-2009	44892	44500	44418	99.13	98.94
4	14-July-2009	17223	17000	16987	98.71	98.63
5	24-June-2009	38029	37501	37499	98.61	98.61
6	25-June-2009	35540	35000	34998	98.48	98.47
7	06-July-2009	52028	51000	51000	98.02	98.02
8	20-July-2009	20537	20001	20000	97.39	97.39
9	10-July-2009	43181	42225	42000	97.79	97.27
10	02-July-2009	34005	33000	33000	97.04	97.04
11	23-June-2009	26215	25000	25000	95.37	95.37
12	17-June-2009	16832	16070	16000	95.47	95.06
13	21-July-2009	29458	28545	27800	96.90	94.37
14	09-July-2009	46139	44000	43489	95.36	94.26
15	29-June-2009	35218	33000	33000	93.70	93.70
16	19-May-2009	37810	35515	35400	93.93	93.63
17	20-May-2009	26703	25056	24995	93.83	93.60
18	09-June-2009	29460	27350	27350	92.84	92.84
19	15-April-2009	10775	10000	10000	92.81	92.81
20	13-July-2009	34560	33030	32000	95.57	92.59
21	16-July-2009	28028	26005	25790	92.78	92.02
22	23-April-2009	27700	25002	25000	90.26	90.25
23	22-April-2009	26600	24135	24000	90.73	90.23
24	01-June-2009	18578	16600	16600	89.35	89.35
25	04-June-2009	17011	15000	15000	88.18	88.18
26	22-July-2009	3427	3000	3000	87.54	87.54
27	08-June-2009	26413	23500	23000	88.97	87.08
28	24-July-2009	37909	33019	32949	87.10	86.92
29	17-July-2009	31925	27500	27500	86.14	86.14
30	15-July-2009	40782	35100	34598	86.07	84.84
31	28-May-2009	14694	13034	12300	88.70	83.71
32	07-July-2009	30226	30000	24999	99.25	82.71
33	04-March-2009	61434	50789	50500	82.67	82.20
34	19-June-2009	45899	37000	36769	80.61	80.11
35	26-June-2009	35517	27000	27000	76.02	76.02
36	31-July-2009	46440	35499	35000	76.44	75.37
37	20-April-2009	32175	24325	24000	75.60	74.59
38	27-July-2009	34272	29000	25500	84.62	74.40
39	03-March-2009	49017	35881	35800	73.20	73.04
40	26-March-2009	96323	68950	68650	71.58	71.27
41	08-July-2009	32786	24000	23099	73.20	70.45
42	29-May-2009	25885	24600	18200	95.04	70.31
43	24-March-2009	133574	91239	90300	68.31	67.60
44	11-June-2009	23755	22000	16000	92.61	67.35
45	08-April-2009	31275	21375	21000	68.35	67.15
46	19-March-2009	84808	56700	56400	66.86	66.50
47	23-July-2009	18923	15000	12500	79.27	66.06
48	12-June-2009	15304	13200	10000	86.25	65.34
49	03-June-2009	44541	37889	28600	85.07	64.21
50	10-June-2009	32230	29000	20000	89.98	62.05
51	29-July-2009	68519	58005	39498	84.66	57.65
52	24-April-2009	8760	5025	5000	57.36	57.08
53	30-July-2009	31212	17501	17500	56.07	56.07

S.N	Trade Date	Sum of Trad	Vipul group	Circular tra	Vipul g w.r.t. n	Circular t w.r.t. ma
61	30-June-2009	52116	25001	24900	47.97	47.78
62	29-April-2009	62766	45187	29099	71.99	46.36
63	25-March-2009	171671	75600	75500	44.04	43.98
64	06-March-2009	45972	37925	20000	82.50	43.50
65	28-April-2009	60336	25595	24600	42.42	40.77
66	06-February-20	54565	22500	21981	41.24	40.28
67	17-April-2009	35465	14115	14000	39.80	39.48
68	05-June-2009	47654	19100	18600	40.08	39.03
69	25-May-2009	51531	39000	20000	75.68	38.81
70	20-March-2009	67225	25000	24800	37.19	36.89
71	27-April-2009	24385	16455	8900	67.48	36.50
72	12-May-2009	35376	12950	12600	36.61	35.62
73	26-February-20	71990	25000	24900	34.73	34.59
74	18-June-2009	77031	25500	25500	33.10	33.10
75	11-February-20	56952	27500	18500	48.29	32.48
76	11-May-2009	12370	4100	4000	33.14	32.34
77	22-June-2009	85481	27000	27000	31.59	31.59
78	12-March-2009	64292	34350	19751	53.43	30.72
79	16-February-20	81600	25000	25000	30.64	30.64
80	04-May-2009	35279	22279	10100	63.15	28.63
81	13-May-2009	53507	36127	15000	67.52	28.03
82	05-February-20	36367	10000	10000	27.50	27.50
83	22-May-2009	36673	30600	10000	83.44	27.27
84	02-April-2009	35895	13050	9750	36.36	27.16
85	16-June-2009	76230	20200	20000	26.50	26.24
86	27-February-20	96154	30000	24800	31.20	25.79
87	02-June-2009	10116	10100	2600	99.84	25.70
88	13-March-2009	49407	19150	12000	38.76	24.29
89	17-February-20	104405	24000	23995	22.99	22.98
90	10-February-20	42108	13891	9500	32.99	22.56
91	26-May-2009	22950	21100	5000	91.94	21.79
92	21-May-2009	45914	17988	10000	39.18	21.78
93	16-March-2009	51187	24410	11000	47.69	21.49
94	04-February-20	41121	8000	8000	19.45	19.45
95	24-February-20	137917	31950	24250	23.17	17.58
96	06-May-2009	32231	17100	5000	53.05	15.51
97	27-May-2009	46114	28200	7000	61.15	15.18
98	01-July-2009	66622	15000	6000	22.52	9.01
99	18-March-2009	202905	43000	18000	21.19	8.87
100	27-March-2009	67476	5000	5000	7.41	7.41
101	02-February-20	27774	0	0	0.00	0.00
102	03-February-20	31190	0	0	0.00	0.00
103	12-February-20	79754	12000		15.05	0.00
104	13-February-20	28360	0	0	0.00	0.00
105	19-February-20	26585	0	0	0.00	0.00
106	20-February-20	51240	6500		12.69	0.00
107	25-February-20	71725	12000		16.73	0.00
108	02-March-2009	39473	5000		12.67	0.00
109	05-March-2009	67305	0	0	0.00	0.00
110	09-March-2009	65620	25500		38.86	0.00
111	30-March-2009	6333	0	0	0.00	0.00
112	31-March-2009	1705	0	0	0.00	0.00
113	01-April-2009	2132	0	0	0.00	0.00

54	15-June-2009	27527	25000	15000	90.82	54.49
55	17-March-2009	115673	64176	62500	55.48	54.03
56	07-May-2009	72289	40855	37426	56.52	51.77
57	18-February-20	54183	28000	28000	51.68	51.68
58	09-February-20	71115	36000	36000	50.62	50.62
59	23-March-2009	99868	51000	50000	51.07	50.07
60	06-April-2009	25294	15113	12500	59.75	49.42

114	09-April-2009	3657	1000		27.34	0.00
115	13-April-2009	58	27		46.55	0.00
116	16-April-2009	70	0	0	0.00	0.00
117	21-April-2009	50	0	0	0.00	0.00
118	05-May-2009	2485	0	0	0.00	0.00
119	08-May-2009	34598	782	0	2.26	0.00
120	14-May-2009	1510	0	0	0.00	0.00
	Grand Total	5351932	2904692	2469040		

33. The following are observed from the analysis of above table.

- On more than 20 trading days, Noticees had traded more than 90% traded volume in the market. Out of these, more than 90% were circular trades.
- On more than 50 trading days, Noticees had traded more than 50% traded volume in the market. Out of these, more than 50% were circular trades.
- Out of 120 trading days, Noticees traded on 108 days and had executed circular trades on 100 days.

34. **<u>Synchronized Trades:</u>** Out of 24,69,040 shares bought by Vipul group from 115 front entities, Vipul group had synchronized trades with 90 entities for the quantity 15,23,647 shares i.e. equal buy and sell order quantity, equal buy and sell order rate and order time difference of buy and sell order of less than 60 seconds. The summary of the Vipul group synchronized trades is given below.

Buy Client Name	Synchronized TQ	Synch trades % v own Buy trade	Buy % to n	Count of Order Number	Count of CP Order Number	Count of Trade Number
VIPUL BHAGWANDAS SHAH	7,33,255	51.75	13.70	150	150	150
KAMLESH LALITKUMAR NAGARSHETH	7,48,516	57.62	13.99	138	138	138
RAHUL RATAILAL RAGHVAN	41,876	22.18	0.78	5	5	5

Grand Total	15,23,647		28.47	293	293	293

35. 28.47% of the market trades were synchronized trades with more than 50% of the own shares were synchronized (two clients).

36. It was further alleged that through synchronized trades, Noticee Nos. 1 to 3 had contributed to the Last Traded Price (LTP) in Rs. 92.50 i.e. 140.15% in the following manner:

Buy Client Name	Sum of Trade Qty	Sum of LTP%	Sum of LTP
KAMLESH LALITKUMAR NAGARSHETH	1,71,450	75.73	51.6
VIPUL BHAGWANDAS SHAH	1,45,909	60.93	39.25
RAHUL RATAILAL RAGHVAN	19,976	3.49	1.65
Grand Total	**3,37,335**	**140.15**	**92.5**

37. The trade details of price manipulation through synchronized trades are given below:

Trade Date	Trade Nu	Order Time	CP Order Tir	Time Diff	Trade Tim	Buy Client N	Sell Client Name	Order Ra	CP Order	Trade Ra	LTP	LTP%	Order Q	CP Order	Trade
18-Mar-09	30	11:20:55	11:20:54	00:00:01	11:20:55	VIPUL BHAG	PARAG AMICHAND MAI	48.9	48.9	48.9	2.9	6.30%	4000	4000	4000
06-Jul-09	17	14:53:13	14:53:09	00:00:04	14:53:13	KAMLESH LA	VIPUL BANKA	79.6	79.6	79.6	4.6	6.13%	5000	5000	5000
17-Feb-09	30	14:08:23	14:08:10	00:00:13	14:08:24	VIPUL BHAG	APOORVASHREE AJAY K	52.5	52.5	52.5	2.8	5.63%	5000	5000	5000
12-Mar-09	29	13:22:36	13:22:35	00:00:01	13:22:36	KAMLESH LA	RUPA BHARAT GUDI	45.95	45.95	45.95	2.4	5.51%	5000	5000	5000
09-Jun-09	8	14:59:09	14:59:06	00:00:03	14:59:10	KAMLESH LA	USHA RANKA	76.8	76.8	76.8	3.8	5.21%	5000	5000	5000
28-Jul-09	7	12:59:05	12:58:58	00:00:07	12:59:05	KAMLESH LA	RAJESHKUMAR MANUB	79	79	79	3.8	5.05%	5000	5000	5000
30-Jul-09	17	13:07:08	13:07:03	00:00:05	13:07:09	KAMLESH LA	MANISHKUMAR MANUI	82	82	82	3.7	4.73%	5000	5000	5000
12-Jun-09	38	15:15:42	15:15:36	00:00:06	15:15:42	KAMLESH LA	SUBHASH CHANDRA BA	75.8	75.8	75.8	2.8	3.84%	5000	5000	5000
20-May-09	18	15:28:56	15:28:51	00:00:05	15:28:56	KAMLESH LA	NISHA NILESH SHAH	61	61	61	2.25	3.83%	5000	5000	5000
28-Jul-09	12	14:02:07	14:02:02	00:00:05	14:02:07	KAMLESH LA	MANOHARMAL AND SO	78	78	78	2.8	3.72%	4500	4500	4500
24-Jul-09	15	13:00:12	13:00:08	00:00:04	13:00:13	KAMLESH LA	VAIBHAV BANKA	82.8	82.8	82.8	2.8	3.50%	5000	5000	4999
06-Mar-09	5	13:24:14	13:24:13	00:00:01	13:24:15	RAHUL RATA	RAJESH POONAMCHANI	48.9	48.9	48.9	1.65	3.49%	20000	20000	19976
14-Jul-09	13	15:24:42	15:24:35	00:00:07	15:24:42	VIPUL BHAG	ANJALI AGARWAL	76.5	76.5	76.5	2.55	3.45%	5000	5000	5000
16-Jul-09	10	11:48:18	11:48:16	00:00:02	11:48:19	VIPUL BHAG	BANUMATI MANSUKHL	76.5	76.5	76.5	2.5	3.38%	8000	8000	8000
02-Jul-09	7	13:41:50	13:41:48	00:00:02	13:41:51	VIPUL BHAG	KAVITA BHANDARI	77.75	77.75	77.75	2.45	3.25%	10000	10000	10000
20-Jul-09	16	15:15:42	15:15:38	00:00:04	15:15:43	VIPUL BHAG	TARUN RAWAT	75.4	75.4	75.4	2.3	3.15%	5000	5000	5000
12-Mar-09	16	12:43:31	12:43:19	00:00:12	12:43:31	KAMLESH LA	ROHIT SONI RACHITA	46.35	46.35	46.35	1.35	3.00%	10000	10000	9651
20-Feb-09	24	13:42:49	13:42:43	00:00:06	13:42:50	VIPUL BHAG	APOORVASHREE AJAY K	51.5	51.5	51.5	1.5	3.00%	10000	10000	10000
16-Jun-09	23	13:53:01	13:52:57	00:00:04	13:53:02	KAMLESH LA	MAHENDRA KUMAR CH	74.25	74.25	74.25	2.15	2.98%	2000	2000	2000
23-Mar-09	41	14:18:38	14:18:33	00:00:05	14:18:38	VIPUL BHAG	KETAN HASMUKHLAL D	52.4	52.4	52.4	1.35	2.64%	10000	10000	10000
19-Jun-09	60	15:17:05	15:16:49	00:00:16	15:17:05	VIPUL BHAG	ALKA KANORIA	78	78	78	2	2.63%	5000	5000	5000
13-Jul-09	16	14:10:03	14:10:01	00:00:02	14:10:03	KAMLESH LA	MAHENDRA KUMAR	71	71	71	1.8	2.60%	10000	10000	10000
24-Jul-09	5	12:49:08	12:49:04	00:00:04	12:49:08	KAMLESH LA	LATA SJAIN	78	78	78	1.95	2.56%	5000	5000	5000
17-Jun-09	13	14:31:08	14:31:06	00:00:02	14:31:09	VIPUL BHAG	PRASAD K J	72	72	72	1.8	2.56%	5000	5000	5000
17-Jul-09	15	14:02:13	14:02:09	00:00:04	14:02:13	KAMLESH LA	T C DEWAN	73.8	73.8	73.8	1.75	2.43%	5000	5000	5000
11-Jun-09	17	13:49:01	13:48:59	00:00:02	13:49:02	KAMLESH LA	SUBHASH CHANDRA BA	78.8	78.8	78.8	1.8	2.34%	5000	5000	5000
10-Jun-09	20	12:40:59	12:40:58	00:00:01	12:40:59	VIPUL BHAG	MAHENDRA KUMAR CH	83	83	83	1.9	2.34%	5000	5000	5000
25-May-09	30	13:23:29	13:23:28	00:00:01	13:23:29	KAMLESH LA	PRASAD K J	77.75	77.75	77.75	1.75	2.30%	10000	10000	10000
04-Mar-09	11	12:25:22	12:25:22	00:00:00	12:25:23	VIPUL BHAG	RAJESH POONAMCHANI	48.9	48.9	48.9	1.1	2.30%	15000	15000	14711
12-May-09	32	13:26:17	13:26:10	00:00:07	13:26:17	VIPUL BHAG	SHASHI SHARMA	57.4	57.4	57.4	1.2	2.14%	2600	2600	2600
09-Jul-09	23	14:25:49	14:25:44	00:00:05	14:25:50	KAMLESH LA	ASHISH DEEWAN	74.7	74.7	74.7	1.5	2.05%	5000	5000	5000
28-May-09	31	13:40:21	13:40:18	00:00:03	13:40:22	VIPUL BHAG	INDIRA RAWAT	76.5	76.5	76.5	1.5	2.00%	5000	5000	5000
18-Feb-09	25	11:53:27	11:53:19	00:00:08	11:53:28	KAMLESH LA	SONI RAMNIWAS BANK	53	53	53	1	1.92%	8000	8000	8000
25-Mar-09	58	14:01:21	14:01:15	00:00:06	14:01:21	VIPUL BHAG	ALKA KANORIA	53	53	53	1	1.92%	4100	4100	4100

25-Mar-09	29	12:39:02	12:38:59	00:00:03	12:39:02	VIPUL BHAG	DHARMESH JAYANTILAL	53	53	53	1	1.92%	4500	4500	4500
08-Jun-09	27	15:22:41	15:22:39	00:00:02	15:22:41	KAMLESH LA	MAHENDRA KUMAR	75	75	75	1.4	1.90%	5000	5000	5000
27-Feb-09	27	12:17:42	12:17:21	00:00:21	12:17:42	KAMLESH LA	ROHIT RAMNIWAS SON	48.9	48.9	48.9	0.9	1.88%	10000	10000	9800
20-Mar-09	15	12:33:50	12:33:47	00:00:03	12:33:50	KAMLESH LA	PIYUSH PRAFULCHANDR	50.75	50.75	50.75	0.75	1.50%	10000	10000	10000
16-Jul-09	27	15:22:53	15:22:48	00:00:05	15:22:54	VIPUL BHAG	PAWANIDEVI CHANDAN	73	73	73	1	1.39%	5000	5000	5000
15-Jun-09	24	14:41:27	14:41:23	00:00:04	14:41:27	VIPUL BHAG	PRASAD K J	74	74	74	1	1.37%	5000	5000	5000
23-Jun-09	15	14:02:59	14:02:55	00:00:04	14:02:59	KAMLESH LA	PRASAD K J	74	74	74	1	1.37%	10000	10000	10000
20-Jul-09	9	13:21:06	13:21:01	00:00:05	13:21:06	VIPUL BHAG	RAMESHWAR SHAW	75	75	75	1	1.35%	5000	5000	5000
22-Jun-09	13	14:03:28	14:03:27	00:00:01	14:03:29	VIPUL BHAG	CHANDRA CHOWDHAR	79	79	79	1	1.28%	5000	5000	5000
31-Jul-09	26	14:02:15	14:02:12	00:00:03	14:02:15	KAMLESH LA	MOHD SAMIM KHAN	80	80	80	1	1.27%	5000	5000	5000
29-Jul-09	17	13:51:20	13:51:17	00:00:03	13:51:20	VIPUL BHAG	RAMESHWAR SHAW	77.5	77.5	77.5	0.95	1.24%	5000	5000	5000
04-Jun-09	37	15:19:19	15:19:18	00:00:01	15:19:20	VIPUL BHAG	MAHENDRA KUMAR	83	83	83	1	1.22%	5000	5000	5000
27-Jul-09	10	13:27:08	13:27:01	00:00:07	13:27:08	VIPUL BHAG	GHEWARCHAND RAME	76	76	76	0.9	1.20%	5000	5000	5000
04-Jun-09	32	15:00:48	15:00:46	00:00:02	15:00:48	VIPUL BHAG	MAHENDRA KUMAR	83	83	83	0.95	1.16%	1000	1000	1000
09-Jul-09	21	14:24:42	14:24:33	00:00:09	14:24:43	VIPUL BHAG	VIPUL BANKA	74.8	74.8	74.8	0.8	1.08%	2000	2000	1999
25-May-09	29	13:19:27	13:19:23	00:00:04	13:19:27	KAMLESH LA	PRASAD K J	76	76	76	0.8	1.06%	10000	10000	10000
15-Jun-09	22	14:37:22	14:37:16	00:00:06	14:37:22	KAMLESH LA	VIMLA DEVI BADJATYA	73	73	73	0.75	1.04%	2500	2500	2500
24-Jun-09	19	14:16:46	14:16:39	00:00:07	14:16:46	VIPUL BHAG	ANSHU DEEWAN	78.8	78.8	78.8	0.8	1.03%	5000	5000	4999
17-Mar-09	66	14:34:58	14:34:54	00:00:04	14:34:58	KAMLESH LA	PIYUSH PRAFULCHANDR	50	50	50	0.5	1.01%	10000	10000	10000
17-Mar-09	67	14:35:18	14:35:13	00:00:05	14:35:19	KAMLESH LA	PIYUSH PRAFULCHANDR	50.5	50.5	50.5	0.5	1.00%	5000	5000	5000
														3,37,335	

38. It was further observed from the First trade analysis that 5 trades were executed Noticee Nos. 1 to 3 with a cumulative LTP of Rs.11.10 and cumulative LTP% of 22.80%. The trade details are given below.

Trade Date	Buy Client	Sell Client Na	Trad	Trade Tin	Trade F	LTP	LTP%	Trade Q	Order Tin	CP Order	Time Diff	Order Q	CP Ord	Order R	CP Ord
04-March-2009	VIPUL	PRAMOD AG	1	11:57:20	48.00	4.90	11.37%	4800	11:57:20	11:57:17	00:00:03	4800	5000	48.00	48.00
15-July-2009	KAMLESH	BIPINKUMAR	1	13:12:06	74.50	2.50	3.47%	2500	13:12:06	13:12:01	00:00:05	2500	5000	74.50	74.50
23-April-2009	KAMLESH	NIMISH HARS	1	11:28:33	52.00	1.45	2.87%	5000	11:28:33	11:28:27	00:00:06	5000	10000	52.00	52.00
16-March-2009	RAHUL RA	PATEL DEVSI	1	12:16:51	42.25	1.25	3.05%	5000	12:16:50	12:16:47	00:00:03	5000	11000	42.25	42.25
17-March-2009	VIPUL	SULABHA RA	1	10:42:00	50.00	1.00	2.04%	4500	10:42:00	10:41:57	00:00:03	4500	5000	50.00	50.00

39. It is pertinent to mention here that Hon'ble SAT in Appeal No. 54 of 2002 in Nirmal Bang Securities Pvt. Ltd. v. SEBI vide order dated October 31, 2003 observed the following:

> *"It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. <u>There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too</u>*

long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. "

40. Further Hon'ble SAT in the matter of Magnum Equity broking Ltd. v. SEBI, noted the following:

> *Synchronized trades in the history of the securities market have always been shunned for the simple reason that they create a misleading appearance of artificial volume in a particular scrip by giving the public the impression that a lot of trading activity is being conducted with respect to that scrip, making it seem like a good investment opportunity. Such artifices, if allowed to grow in number in the market, hurt the sanctity of market mechanism and hinder the ongoing constant process of the market righting and restoring itself.*

41. Further, Hon'ble Supreme Court in the matter of SEBI v Kishore Ajmera in Civil Appeal No. 2818 of 2008, observed the following:

> *"In these cases the volume of trading in the illiquid scrips in question was huge, the extent being set out hereinabove. Coupled with the aforesaid fact, what has been alleged and reasonably established, is that buy and sell orders in respect of the transactions were made within a span of 0 to 60 seconds. While the said fact by itself i.e. proximity of time between the buy and sell orders may not be conclusive in an isolated case such an event in a situation where there is a huge volume of trading can reasonably point to some kind of a fraudulent/manipulative exercise with prior meeting of minds…*
>
> *When over a period of time such transactions had been made between the same set of brokers or a group of brokers a conclusion can be reasonably reached that there is a concerted effort on the part of the concerned brokers to indulge in synchronized trades the consequence of which is large volumes of fictitious trading resulting in the*

unnatural rise in hiking the price/value of the scrip(s)… The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. The failure of the brokers/sub-brokers to alert themselves to this minimum requirement and their persistence in trading in the particular scrip either over a long period of time or in respect of huge volumes thereof, in our considered view, would not only disclose negligence and lack of due care and caution but would also demonstrate a deliberate intention to indulge in trading beyond the forbidden limits thereby attracting the provisions of the FUTP Regulations.

Upto an extent such conduct on the part of the brokers/sub-brokers can be attributed to negligence occasioned by lack of due care and caution. Beyond the same, persistent trading would show a deliberate intention to play the market. The dividing line has to be drawn on the basis of the volume of the transactions and the period of time that the same were indulged in. In the present cases it is clear from all these surrounding facts and circumstances that there has been transgressions by the respondents beyond the permissible dividing line between negligence and deliberate intention."

42. However, from the records it is noted from the Investigation Report that Vishal did not provide any documents to support that all the trades executed in the trading accounts of Noticee Nos 1 to 3 were actually as per the client instructions. It is further mentioned in the Investigation Report that Vishal had used these three accounts as front entities to manipulate the securities market.

43. It is further mentioned in the Investigation Report that Vishal did not provide the Know your clients forms, agreements, supported documents, client ledger, Vishal bank accounts, etc., sought through summons even after repeated reminders too. Further, it is also mentioned that the most of the shares bought on behalf of Noticee Nos. 1 to 3 were transferred to 115 clients by Vishal. It is observed that Noticee No. 2 and 3 did not receive any shares in their de-mat account. From the facts and circumstances of the case as well as on the basis of evidence available on record, it is difficult to dispute the contentions raised by the Noticee Nos. 2 and 3 that they were not aware of the transactions. Further, the Stock Broker, Vishal Vijay Shah who is not a part of the current Adjudication proceedings, did not appear before the earlier Adjudicating Officer Shri S.V. Krishnamohan, for the cross examination. Considering the same, I am inclined to give benefit of doubt to Noticee Nos. 2 and 3.

44. With respect to the other Noticee Nos. 1 and 4 to 6, it may be noted that the pattern of synchronized order placement and circular trades with select parties in a thinly traded scrip clearly points out that the transactions was carried out with the intention that the order of Vishal with Noticees should match and there was a prior meeting of minds with respect to these transactions. The trading pattern indicates that the time difference between buy and sell order was approximately close to or less than a minute.

45. On more than 20 trading days, Noticee Nos. 1 and 4 to 6 had traded more than 90% traded volume in the market. Out of these, more than 90% were circular trades as detailed in the pre pages. These trades among themselves resulted in creation of volume for 24,69,040 shares. I find from the material available on record and annexures to the SCN that out of 120 trading days, Noticee Nos. 1, 4 to 6 had traded on 108 days and had executed circular trades on 100 days.

46. The Hon’ble SAT in the matter of Ketan Parekh v. Securities and Exchange Board of India (Appeal no. 2 of 2004, Date of Decision-14.07.2006), has held that:

"…Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

47. Therefore, in the absence of anything contrary to the record, it is established that Noticee Nos. 1 as well as Noticee Nos. 4 to 6 by entering into circular trades and synchronised trades to create false or misleading appearance of trading in an otherwise illiquid scrip, entered into transactions without intention of change of ownership of security, manipulated the price of scrip and hence violated Section 12A (a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d), 4(1) and 4(2) of (a), (b), (d) and (g) of PFUTP Regulations.

(b) Does the non-compliance, if any, attract monetary penalty under Section 15HAof SEBI Act, 1992?

48. The aforesaid violations attract penalty under Section 15HAof the SEBI Act which reads as follows:

"Penalty for fraudulent and unfair trade practices.

15HA.
If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five

lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."

49. In this context, it is relevant to quote the judgment of Supreme Court in the matter of SEBI vs. Shri Ram Mutual Fund wherein it was inter alia held that *"once the violation of statutory regulations is established, imposition of penalty becomes sine qua non of violation and the intention of parties committing such violation becomes totally irrelevant. Once the contravention is established, then the penalty is to follow."*

50. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely;

    a. the amount of disproportionate gain or unfair advantage wherever quantifiable, made as a result of the default
    b. the amount of loss caused to an investor or group of investors as a result of the default
    c. the repetitive nature of the default

51. There is no material on record that quantified the profit made by the Noticees.

52. Further, vide order dated April 26, 2013 the Hon'ble Supreme Court of India in the matter of *N Narayanan vs. SEBI* (Appeal Nos. 4112-4113 of 2013) observed as under:-

"*SEBI, the market regulator, has to deal sternly with companies and their Directors indulging in manipulative and deceptive devices, insider trading etc. or else they will be failing in their duty to promote orderly and healthy growth of the Securities market. Economic offence, people of this country should know, is a serious crime which, if not properly dealt with, as it should be, will affect not only country's economic growth, but also slow the inflow of foreign investment by genuine investors and also casts a slur on India's securities market. Message should go that our country will not tolerate market abuse and that we are governed by the Rule of Law. Fraud, deceit, artificiality, SEBI* *should ensure, have no place in the securities market of this country and market security is our motto."*

53. General Public could have been carried away by the unusual rise in the volumes and prices of an illiquid scrip and induced to invest in the scrip. Besides, this kind of activity seriously affects the normal price discovery mechanism in the securities market. People who indulge in manipulative, fraudulent and deceptive transaction, or abet the carrying out of such transaction which are fraudulent and deceptive should be suitably penalized for the said acts of omissions and commissions. Considering the continuous trading in large volumes by the Noticee Nos. 1 and 4 to 6 in an illiquid scrip over persistently long period, it is concluded that the nature of default was also repetitive in nature and are in violation of the provisions of Section 12A (a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d), 4(1) and 4(2) of (a), (b), (d) and (g) of PFUTP Regulations.

ORDER

54. After taking into consideration the nature and gravity of the charges established as discussed in the preceding paragraphs, the fact that Noticee No. 1, 4, 5 and 6 executed circular trades of 1202744, 224399, 159996 and 124000 shares respectively, and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Rules, I hereby impose a penalty of ₹ 15,00,000/- (Rupees Fifteen Lakhs Only) on the Noticee No. 1, Shri Vipul Shah and ₹ 10,00,000/- (Rupees Ten Lakhs Only) on each of the Noticee Nos. 4 to 6 namely, Prasad KJ HUF, Shri Rameshwar Shaw and Shri Mahendra Kumar in terms of Section 15HA of the SEBI Act, 1992 for the violation of Section 12A (a), (b) and (c) of SEBI Act, 1992, Regulation 3(a), (b), (c), (d), 4(1) and 4(2) of (a), (b), (d) and (g) of PFUTP Regulations.

55. The amount of penalty shall be paid either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment in the account of "SEBI - Penalties Remittable to Government of India", A/c No.

31465271959, State Bank of India, Bandra Kurla Complex Branch, RTGS Code SBIN0004380 within 45 days of receipt of this order. The said demand draft or forwarding details and confirmations of e-payments made (in the format as given in table below) should be forwarded to "The Chief General Manager (Enforcement Department), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051."

1. Case Name :	
2. Name of Payee :	
3. Date of Payment:	
4. Amount Paid :	
5. Transaction No. :	
6. Bank Details in which payment is made :	
7. Payment is made for : (like penalties/ disgorgement/ recovery/ settlement amount and legal charges along with order details)	

56. In terms of rule 6 of the Rules, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai **BIJU. S**

DATE: 28.03.2018 **ADJUDICATING OFFICER**