

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. Order/AA/KL/2020-21/9493]

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
Shri Pannalal Prajapathi (PAN: AQIPP7482K)

In the matter of Well Pack Papers & Containers Limited

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed huge rise in the traded volumes and/or price of the shares of the Well Pack Papers & Containers Limited (herein after referred to as '**Well Pack/Company**') and conducted an investigation in the scrip of Well Pack (listed on Bombay Stock Exchange '**BSE**') for the period from November 28, 2008 to June 30, 2010 (hereinafter referred to as '**Investigation Period /IP**'). The IP was divided in two parts viz. (1) First investigation period- November 28, 2008 to March 12, 2010 and (2) Second investigation period- March 15, 2010 to June 30, 2010 due to the split in the shares of the Well Pack. The Price Movement during the IP is given in Table– 1.

Table - 1

Name of scrip	Investigation Period	Price variation (based on closing price) (in Rs.)
Well Pack Papers & Containers Limited	Pre Bonus & Split: November 28, 2008 to March 12, 2010	9.54 to 499.45
	Post Bonus & Split: March 15, 2010 to June 30, 2010	23.20 to 73.90

2. The Adjudicating Officer (hereinafter referred to as '**AO**') of SEBI vide order dated February 16, 2015 (hereinafter referred to as '**AO order**') concluded that certain entities including Shri Pannalal Prajapathi (hereinafter referred to as '**Noticee**'/ '**by name**') has created artificial volume and manipulated the price in the scrip of Well Pack during the Investigation Period as mentioned above and imposed penalties accordingly. The aforesaid AO order was challenged by the Noticee in the Hon'ble Securities Appellate Tribunal (hereinafter referred as '**SAT**') vide Appeal No. 620 of 2019 and the SAT vide order dated February 11, 2020 (herein after referred to as '**SAT Order**') set aside the AO order with respect to the Noticee and restored the matter to the file of AO.

APPOINTMENT OF ADJUDICATING OFFICER

3. Considering the directions of SAT, the Competent Authority of SEBI, vide order dated February 27, 2020 appointed the undersigned as AO to conduct the adjudication proceedings in the manner specified under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**AO Rules**') and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of the Adjudication Rules and Section 15HA of the SEBI Act.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice No. EAD-2/RG/29451/2013 dated November 20, 2013 (herein after referred to as '**SCN**') was issued to the Noticee by the erstwhile AO under Rule 4(1) of the AO Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon it under section 15HA of the SEBI Act for the alleged violation of the Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relation to Securities market), 2003 (hereinafter referred to as the '**PFUTP Regulations**') is being relied upon

in the instant proceedings.

5. The details in respect of violation/ non-compliance by the Noticee as observed from the SCN are as given below:

Second Investigation Period-

- a) The trading activity in the scrip of WPPCL was investigated for the period from March 15, 2010 to June 30, 2010 on BSE and the investigation, prima facie, revealed 40 Walmiki Shah Group entities namely, Santosh Deshmali Oswal, Anand Finstock Services Ltd, Bhupesh Rathod, Samir Sureshbhai Shah (HUF), Pradeepkumar Jashbhai Patel, Amar Premchand Walmiki, Ragini Bipinbhai Thakkar, Navneetlal Jeevanlal Gandhi, Janaki Bipin Thakkar, Rajesh Ravinarayan Hati, Tushar Rameshbhai Patel, Shashikant Keshavlal Shah, Samir Sureshbhai Shah, Rakesh Gokulbhai Patel, Santosh Vishram Ghadshi, Jignesh C. Shah, Shalin KiritkumarParikh, Mayank Navnitbhai Gandhi, Aditi M Gandhi, Avinash Bothra, Rekha Bhandari, Jayvishal Dilipsingh Barot, Sunil Bhandari, Nareshbhai Devabhai Patel, Kaushik Rajnikant Mehta, Ashokkumar Bhikhalal Parmar, Vishal Pare, Pandya Yaminiben M, Pannalal Ukaram Prajapati, Pandya Hardik M, Bharatkumar Baldevbhai Parmar, Dhirubhai Antolbhai Parmar, Laxman Dhirubhai Parmar, Shobhnaben R Parmar, Rameshbhai V Parmar, Vipul Hiralal Shah, Dipika Dinesh Kankaria, Shreedhar Yellaiah Kodam, Vaishali Ashvinbhai Parmar and Ankit Sanchaniya were connected to each other and had traded heavily in the scrip of WPPCL through multiple brokers. The details of the 40 Walmiki Shah Group entities along with their connection with each other are provided in Table 4.

Table – 1 Details of Connections among WSG 2 Entities

Client Name	KYC Relation	Fund Movement	Share movement through off market	Client Name	KYC Relation	Fund Movement	Share movement through off market
1.Santosh Deshmali Oswal			With sl. no.30, 13, 4, 6, 10, 15, 28, 34, 35.	21.Rekha Bhandari	Sl. no. 21 is wife of sl. no. 23.	With sl. no. 6, 30.	With sl. no. 6.
2.Anand Finstock Services Ltd	Introduced by sl. no. 13 –as per KYC submitted by Arcadia.	With sl. No. 13.	With sl. No.13.	22.Jayvishal Dilipsingh Barot	Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.	With sl. no. 13.	With sl. no.6, 7, 9, 13, 14, 17, 33, 39.
3.Bhupesh Rathod		With Sl. No. 40.		23.Sunil Bhandari	Sl. no. 23 is the husband of sl. no. 21.	With sl. no 6, 15.	
4.Samir Sureshbhai Shah (HUF)	Sl. no. 5, 7, 9, 16, 17, 18, 19, 24, 26, 28, 32, 33, 34, 35, are its clients. Sl. no. 1, 6, 15, 22, 23, 30 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.	With sl. no.32, 30, 14, 26, 13, 28, 33, 6, 34, 18, 22.	With sl. no. 30, 4, 1, 13, 19, 24, 35.	24.Nareshbhai Devabhai Patel	Sl. no. 8 has off market transaction with Manisha Navneetlal Gandhi, Manisha Navneetlal Gandhi has off-market transaction with sl. no. 6 & 13.	With sl. no. 13, 26, 14.	With sl. no. 4, 5, 8, 13.

5.Pradeepku mar Jashbhai Patel			With sl. no. 13, 6, 24, 26.	25.Kaushik Rajnikant Mehta	Sl. no. 36 is linked to Bhavesh Pabari and sl. no. 13.	With sl. no.36, 15.	With sl. No, 13, 31, 36, Bhavesh Pabari.
6.Amar Premchand Walmiki		With sl. no. 23, 30, 13, 15, 21, 28.	With sl. no.1, 5, 8, 11, 13, 14, 15, 18, 19, 31, 32, 35, 22, 39.	26.Ashokku mar Bhikhalal Parmar	Introduced by sl. no. 13 –as per KYC submitted by VSE Stock Services Ltd. Sl.no. 26 knows sl. no. 13 who is a stock broker. Sl. no. 33, 34, 35, 32 are his relatives and he has lent his demat a/c for Rs.6,000/- to S. no. 13 for third party use on the instruction of Mr. ParasChaplot.	With sl. no.13, 30, 14.	With sl. no.13, 5, 10, 28, 30, 34, 35.
7.Ragini Bipinbhai Thakkar	Same address as sl.no. 9 who was introduced by sl. no. 13. Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.		With sl. no. 13, 19, 28, 22.	27.Vishal Pare	Sl. No. 20 is his friend. Sl. No.37 is the wife of sl. No.20 & she is known to him. Sl. no. 23 has offered him Rs.10,000/- per month for lending its trading a/c.		
8.Navneetlal Jeevanlal Gandhi	Introduced by sl. no. 30 –as per KYC submitted by VSE Stock Services Ltd.		With sl. no.6, 13, 24, 35.	28.Pandya Yaminiben M	Same address as that of sl. no. 30. Sl. no. 30 is his relative and he is known to Sl. no. 13.	With sl. no. 30, 13, 15, 14, 39.	With sl. no. 33, 1, 7, 10, 13, 26, 30, 32, 33, 34, 35.
9.Janaki Bipin Thakkar	Introduced by sl. no. 13 –as per KYC submitted by Active Finstock.		With sl. no.22.	29.Pannalal Ukaram Prajapati			With sl. no.30, 10, 13.
10.Rajesh Ravinarayan Hati			With sl. no.30, 6, 1, 16, 26, 28, 29, 36, 40.	30.Pandya Hardik M	Having common tel. no. as that of sl. no. 13. From KYC submitted by VSE Stock Services Limited, it is observed that sl. No. 13 is the promoter of M/s. Samir Shah & Co. and Sl.no.30 is one of its employees. Sl. no. 28 is his relative and he is known to Sl. no. 13.	With sl. no. 21, 6, 13, 14, 28, 15, 4, 21, 18, 39.	With sl. no. 13, 26, 28, 29, 35, 1, 10, 12, 14, 15.
11.Tushar Rameshbhai Patel			With sl. no.6, 13, 15, 31.	31.Bharatku mar Baldevbhai Parmar	Has common tel. no. with sl. no. 35.		With sl. no.11, 6, 13, 14.
12.Shashikant Keshavlal Shah	Sl. no. 36 is witness as per KYC furnished by Gogia Capital Services Ltd.		With sl. no.13, 14, 30.	32.Dhirubha i Antolbhai Parmar	Introduced by sl. no. 30.	With sl. no.13,	With sl. no.6, 13, 28, 34, 35, 39.
13.Samir Sureshbhai Shah	Sl. no. 8 is his father. Sl. no. 5, 7, 9, 16, 17, 18, 19, 22, 24, 26, 28, 32, 33, 34, 35, are its clients. Sl. no. 1, 6, 15, 23, 30 are Paras Chaplot friend and he came in touch with Paras Chaplot as a share broker.		With sl. no.6, 13, 30, 19, 34, 1, 4, 5, 7, 8, 11, 14, 15, 17, 18, 20, 22, 24, 26, 28, 29, 30, 31, 32, 33, 34, 35, 37,	33.Laxman Dhirubhai Parmar	Having common tel. no. as that of sl. no. 13- KYC document submitted by Shah Investor's Home Limited. Sl. no. 26, 34, 35, 32 are his relatives & sl. no. 13 is a stock broker and his advisor and well wisher. It may also be noted that he lent his demat a/c for a sum of Rs.6,000/- per month for third party use upon the instruction of Sl. no. 13 for the third party use by Mr. Paras Chaplot.	With sl. no.30, 13.	With sl. no.13, 22, 28, 14, 19, 32.

14.Rakesh Gokulbhai Patel		With sl. no. 24, 30, 13.	With sl. no.13, 6, 12, 16, 19, 22, 30, 31, 33, 37.	34.Shobhna ben R Parmar	Sl. no. 34 has the same address as that of sl. no. 35. Sl. no. 26, 33, 35, 32 are his relatives & he knows sl. no. 13.	With sl. no.13, 14.	With sl. no.6, 13, 1, 20, 26, 28, 32, 35, 37.
15.Santosh Vishram Ghadshi		With sl. no. 30, 6, 11, 13.	With sl. no.6, 13, 1, 38, 10, 11.	35.Rameshbhai V Parmar	Having common tel. no. with sl. no. 13. Sl. no. 33, 34, 32 are his relatives & he knows sl. no. 13.	With sl. no. 14, 13.	With sl. no.6, 28, 30, 1, 4, 8, 13, 20, 26, 32, 34.
16.Jignesh C. Shah	Sl. No. 30 is the introducer of Sl. no. 16. Sl. no. 30 has off market transactions with Bhavesh Pabari and Hemant Sheth.		With sl. no.14.	36.Vipul Hiralal Shah	Sl. No. 25 has off-market transaction with Bhavesh Pabari.	With sl. No. 25.	With sl. no 10, 13, 38.
17.Shalin Kiritkumar Parikh	Introduced by sl. no. 13 –as per KYC submitted by VSE Stock Services Ltd. Sl. no. 13 has off market transactions with sl. no. 6 & Bhavesh Pabari		With sl. no. 13, 22.	37.Dipika Dinesh Kankaria	Sl. no. 20 is his husband. Sl. no. 23 offered him Rs. 10,000/- per month for lending its trading account.	With sl. No. 24, 30, 13.	With sl. No. 13, 34, 14, 20.
18.Mayank Navnitbhai Gandhi	Same address with sl. no. 19. Sl. no. 13 is his relative. Sl. no. 25 & 26 have joint bank a/c.	With sl. no. 13, 14, 30.	With sl. no. 6, 13, 19.	38.Shreedhar Yellaiah Kodam			With sl. No.15.
19.Aditi M Gandhi	Sl. no. 13 is his relative. Sl. no. 25 & 26 have joint bank a/c.		With sl. no.6, 13, 4, 7, 33, 14, 18,	39.Vaishali Ashvinbhai Parmar	Same address as that of sl. No. 33.	With sl. No.13.	With sl. No.13, 6, 22, 32.
20.Avinash Bothra	Sl. no. 37 is his wife. Sl. no. 23 has offered him Rs.10,000/- per month for lending its trading a/c.		With sl. no. 13, 34, 35, 37.	40.Ankit Sanchaniya	Same Tel. no. with Prem Parikh and also shares Tel. no. with Bhavesh Pabari who is the nominee for his a/c.		With sl. no. 10.

- b)** It was observed from the trade log analysis that these 40 Walmiki Group entities dealing through multiple brokers had purchased 11,66,30,714 shares accounting for 45.81% of the total traded volume and sold 11,60,46,856 shares accounting for 45.58% of the total traded volume during the period under investigation. From the analysis it was observed that SSJ Finance & Securities Pvt. Ltd. dealing for Bharatkumar Baldevbhai Parmar contributed for 3.79 % to the total market volume on buy side transaction and 3.75 % of the market volume on sale side of the transactions.
- c)** It was observed that out of the total purchase and sale of 11,66,30,714 shares and 11,60,46,856 shares, respectively, by the 40 Walmiki Shah Group entities, 38 Walmiki Shah Group entities traded for 5,59,14,388 shares (i.e. 21.96% of the market volume) accounting for 47.94% of the total purchase by the group and 48.18% of the total sale by the group within Walmiki Shah Group entities and 21.96% of the market volume from within the group entities.
- d)** It was observed that out of the total trading of 5,59,14,388 shares within the group entities, for 1,72,17,572 shares accounting for 6.76% of the market volume the buy and sale orders were placed within one minute time difference. It was noted that 1,72,17,572 shares constituted 14.76% of the total purchase of Walmiki Shah Group

entities and 14.84% of the total sale of the Walmiki Shah Group entities. Out of 1,72,17,572 shares, it was observed that for 14,27,634 shares accounting for 0.56% of the total market volume, the buy and sale orders were placed in synchronised manner (i.e. difference between placement of order by buyer and seller within one minute and order rate as well as order quantity of buy side and sale side being same). It was noted that 14,27,634 shares constituted 1.22% of the total purchase of Walmiki Shah Group entities and 1.23% of the total sale of the Walmiki Shah Group entities. The summary of the synchronised trades by various clients is given below:

Table – 2 Synchronized Trades by WSG 2 Entities

Client Name	Synchronised buy trades	% of Market Volume	% of sync to total buy by client	Synchronised sale trades	% of Market Volume	% of sync to total sale by client
Anand Finstock Services Ltd	0	0.00	0.00	24990	0.01	0.45
Amar Premchand Walmiki	65000	0.03	0.58	0	0.00	0.00
Tushar Rameshbhai Patel	49200	0.02	1.11	50000	0.02	1.20
Santosh Vishram Ghadshi	16458	0.01	0.19	2998	0.00	0.04
Jignesh C. Shah	0	0.00	0.00	14604	0.01	1.58
Mayank Navnitbhai Gandhi	14604	0.01	0.26	50000	0.02	0.87
Aditi M Gandhi	0	0.00	0.00	45426	0.02	0.75
Avinash Bothra	56196	0.02	4.89	66109	0.03	4.44
Rekha Bhandari	0	0.00	0.00	181267	0.07	9.57
Sunil Bhandari	141366	0.06	8.32	23004	0.01	1.03
Kaushik Rajnikant Mehta	39899	0.02	1.41	20000	0.01	0.83
Ashokkumar Bhikhalal Parmar	89901	0.04	3.38	0	0.00	0.00
Vishal Pare	0	0.00	0.00	247000	0.10	5.75
Pandya Yaminiben M	26530	0.01	0.39	49001	0.02	0.66
Pannalal Ukaram Prajapati	74990	0.03	11.96	23000	0.01	3.53
Bharatkumar Baldevbhai Parmar	102998	0.04	1.01	101040	0.04	1.00
Laxman Dhirubhai Parmar	23004	0.01	0.47	93745	0.04	1.67
Shobhnaben R Parmar	39250	0.02	0.52	72397	0.03	1.01
Rameshbhai V Parmar	65109	0.03	1.32	54205	0.02	1.08
Vipul Hiralal Shah	297184	0.12	6.06	198848	0.08	5.10
Dipika Dinesh Kankaria	273000	0.11	20.16	100000	0.04	6.10
Shreedhar Yellaiah Kodam	2945	0.00	0.18	10000	0.00	0.55
Ankit Sanchaniya	50000	0.02	50.00	0	0.00	0.00
Grand Total	1427634	0.56	1.22	1427634	0.56	1.23

- e) The Price volume data revealed that the scrip was traded on 75 trading days. Out of 75 trading days the group entities traded among themselves on all 75 days. It was observed that the Walmiki Shah Group entities contributed for 44.97% to the daily market volume on April 01, 2010. Their contribution to daily market volume ranged from 0.26% on March 16, 2010 to 44.97% on April 01, 2010. Out of the 75 Walmiki Shah Group trading days, on 73 trading days both buy and sell orders were placed within time difference of one minute. It is, therefore, alleged that the Walmiki Shah Group entities contributed to the daily market volume ranged from 0.03% on March 16, 2010 to 25.35% on April 20, 2010.

- f) Out of 73 trading days, on 32 trading days the trades executed by the Walmiki Shah Group entities were synchronised in nature. It is alleged that by executing synchronised trades among the group entities, Walmiki Shah Group entities contributed to the total market volume ranged from 0.08% on April 19, 2010 to 4.07% on May 27, 2010.*
- g) Further, the price of the scrip opened at Rs. 34.00 and touched a high of Rs. 74.50 i.e. there was increase of Rs. 40.50 during the relevant period. It was observed that on 18 trading days and 291 occasions a new high price was discovered. Further, it was observed that out of 291 occasions on 195 occasions (on 17 days out of 18 days), Bharatkumar Baldevbhai Parmar, Kaushik Rajnikant Mehta, Anand Finstockservices Ltd, Ashokkumar Bhikhalal Parmar, Santosh Deshmals Oswal, Mayank Navnitbhai Gandhi, Hardik Maheshbhai Pandya, Shobhnaben Rameshbhai Parmar, Laxmanbhai Dhirubhai Parmar, Vaishali Ashvinbhai Parmar, Vipul Hiralal Shah and Aditi Mayank Gandhi contributed to increase of Rs. 29.30 (out of Rs. 40.50).*
- h) In view of the above, it is alleged that the Walmiki Shah Group entities indulged in trading among themselves by way of executing synchronised trades resulting in no change of beneficial ownership and thereby, created artificial volume in the scrip of WPPCL which gave a false and misleading appearance of trading in the scrip on the exchange. Further, as alleged in earlier paragraphs, certain group entities have increased the price of the scrip by carrying out trades among themselves and by placing the buy orders at rates higher than the best available sell order rates thereby affecting the equilibrium of the market. Therefore, it is alleged that the group entities have violated provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the PFUTP Regulations.*

6. The Hon'ble SAT vide order dated February 11, 2020, set aside the AO order, with respect to the Noticee and restored the matter to the file of AO, on the ground that the SCN was not delivered to the Noticee. Further, the Hon'ble SAT directed the Noticee to appear before the AO on March 02, 2020 on which date he would be served with the SCN and proceed from there onwards in accordance with the law. Accordingly, the Noticee was served with the SCN along with relevant annexures on March 02, 2020 and he was also informed about the change in the AO. The Noticee vide his letter dated March 06, 2020 filed a reply to the SCN seeking inspection of all materials/documents relied upon by SEBI in the subject matter. Vide the same letter, the noticee authorized

Mr. Vikas Bengani (hereinafter referred to as 'AR') to represent on his behalf, to make written as well as oral submission and to take inspection of documents. Vide email dated June 09, 2020, the AR was advised to submit reply to the SCN at the earliest and the AR vide email dated July 19, 2020, requested for additional time of 1 to 2 months to file submissions in reply to the SCN citing the reason of unavoidable circumstances due to Covid-19. Further vide email dated August 25, 2020, the AR on behalf of the Noticee mentioned that in case SEBI wasn't relying on any other documents/data except documents/data provided with the SCN, he wouldn't require inspection of the documents. Accordingly, vide SEBI email dated September 04, 2020, the AR was informed that all the relevant documents which were relied upon w.r.t SCN have already been provided to the Noticee.

7. Thereafter, vide email dated September 15, 2020, the Noticee was granted an opportunity of personal hearing on October 08, 2020 and was also reminded about making submissions, if any, in reply to the SCN. The Noticee vide letters dated October 1, 2020 and October 5, 2020 filed his submissions in reply to the SCN. Further, the AR requested for rescheduling of personal hearing vide email dated October 6, 2020 and accordingly the same was rescheduled on October 09, 2020. The AR (on behalf of the Noticee) attended the hearing on October 09, 2020 and reiterated the contents of the earlier replies to the SCN. The hearing proceedings were concluded and the AR sought no further hearing in the matter. Further, the AR vide email dated October 09, 2020 sent certain judgments of the Hon'ble Supreme Court as well as Hon'ble SAT which he relied on in support of his submissions. The Noticee vide his replies dated October 01, 2020 and October 05, 2020, inter alia made the following submissions:

Reply Dated October 01, 2020

- a) *On perusal of annexures enclosed with the scn, in annexure D for patch 1 period, I found glaring discrepancies in the buy order rate and sell order rate. For example, on 30-06-2010 a trade no. 1511 matched with Laxman D Parmar. The buy order rate is showing ₹28.05 and sell order rate is showing ₹73.85. The Buy and sell order rate difference is showing ₹45.80. The trade executed at 73.85. It is next to impossible that a person can place order at ₹28.05 wherein the price is quoting around ₹73/- on a normal trading day.*

- b) I therefore request your good self to provide correct data so that I can draft appropriate reply of the noticee.

Reply Dated October 05, 2020

- c) I have been issued a SCN dated 20-11-2013 in the scrip of Well Pack Papers & Containers Ltd (hereinafter referred to as "Wellpack" and/or "Company"). The aforesaid SCN could not be served to me due to change of my address. Thereafter, the Ld. Adjudicating Officer (AO) has passed an Order dated 16-02-2015 against 56 entities including me. The Ld. AO has imposed a penalty of Rs. 5,00,000/- against me. I was not aware about passing of the Order as the copy of the same was never served to me. I came to know about present proceeding when SEBI had initiated a Recovery Proceeding against me.
- d) On 02-03-2020, I was provided a copy of the SCN enclosed therewith a CD. Vide letter dated 06-03-2020, I requested to your goodself to provide me copy of the Investigation Report with annexure, KYC / Connection documents, Off Market data, complete Trade Log data and Order Log Data. However, no response had been received till 25-08-2020. On 25-08-2020, my Authorized Representative (AR) wrote an email and requested to provide the aforesaid documents and details. Vide email dated 04-09-2020, it was informed to my AR that all the relevant documents relied upon by in the SCN has already been provided. Further, vide email dated 15-09-2020, I was asked to submit Reply to the SCN.
- e) Since there are glaring discrepancies in the data provided with the SCN, the Authorized Representative (AR) vide email dated 01-10-2020, requested to provide correct data. My AR specifically gave example of the discrepancies in the Annexure "D" provided with the SCN. However, no response has been received till date. Thus, I am making my Reply on the basis of available documents and data. My submissions to the SCN are as follows:
- f) At the outset, I wish to submit that the present SCN has been issued to as many as 58 entities including me and allegations have been made against them. I shall be only dealing with the violations as alleged against me or my acts which have been held to be in violations to Regulations as alleged.
- g) I deny each and every statement, allegation, observation etc. made in the captioned SCN and nothing stated in the captioned SCN shall be deemed to be admitted by virtue of not having been specifically denied or dealt with unless the same has been expressly dealt with. I further deny and refute that I had violated the provisions of PFUTP Regulations as alleged in the SCN.
- h) The Ld. Whole Time Member, SEBI has passed an ex parte Order dated 02-02-2011 against 39 entities excluding me in the matter of dealings in the shares of SPECTACLE INFOTEK LIMITED (EARLIER KNOWN AS SPECTACLE

INDUSTRIES LIMITED), GOLDSTONE TECHNOLOGIES LIMITED, GEMSTONE INVESTMENTS LIMITED, LGS GLOBAL LIMITED AND WELL PACK PAPERS & CONTAINERS LIMITED. Thereafter, SEBI has initiated common investigation in the five scrips including the Well Pack. A parallel investigation had also been initiated in 2 scrips namely Shakti Pumps (India) Limited and SVC Resources Limited. However, Adjudication Proceeding has been initiated against me in two scrips only i.e. Well Pack Papers and Containers Limited and Shakti Pumps (India) Limited. The proceeding in the Shakti Pumps Limited has been concluded and an Order dated 30-09-2020 has been passed in my favour. As on date, I am not facing any other proceeding except the captioned one.

- i) The investigation in the Wellpack has been divided into 2 Patches i.e. Patch 1 is 28-11-2008 to 12-03-2010 and Patch 2 is 15-03-2020 to 30-06-2010. I, admittedly did not executed any trade on the floor of the exchange during the Patch 1 period of the Investigation. Thus, in the entire SCN, no allegation has been made against me for alleged violation of SEBI PFUTP Regulation during Patch 1 period of the investigation.
- j) In Para 17 of the SCN, it is alleged that I along with 40 Walmiki Shah Group entities were connected to each other and had traded heavily in the scrip of Wellpack through multiple Brokers. I strongly deny and refute that I was part of any group. I further refute and deny that I had traded heavily in the scrip of Wellpack as my trades in the scrip of Wellpack comprises to only 0.25 % of the market volume. I further refute and deny that I had traded through multiple brokers as I had executed trades in the scrip of Company only through one registered broker i.e. Mehta Equities Ltd. Thus, the allegations made in Para 17 of the SCN are vague and therefore not reliable.
- k) I further submit that I had no KYC relation with any of the purported Group entity and no such allegation has been made in the SCN. I had 3 off-market transactions with 3 entities namely Panya Hardik M, Rajesh Ravinarayan Hati and Samir Sureshbhai Shah. Except the said 3 off market transactions, I had admittedly no off market transaction with any other entity relating to the purported Pabari Parikh Group and Walmiki Shah Group. I submit that 2 out of the said 3 off market transactions were executed before the starting of the Patch 2 period (15-03-2010 – 30-06-2010). It is pertinent to mention that in the Para 4 of the SCN, allegation of connection has been made against 51 Walmiki Shah Group entities excluding me. The details of the connection with each other has been provided in the Table 1 annexed with the SCN. My name has not been mentioned in the said Table. Thus, no allegation of connection can be made by referring transactions out of Patch 2 period of investigation.
- l) It is further submitted that it is not possible for me after 10 years later to recollect the circumstances under which I had executed the off-market transactions with the

aforesaid 3 entities. Therefore, I am not in a position to make any further submission regarding the aforesaid off market transaction in the scrip of the Company.

- m) I further submit that I had no on market matched trades with Samir Sureshbhai Shah who was shown connected to me through off market transaction. Thus, the purported connection with Samir Sureshbhai Shah has nothing to do with my trades in the scrip of Wellpack.*
- n) I further submit that in the SCN, SEBI had made allegation of connection against 51 entities and 40 entities during Patch 1 and 2 period of the investigation respectively. However, the complete details regarding connection amongst the Noticees is not provided with the SCN.*
- o) It is very pertinent to mention that your goodself and Hon'ble Tribunal found several faults in the table of connection. I have not been provided any KYC documents and/or UCC data. The basis of connection amongst 40 entities were KYC documents / Bank transfers / off market transactions. Since, most of the details establishing connections amongst the purported Noticees either not available or not reliable, any inference should not be drawn on the basis of incomplete and unreliable information.*
- p) It is further submitted that there has to be sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party. In the present SCN, no such iota of evidence of collusion with the counterparties to my trades has been found.*
- q) After observing several details and data under paragraphs 17 to 27 of the SCN, in para 28 of the SCN it is alleged that the Walmiki Shah Group entities indulged in trading among themselves by way of executing synchronized trades resulting in no change of beneficial ownership thereby, created artificial volume in the scrip of Wellpack which gave a false and misleading appearance of trading in the scrip of the exchange. So far as the allegation against me is concerned, no other except execution of synchronized trade has been alleged.*
- r) A synchronized trade or a trade that matches off market is per se not illegal. Merely because a trade was crossed on the floor of the stock exchange with the buyer and seller entering the price at which they intended to buy and sell respectively, the transaction does not become illegal. A synchronized transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. Synchronization' or a negotiated deal ipso facto is not illegal. A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the*

market equilibrium. 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. 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.

- s) In my case the alleged synchronized trades during Patch 2 period of the Investigation were 0.03% on buy side and 0.01% on sell side to the market volume. Even, the purported group synchronized trades were mere 0.56% to the market volume during the Patch II period of Investigation. The said alleged synchronized trades cannot be termed as significant in comparison to the alleged traded volume of the purported group entities and market volume. Since the alleged synchronized trades were not significant, it cannot influence the market equilibrium.*
- t) It is very pertinent to mention that SEBI itself did not consider the said volume significant and therefore had not made any allegation of synchronized trades against Bhavesh Pabari Group Entities in several investigations conducted by SEBI in other scrips. Needless to say that several parties are common to the present matter and investigation in other scrips. I crave leave to refer to and rely upon the Investigation Reports wherein 'no adverse' finding has been recorded by SEBI due to insignificant volume of synchronized trades amongst the purported Bhavesh Pabari Group Entities.*
- u) I further say and submit that in the entire SCN, no allegation has been made against me for manipulation of the price of the scrip of the Company. Since, no allegation of price manipulation has been made against me, the allegation of execution of synchronized trade falls apart. I further say and submit that the alleged synchronized trades were scattered and spreads to couple of months. There is no manipulative pattern in executing the alleged synchronized trades. The alleged synchronized trades were not executed intentionally but occurred during the normal course of trading.*
- v) It is further submitted that total volume during the Patch 2 period of the investigation was 25,45,77,743 shares. In the SCN, it is alleged that the purported Walmiki Shah Group entities by trading amongst themselves had created artificial volume of 14,27,634 (0.56% of the total market volume) shares by way of synchronized trades. However, no details of total synchronized trades executed by the other entities has been mentioned in the SCN. I further say and submit that the total alleged*

synchronized trades executed by me were only 5 i.e. not significant to the total trades executed by me in the scrip of the Company. The trades executed by me in the scrip of the Company were bonafide transactions and change of beneficial ownership taken place. It is evident from the fact that I am not facing any allegation of reversal of trades and/or self-trades. Therefore, no adverse finding should be recorded against me.

- w) So far as the allegation of +ve LTP and NHP is concern, I say and submit that no allegation in Paragraph 27 of the SCN has been made against me. Thus, I refrain myself from making any submissions in this regard. I further say and submit that my total volume in the scrip of the Company was too insignificant to influence the market equilibrium. The transactions are bonafide and change of beneficial ownership has been taken place.*
- x) In light of the aforesaid submissions, I pray to your goodself to dispose-off the captioned SCN without imposing any penalty against me.*

CONSIDERATION OF EVIDENCE AND FINDINGS

8. I have perused the reply, oral & written submissions of the Noticee and all the documents available on record. The issues that arise for consideration in the present case are:

- a)** Whether the Noticee has violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of PFUTP Regulations by indulging in manipulative trades.
- b)** Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act?
- c)** If yes, what should be the quantum of penalty?

9. Before moving forward, it is pertinent to refer to the relevant provisions of the PFUTP Regulations read as under:

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

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

(c).....

(d).....

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

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

10. The first issue for consideration is whether the Noticee has violated provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) & 4(2)(a), (b), (e) and (g) of PFUTP Regulations. On consideration of the SCN, its annexures and other material available on record, I observe that a Group of forty (40) entities (hereinafter collectively referred to as the '**WSG entities**') including the Noticee allegedly traded in collusion with each other, in the scrip of Well Pack during the period from March 15, 2010 to June 30, 2010 (second investigation period).
11. I note from the SCN that the Noticee has made transactions in the scrip of Well pack only during the second investigation period and no transactions were made by him during the first investigation period. I also note from the SCN that the Noticee was alleged to be connected to the WSG entities, on the basis of off market share transfers with three (3) other entities who were also a part of WSG entities, namely Pandya Hardik M, Rajesh Ravinarayan Hati and Samir Sureshbhai Shah. I note from the **Annexure EE** of the SCN, which contains Off market share transfer data in the scrip of

Well Pack, that the Noticee has transferred 6000 shares of Well pack to Hardik Pandya M in the year 2009, 3000 shares of Well Pack to Mr. Rajesh Ravinarayan Hati in the year 2009 and 50,000 shares of Well Pack to Samir Sureshbhai Shah in the year 2010. I note that the Noticee in his reply to the SCN has admitted the abovementioned off market transactions with the three entities but mentioned that the two out of the said three transactions were executed before the starting of the second investigation period i.e in the year of 2009. In this context, I note that that the Noticee knew the other entities well enough to transfer shares in off market route and thus the fact that the Noticee was connected to the two other entities is not in dispute. In this regard, I find from the available records (provided as annexures of the SCN to the Noticee) that the aforementioned three entities namely Mr. Hardik Pandya, Mr. Rajesh Hati and Mr. Samir Sureshbhai Shah, were also part of WSG entities and they executed synchronized trades, indulged in trading among the group entities and contributed to the creation of artificial volume in the scrip of Well pack during the first and second investigation period, which was fraudulent in nature. Therefore, I find that the connection between the Noticee and the three other entities, who were part of WSG entities is established. As regards the contention of the Noticee that the complete details regarding connection amongst the Noticees not being provided to the Noticee, I note that the relevant documents to show that the connection exists is nothing but the details pertaining to the off market transfers, all of which have been provided to the noticee as Annexure EE to the SCN.

12. I now proceed to discuss whether the transactions done by the Noticee in the scrip of Well pack would be violative of the relevant PFUTP Regulations.

a) Artificial Volume Creation

13. I note from the available records that the Noticee along with the other WSG entities, was alleged to have contributed to the creation of artificial volume in the scrip of Well Pack during the Second Investigation period. I observe that out of 75 days on which the scrip of Well Pack was traded during the second investigation period, the trades amongst WSG

entities were executed on all 75 days. Further, the WSG entities purchased 11,66,30,714 shares accounting for 45.81% of the total volume traded and sold 11,60,46,856 shares accounting for 45.58% of the total volume traded during the second investigation period. Further, out of these WSG entities, 38 entities traded 5,59,14,388 shares (21.96% of the market volume) within the group entities, accounting for 47.94% of the total purchase of the group and 48.18% of the total sale of the group. Thus, I find that the WSG entities contributed significant volume in the scrip of Well Pack during the second investigation period.

14. I observe from the available records and the trade log, that the Noticee and other WSG entities have executed the following trades in the scrip during the second investigation period:

Table – 3

Sr. No.	Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
1	Santosh Deshmal Oswal	1800000	0.71	1119130	1458750	0.57	627790
2	Anand Finstockservices Ltd	5853295	2.30	1968928	5533406	2.17	1724374
3	Bhupesh Harishchandra Rathod	3200	0.00	3200	1600	0.00	1600
4	Shah Samir Sureshbhai	165	0.00	60	28879	0.01	16176
5	Pradeepkumar Jasbhai Patel	0	0.00	0	13375	0.01	0
6	Walmiki Amar Premchand	11140657	4.38	6712511	11935307	4.69	7491011
7	Ragini Bipinbhai Thakkar	663276	0.26	203400	681205	0.27	366149
8	Navaneetlal Jeevanlal Gandhi	1150	0.00	0	1237	0.00	0
9	Janaki Bipin Thakkar	203369	0.08	106035	198239	0.08	97728
10	Rajesh Ravinarayan Hati	0	0.00	0	357000	0.14	48503
11	Tushar Rameshbhai Patel	4414040	1.73	2117744	4154750	1.63	2700853
12	Shashikant Keshavlal Shah	2428495	0.95	1121493	1868200	0.73	826589
13	Samir Sureshchandra Shah	186796	0.07	38153	124042	0.05	17622
14	Rakesh Gokulbhai Patel	53000	0.02	34458	43000	0.02	35000
15	Santosh Vishram Ghadshi	8464535	3.32	5538548	7230929	2.84	4916565
16	Jignesh Chandrakant Shah	929653	0.37	232461	923360	0.36	457234
17	Shalin Kiritkumar Parikh	5000	0.00	0	4000	0.00	3600
18	Mayank Navnitbhai Gandhi	5612692	2.20	2335436	5749473	2.26	2301655
19	Aditi Mayank Gandhi	5695018	2.24	2098366	6060708	2.38	2241831
20	Avinash Bothra	1150200	0.45	169020	1487700	0.58	245544
21	Rekha Bhandari	1960412	0.77	870834	1893166	0.74	638613
22	Jayvishal Dilipsinh Barot	265683	0.10	82597	265683	0.10	87830
23	Sunil Bhandari	1699883	0.67	1059012	2223584	0.87	1271989

24	Nareshbhai Devabhai Patel	0	0.00	0	87	0.00	87
25	Kaushik Rajnikant Mehta	2824728	1.11	1857914	2417569	0.95	1651015
26	Ashokkumar Bhikhalal Parmar	2662033	1.05	1494063	2768934	1.09	1379810
27	Vishal Pare	4661616	1.83	300110	4296456	1.69	526548
28	Yaminiben Maheshbhai Pandya	6854348	2.69	3250486	7372157	2.90	3366901
29	Pannalal Ukaram Prajapati	627000	0.25	445009	651500	0.26	495122
30	Hardik Maheshbhai Pandya	7240519	2.84	4079887	7338471	2.88	3920592
31	Bharatkumar Baldevbhai Parmar	10180688	4.00	3809206	10070174	3.96	4982980
32	Dhirubhai Antolbhai Parmar	431599	0.17	195426	413733	0.16	169501
33	Laxmanbhai Dhirubhai Parmar	4927944	1.94	1837572	5617052	2.21	1887149
34	Shobhnaben Rameshbhai Parmar	7486904	2.94	3549377	7176206	2.82	3457819
35	Rameshbhai Vitthalbhai Parmar	4917052	1.93	2462791	5040789	1.98	2024876
36	Vipul Hirallal Shah	4903038	1.93	3617521	3901687	1.53	3089911
37	Dipika Dinesh Kankaria	1354442	0.53	473683	1639000	0.64	492181
38	Shreedhar Yellaiah Kodam	1594500	0.63	1328377	1807987	0.71	1171235
39	Vaishali Ashvinbhai Parmar	3333784	1.31	1301580	3197461	1.26	1080405
40	Ankit Rajendra Sanchaniya	100000	0.04	100000	100000	0.04	100000
	Total	116630714	45.81	55914388	116046856	45.58	55914388

15. As seen from the table above, I note that the Noticee's buy quantity was 6,27,000 shares which contributed to 0.25% of the total market volume in the scrip of Well Pack. The Noticee's sell quantity was 6,51,500 shares, which contributed to 0.26% of the total market volume in the scrip during the second investigation period. The Noticee's buy and sell quantity within the WSG entities in the scrip was 4,45,009 and 4,95,122 shares respectively which was 0.79% and 0.88% of the total buy and sell volume respectively. From the above, I find that the Noticee, by trading amongst the WSG entities, has contributed to the volume in the scrip of Well Pack during the second investigation period.

b) Synchronized Trading

16. The WSG entities including the Noticee have executed synchronized trades in the scrip of Wellpack during the second Investigation Period as shown in Table – 2 above. I note that the WSG entities including the Noticee have bought and sold 14,27,634 shares in synchronized manner which amounted to 0.56% of the total market volume. In this context, I find that the Noticee has bought 74,990 shares and sold 23,000 shares in the synchronized manner and the same has not been disputed by the Noticee. I further note

that the abovementioned synchronized trades of 14,27,634 shares constituted for 1.22% of the total purchase and 1.23% of the total sale of the WSG entities I also note that out of the buy and sell orders for 5,59,14,388 shares each within the group entities, the buy and sell orders for 1,72,17,572 shares respectively accounting for 6.76% of the market volume were placed within one-minute time difference. The abovementioned 1,72,17,572 shares constituted to 14.76% of the total purchase and 14.84% of the total sale of the WSG entities (details of Synchronized trades and trades placed within one-minute time difference were provided to the Noticee in the **Annexure – F** and **Annexure - C** to the SCN).

17. The Noticee has contended “..... *there has to be sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party. In the present SCN, no such iota of evidence of collusion with the counterparties to my trades has been found.* ”. In this regard, I note that it is extremely difficult to prove facts which are especially within the knowledge of parties concerned and it depends upon the attending circumstances and, therefore, circumstantial evidence has to be taken into consideration. In this connection, it would be appropriate to refer to the Order of the Hon'ble Supreme Court of India in SEBI vs. Kishore Ajmera; Civil Appeal No. 2818 of 2008 (dated February 23, 2016), wherein the following has been observed with respect to market manipulations:

“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...”. Therefore, I do not find merit in the submission of the Noticee in this context.

18. The noticee has also submitted that there are certain discrepancies in trade data in Annexure D of the SCN. Even if one were to consider the aforementioned discrepancies, the noticee cannot be absolved of his violations. It is pertinent to mention that the noticee in his reply to the SCN accepted his trading in the scrip of the company wherein he mentions that such trading amounted to 0.25% of the market volume and also accepted his off market shares with the other WSG entities.
19. I note that the Noticee has inter alia stated that the evidence to strengthen the connection such as KYC documents etc. are not provided along with the SCN. However, it is seen that the data of the market trades and off market transaction of WSG entities including that of the Noticee, relied upon in the instant proceedings have already been provided to the Noticee.
20. Having considered the details described above, I conclude that the Noticee being part of the WSG entities, executed synchronized trades, indulged in trading among the group entities, in the second investigation period, which involved no change in beneficial ownership. I find that the trading of the Noticee has also contributed to the creation of artificial volume and such trading is fraudulent in nature. Therefore, I find that the dealings of the Noticee are manipulative and therefore, the charges leveled against him in the SCN regarding the contravention of the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a), (b) & (g) of PFUTP Regulations stand established.
21. I find from the investigation report that the buy order rate at which the Noticee placed the orders was close to the best available sell orders and as such the price rise on account of the said trades cannot be attributed to the Noticee. In view of the above, the allegation against the Noticee for violation of the provisions of Regulation 4(2)(e) of the PFUTP Regulations does not stand established.
22. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) held that - *"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly*

irrelevant...”.

23. In view of the above, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, which reads as under:

SEBI Act

Penalty for fraudulent and unfair trade practices.

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

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

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

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

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

25. I note that the available records do not mention the specific profits made by the Noticee or loss suffered by the investors due to price manipulation committed by the Noticee in the instant case. The noticee has also submitted about the delay involved in the proceedings since the remand. However, I cannot ignore the gravity of violations involved in the matter. Having established that the Noticee had executed trades through which he contributed to the creation of volume, in my opinion, such trades are certainly in the nature of causing adverse impact in disturbing the equilibrium of fair market mechanism. I also note that the other WSG entities have contributed significantly to the artificial volume creation by trading among themselves and by indulging in synchronized trades in the scrip during the investigation period.

ORDER

26. Having considered all the facts and circumstances of the case as stated above, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the AO Rules, I hereby impose a penalty of Rs. 3,00,000/- (Rupees Three Lakh only) on the Noticee viz. Shri Pannalal Prajapathi under the provisions of Section 15HA of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.
27. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT>Orders>Orders of AO >PAY NO OR by using the web link <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.
28. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-DRA- II, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051"

and also to e-mail id:- tad@sebi.gov.in

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)	

29. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.
30. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are being sent to Shri Pannalal Prajapathi and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: October 28, 2020

Dr. ANITHA ANOOP
ADJUDICATING OFFICER