BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO: ORDER/SBM/VS/2022-23/16876-16884

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

In respect of:

1. **Mr. Arif Gulam Mustufa Shaikh** (PAN: CKZPS8073E), having address at: F-27 Shakti Arcade, Near Shukan Hall, Opp. Water Tank, Science City Road Sola, Ahmedabad, Gujarat-380060 (**Noticee No. 1**)

2. **Mr. Mahesh Somabhai Desai** (PAN: AMGPD0183P), having address at: Rabari Vasahat, Ghatlodia, **Ahmedabad**, Gujarat-380061 (**Noticee No. 2**)

3. **Mr. Miteshgiri Chandangiri Goswami** (PAN: ARSPG2051Q), having address at: 41 / E / 113, Amts St Quartars, Jamalpur, Ahmedabad, Gujarat-380002 (**Noticee No. 3**)

4. **Dhirenkumar Dharamdas Agarwal – HUF (**PAN: AAZPA8189K), having address at: 13, Sharda Nagar Society, Opp. Bhimnath Mahadev, Paldi, Ahmedabad, Gujarat-380007 (**Noticee No. 4**)

5. **Mr. Janakray Vithaldas Soni** (PAN: AFNPS8401H), having address at: F 106, Satyam Complex, Science City Road, Sola, Ahmedabad, Gujarat-380060 (**Noticee No. 5**)

6. **Mr. Jitendra Hasmukhlal Vyas** (PAN: AEZPV7923A), having address at: M-23-272, Darshan Apartment, Block No. 1 to 30, Naranpura, Ahmedabad, Gujarat-380063 (**Noticee No. 6**)

7. **Ms. Jigisha Amitkumar Bundela** (PAN: AMZPB1278J), having address at: 9, Bansipark Society, Near Kasushaliya Mata Temple, Patel Vas, Kochrab, Ellisbridge, Ahmedabad, Gujarat- 380006 **(Noticee No. 7)**

8. **Ms. Khyati Vipulkumar Bundela** (PAN: AZGPB1082J), having address at: 9, Bansi Park Society Patel Vas, Kochrab, Ellisbridge, Ahmedabad, Gujarat-380006 **(Noticee No. 8)**

9. **Mr. Vipul Jigisha Bundela** (PAN: AJYPB1712F)), having address at: 9, Bansi Park Society Patel Vas, Kochrab, Ellisbridge, Ahmedabad, Gujarat-380006 (**Noticee No. 9)**

In the matter of

Shree Global Tradefin Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') based on SCORES complaints, had conducted investigation into the trading/dealings in the scrip of Shree Global Tradefin Limited (hereinafter referred to as '**SGTL**'), during the period August 29, 2011 to March 30, 2012 (hereinafter referred to as '**investigation period**'). Pursuant to the investigation, it was alleged that

Mr. Arif Gulam Mustufa Shaikh (**Noticee No. 1**), Mr. Mahesh Somabhai Desai (**Noticee No. 2**), Mr. Miteshgiri Chandangiri Goswami (**Noticee No. 3**), Dhirenkumar Dharamdas Agarwal – HUF (**Noticee No. 4**), Mr. Janakray Vithaldas Soni (**Noticee No. 5**), Mr. Jitendra Hasmukhlal Vyas (**Noticee No. 6**)**,** Ms. Jigisha Amitkumar Bundela **(Noticee No. 7),** Ms. Khyati Vipulkumar Bundela **(Noticee No. 8)** and Mr. Vipul Jigisha Bundela (**Noticee No. 9)** had allegedly indulged in manipulation of the scrip price of SGTL during the abovementioned Investigation period and thereby allegedly violated the provisions of Sections 12A (a), (b), (c) of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) and Regulations 3 (a), (b), (c), (d) and Regulations 4(1), 4(2) (b) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market Regulations), 2003 (hereinafter referred to as **'PFUTP Regulations'**). For the purpose of the present proceedings, Noticee Nos. 1 to 9 are hereinafter also collectively referred to as the **'Noticees'**.

2. During the investigation period, the price of the scrip increased from ₹232.70 on August 29, 2011 to ₹387.30 on September 23, 2011 (i.e. an increase of 66% in 17 trading days). Subsequently, the price of the scrip decreased to ₹105.90 on March 30, 2012 (i.e. a decrease of ₹288.60). It was alleged that, during the Investigation Period, Noticee Nos. 1 to 6 (who were predominantly buyers) and counter-party sellers viz. Noticee Nos. 7 & 8 and Noticee No. 9 (the authorized person of the terminal from where the orders of Noticee No. 2 were entered) were instrumental in artificially inflating the price of the scrip. It is noted that, Noticee Nos. 1 to 6 repeatedly placed buy orders at higher price than the prevailing Last Traded Price (**'LTP'**) and Noticee Nos. 7 & 8 repeatedly placed sell order and matched with buy orders of Noticee No. 2. Further, it is also noted that Noticee No. 9 was the authorized person of the terminal from where the orders of Noticee No. 2 were entered and he had familial connection with the sellers i.e., Noticee Nos. 7 & 8. It is further alleged that, such trading/dealings in the scrip of SGTL have resulted in the violation of the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a) (b), (c), (d) and Regulations 4(1), 4(2)(a) and (e) of PFUTP Regulations by the Noticees.

APPOINTMENT OF ADJUDICATING OFFICER

3. As per the files/material made available on record, Shri S. V. Krishnamohan was appointed as the Adjudicating Officer ('**AO**') in the matter on October 21, 2015. Pursuant to the superannuation of the erstwhile Adjudicating Officer, the undersigned has been appointed as the AO in the present matter, vide *communique* dated December 17, 2020, under the provisions of section 19 read with section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the

provisions of section 15H(A) of the SEBI Act the aforementioned alleged violation of the provisions of law by the Noticees. The said file along with the *communique* appointed me as AO was received by the undersigned from the concerned department of SEBI on December 18, 2020.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice ref. No. SEBI/EAD-1/SBM/JR/3996/1-9/2021 dated February 12, 2021 (hereinafter referred to as '**SCN**') was issued to the Noticees under the provisions of Rule 4 of the Adjudication Rules, requiring the Noticees to show cause as to why an inquiry should not be held against the Noticees and why penalty, if any, should not be imposed on them under the provisions of section 15HA of the SEBI Act, for their alleged violation of the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and Regulations 4(1), 4(2) (b) and (e) of PFUTP Regulations, while trading/dealing in the scrip of SGTL during the aforementioned investigation period.

5. The SCN dated February 12, 2021 was duly served upon the Noticees through several alternative modes viz. speed post and hand delivery/affixtures in terms of rule 7 of the Adjudication Rules i.e., w.r.t. Noticee Nos. 2, 3, 4, 6, 7, 8 & 9, the SCN was served through speed post, w.r.t. Noticee Nos. 1 & 5, the SCN was served through hand delivery/affixture. It is noted that Noticee Nos. 2, 6, 7, 8 & 9 replied to the SCN, however, Noticee Nos.1, 3, 4, & 5 failed to make their submissions to the SCN despite the service of SCN to them as per available records. The brief details of the submissions made by Noticee Nos. 2, 6, 7, 8 & 9 are as follows:
   a. The Noticee Nos. 2 & 6 vide their individual reply dated May 06, 2022, *inter alia* submitted as follows:
      i. The Noticee submits that the SCN issued to him suffers from delay and latches.
      ii. SEBI had already issued SCN dated April 20, 2012, the SEBI was well within its rights to cover the Investigation Period from August 29, 2011 to March 30, 2012 in the SCN which was issued on April 20, 2012. Since, the present investigation period dates prior to issuance to SCN dated April 20, 2012 and July 20, 2017, the order emanating from the SCN dated February 12, 2021 will be bad in law
      iii. It is submitted that, the SEBI is only at liberty to issue SCN for the offence/default which dates post issuance of the SCN, however, in the instant case, the SEBI has conducted proceedings for the offence, which could have very well covered in the SCN dated April 20, 2012 as such the present investigation period is from August 29, 2011 to March 30, 2012.
   b. The Noticee Nos. 7, 8 & 9 vide their individual reply dated February 17, 2022, *inter alia* submitted as follows:

i. The Noticee No. 7, 8 & 9 denied any connection with Noticee No. 2

ii. The Noticee Nos. 7, 8 & 9 submits that they had traded in screen based trading system where counterparty is not known.

iii. The Noticce Nos. 7, 8 & 9 submits that they are not aware of '*Soni Group*'.

iv. The Noticee Nos. 7, 8 & 9 have denied about all facts mentioning about violation of rules and regulation of SEBI Act.

6. In the interest of natural justice, opportunity of personal hearing was provided to all the Noticees on April 26 & 27, 2022, which was duly served upon them by letters/notice dated March 08, 2022, March 28, 2022 and April 07, 2022. It is observed that despite the service of the notice of hearing upon all the Noticees, only Noticee Nos. 7, 8 & 9 had availed the opportunity of personal hearing on April 26, 2022, wherein Noticee No. 9 had appeared on behalf of Noticee Nos. 7, 8 & 9 and reiterated the submission made by them in their respective reply dated February 17, 2022. The Noticee Nos. 2 & 6 vide their respective emails dated April 26, 2022 and April 27, 2022, respectively, requested to adjourn the said hearing. Pursuant to their request, vide email dated April 26, 2022 and April 27, 2022, another opportunity of personal hearing was provided to Noticee Nos. 2 & 6 on May 06, 2022 and on the scheduled date i.e. May 06, 2022, Mr. Nishant Upadhyay had appeared on behalf of Noticee Nos. 2 & 6 and reiterated the submissions made by Noticee Nos. 2 & 6 in their respective reply dated May 06, 2022. The AR also requested for filing written submission in the matter post hearing. In this regard, Noticees Nos. 2 & 6 were advised to file written submission by May 13, 2022, however, till date no written submissions were made by the Noticee Nos. 2 & 6. During the course of hearing in respect of Noticee Nos. 2 & 6, the AR has mentioned that Noticee No. 4 has also authorized him to represent Noticee No. 4 in the instant proceedings. In this regard, vide email dated May 06, 2022, Noticee No. 4 was advised to file reply to the SCN by May 24, 2022 and appear for the hearing on May 27, 2022. On the schedule date of hearing, neither Noticee No. 4 nor his AR appeared for the hearing. It is further observed that w.r.t. Noticee Nos. 1, 3 & 5, despite service of the SCN on them, neither the Noticee Nos. 1, 3 & 5 nor their authorized representative appeared for the hearing on the scheduled date. Further, Noticee Nos. 1, 3, 4 & 5 also failed to make their written submissions to the SCN. It was observed that, vide the aforementioned notice, it was clearly mentioned that in case of failure to submit their reply and/or failure to appear for the hearing, the case would be proceeded against the Noticees on the basis of the material /facts available on record.

7. As already stated, Noticee Nos. 1, 3, 4 & 5 have neither filed any reply to the SCN nor availed the opportunities of personal hearing despite the service of the Notice upon them, as aforesaid. In the facts and circumstances of the case, I am of the view that Noticee Nos. 1, 3, 4 & 5 have been provided with adequate opportunities to make their submissions and to appear for the hearing in the said matter.

Therefore, in terms of rule 4(7) of the Adjudication Rules, I am inclined to proceed further in the matter *ex-parte* on the basis of facts/ material on record. Further, it is also a case that the charges / allegations have been levelled on the Noticees based upon the trades/dealings of the Noticee Nos. 1, 3, 4 & 5 and supporting material that were annexed along with the SCN issued to them during the proceedings. In this regard, it is pertinent to draw reference to the order of the Hon'ble Securities Appellate Tribunal (**'SAT'**) in the matter of *Classic Credit Ltd. vs. SEBI (Appeal No. 68 of 2003 decided on December 08, 2006)* wherein Hon'ble SAT has, *inter-alia*, observed that, *"............ the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to note that the Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014)*, has also, *inter alia*, observed that: *"....... appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*

Therefore, in view of the above observations, I am inclined to proceed further in the matter in respect of the above Noticees on the basis of facts/material on record.

ISSUES FOR CONSIDERATION AND FINDINGS

8. I have carefully perused the SCN, the submissions made by the Noticee Nos. 2, 6, 7, 8 & 9 and also the documents/records /material made available during the course of the proceedings, including the investigation report in the said matter. I have also perused the findings/ observations brought out in the investigation report (IR) and the SCN in respect of the other Noticees viz. Noticee Nos. 1, 3, 4 & 5. It is alleged in the SCN that the Noticees as a result of their trading/dealings in the scrip of SGTL have manipulated the price of the scrip of SGTL by repeatedly placing miniscule order and raising LTP and thus, have violated the provisions of sections 12A (a), (b) and (c) of the SEBI Act r/w regulations 3(a), (b), (c), (d), 4(1), 4(2) (b) & (e) of the PFUTP Regulations.

9. In their submissions Noticee Nos. 2 & 6 have contended that there is inordinate delay in the present proceedings initiated against them. In this regard, I note from the records that SEBI received two anonymous complaint in SCORES, and thereafter, due to involvement of various stake holders such as, Exchanges and Depositories etc., the matter was approved for initiating adjudication proceedings against the persons/entities and the AO was appointed on October 21, 2015. Thereafter, due to the superannuation of the erstwhile AO, the undersigned was appointed as the AO in the matter on November 25, 2020 and same was communicated to undersigned vide *communique* dated December 17, 2020. Thereafter, the SCN was issued to the Noticees on February 12, 2021. The SCN was duly served upon Noticee No. 6, however, w.r.t. the Noticee No. 2, the SCN returned undelivered with remarks '*incomplete address*', therefore, in view of the above, the SCN was again re-sent to the complete address

of Noticee No. 2 and it was duly served upon him. In the said SCN, Noticee Nos. 2 & 6 were advised to file their reply to the SCN within 14 days after the receipt of the same, however, no reply has been filed by Noticee Nos. 2 & 6. I note that vide letter dated March 08, 2022 & March 28, 2022, reminders were sent to Noticee Nos. 2 & 6 to submit their reply to the SCN and they were also advised to appear for a hearing before the undersigned on April 26, 2022 and April 27, 2022, respectively. Subsequently, Noticee Nos. 2 & 6 vide their individual email dated April 26, 2022 and April 27, 2022, respectively, requested for the adjournment of the hearing. Pursuant to their request Noticee Nos. 2 & 6 were provided with another opportunity to file their reply to the SCN and to also appear for personal hearing on May 06, 2022. Therefore, in view of the above observations/ submissions, the contention of the Noticees citing inordinate delay in the proceedings etc. is baseless and without any merit.

10. I also note that the Noticee Nos. 2 & 6 have contended that SEBI had initiated similar proceedings in the year 2012 against the *Soni Group* and the trading details/information were provided at the relevant time for the same. The Noticee Nos. 2 & 6 also contended that the present proceedings initiated pursuant to SCN dated February 12, 2021 is barred by rule of *res judicata*, because, the investigation period considered is from August 29, 2011 to March 30, 2012, whereas the first show cause notice was issued post March 30, 2012, and the AO has not considered the period of August 29, 2011 to March 30, 2012 in the first SCN itself. In this regard, it is noted that the principle of *res judicata* is not applicable nor the principle of estoppel would apply in the facts of the present case. It is noted that, in the scrip of SGTL, the first SCN dated April 20, 2012 that was issued to the Noticees (in relevant proceedings initiated vide SCN dated April 20, 2012) were totally different from the Noticees mentioned in the present proceedings. In the second SCN dated July 20, 2017, it is observed that baring a few Noticees which were common, most of the Noticees mentioned in the present SCN had no role to play in the previous investigation periods for which the SCN dated April 20, 2012 NS July 20, 2017 were issued to the entities. Further, in the previous matters for which the SCN was issued, the allegation is related to Matched trades and Synchronization of trades whereas, in the context of the present SCN, the allegation is related to manipulation of the price of scrip of SGTL by placing miniscule orders above LTP. In view of the above, there was separate cause of actions in the previous SCNs issued in the context of the manipulation in the scrip of SGTL and the principle of r*es judicata* as contended by the Noticees in the present matter is not tenable.

11. I also note that the Noticee Nos. 7, 8 & 9 who were predominantly the sellers and whose trades matched with the buy trades of Noticee No. 2 through synchronized trades, have contended that the anonymous system of the stock exchange does not allow a transacting party to know the details of the counterparties to the trade. I note that in the screen based trading, which is virtually anonymous, it is not possible for anyone to enter into such matched trades. However, considering the precision at

which the transactions had taken place, the matching of quantity, price and time and the sellers being Noticee Nos. 7 & 8 on a consistent basis during the investigation period, it will be too naïve to hold that these transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order w.r.t. the transactions entered into by the Noticee Nos. 7, 8 & 9 with theirs counterparties and such synchronized trading is clearly violative of the transparent norms of trading in the securities market.

12. In this context, I find it relevant to refer to the decision of Hon'ble Supreme Court in the matter of *Securities and Exchange Board of India v. Kishore R Ajmera* {(2016)} 6 SCC 368: AIR 2016 SC 1079} wherein, the Hon'ble Supreme Court has held that, *"... According to us, knowledge of who the 2nd party/client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the final conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned..."*

    In view of the above, the contention of the Noticees Nos. 7, 8 & 9 is not maintainable.

13. Before dealing with the aforesaid charges in seriatim, the relevant legal provisions, the contraventions of which have been alleged in this case against the Noticees are mentioned as under:

    <u>SEBI Act</u>

    "Section 12A- 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;…"

    <u>PFUTP Regulations</u>

    "Regulation 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 thereunder;
(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 thereunder.

Regulation 4. Prohibition of manipulative, fraudulent and unfair trade practice

(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) …
(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 security;

14. I note from the SCN that the scrip of SGTL witnessed a price rise during the period from August 29, 2011 to September 23, 2011 and thereafter, the scrip price of SGTL witnessed a fall during the period from September 26, 2011 to March 30, 2012. In view of the same, the investigation period is divided into two patches, as under:-

Period	**Dates**		**Opening Price (volume) on first day of the period(₹)**	**Closing price (volume) on last day of the period (₹)**	**Low price(volume) during the period (₹)**	**High Price(volume) during the period (₹)**	**Avg. no. of (shares) traded daily during the period**
Pre Investigation period	(01-Jul-11 – 26-Aug-11)	Price	₹325.00 (01-Jul-11)	₹244.90 (26-Aug-11)	₹235.00 (25-Aug-11)	₹343.50 (13-Jul-11)	3,491
		Vol.	2,466	112	53	3,801	
Investigation Period (Patch I)	(29-Aug-11 – 23-Sep-11)	Price	₹249.95 (29-Aug-11)	₹387.30 (23-Sep-11)	₹222.25 (30-Aug-11)	₹388.50 (23-Sep-11)	13,266
		Vol.	15	5,873	7,191	5,873	
Investigation Period (Patch II)	(26-Sep-11 – 30-Mar-12)	Price	₹394.50 (26-Sep-11)	₹105.90 (30-Mar-12)	₹95.70 (28-Mar-12)	₹398.90 (26-Sep-11)	88,795
		Vol.	4,43,561	34,163	24,813	4,43,561	
Post investigation period	(02-Apr-12 – 29-Jun-12)	Price	₹109.50 (02-Apr-12)	₹83.70 (29-Jun-12)	₹76.10 (13-Jun-12)	₹113.80 (04-Apr-12)	18,076
		Vol.	23,453	18,831	4,446	22,031	

Patch-I - Price Rise (29-Aug-11 – 23-Sep-11)

15. Details of top 10 buy clients and sell clients concentration during Patch I is as under:-

Buy Client Name	Qty	% of Total Mkt Vol.	Sell Client Name	Qty	% of Total Mkt Vol.
Krinaben Ranjitbhai Gajjar	24,706	10.35	Krinaben Ranjitbhai Gajjar	21,434	8.98
Tanvay Nareshkumar Shah	21,850	9.15	**Arif Gulammustufa Shaikh**	17,095	7.16
Arif Gulammustufa Shaikh	15,599	6.53	**Miteshgiri Chandangiri Goswami**	15,106	6.33
Dhiren Dharamdas Agrawal HUF	12,378	5.18	Tanvay Nareshkumar Shah	13,000	5.44
Miteshgiri Chandangiri Goswami	12,025	5.04	**Dhiren Dharamdas Agrawal HUF**	10,233	4.29
Pooja Sanjay Sidhu	8,750	3.66	**Jitendra Hasmukhlal Vyas**	8,581	3.59
Jitendra Hasmukhlal Vyas	8,420	3.53	Tejas Investment	7,179	3.01
Tejas Investment	7,029	2.94	Ashlesh Gunvantbhai Shah	7,000	2.93
Ashlesh Gunvantbhai Shah	7,000	2.93	Govindji Ramanji Thakor	6,324	2.65
Sajjankumar Parasrampuria	6,395	2.68	Amitkumar Rameshchandra Rana	6,166	2.58
Top 10 Buy Clients	**1,24,152**	**51.99**	**Top 10 Sell Clients**	**1,12,118**	**46.95**
Remaining Clients	**1,14,642**	**48.01**	**Remaining Clients**	**1,26,676**	**53.05**
Total Market Vol.	**2,38,794**	**100.00**	**Total Market Vol.**	**2,38,794**	**100.00**

16. In the context of the investigation conducted by SEBI in the scrip of SGTL and during the course of examination of the KYC documents and analysis of off-market transfer of shares in the scrip, it was revealed that there were connections among 53 entities (collectively referred to as '*Soni Group*'). It is observed that Noticee Nos. 1 to 6 belonged to the *Soni Group*. Noticee Nos. 7 to 9 who were not mentioned as part of the *Sony Group* had allegedly connived with Noticee No. 2 in respect of his transactions in the scrip of SGTL as the sell trades of the Noticee Nos. 7 & 8 got matched with the buy trades of Noticee No. 2 on many occasion through synchronized trades, the details of such trades are explained in the following paras of the order.

17. The total net LTP contribution of the *Soni Group* is ₹175.05 and their total contribution towards positive LTP as compared to the total market positive LTP was 59.27%. The persons/ entities of the *Soni Group* i.e. specifically Noticee Nos. 1 to 6 who have contributed to the positive net LTP in the scrip (during the patch-I period) and also 2.00% or more towards positive LTP (gross) have been analyzed further, the details of the same are tabulated in the table below.

Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to total mkt. +ve LTP
	Sum of LTP diff.	Sum of Qty	No of trades	Sum of LTP diff.	Qty traded	No of trades	Sum of LTP diff.	Qty traded	No of trades	Qty traded	No of trades	
Arif Gulammustufa Shaikh	74.60	15,599	295	139.95	5,423	54	-65.35	1,371	85	8,805	156	11.14
Mahesh Somabhai Desai	64.75	2,306	109	65.55	1,340	19	-0.80	197	3	769	87	5.22
Miteshgiri Chandangiri Goswami	38.00	12,025	284	72.25	4,566	52	-34.25	861	60	6,598	172	5.75
Dhiren Dharamdas Agrawal HUF	28.25	12,378	116	40.55	5,177	36	-12.30	163	8	7,038	72	3.23
Janakray Vithaldas Soni	16.75	727	67	53.35	62	6	-36.60	18	18	647	43	4.25
Jitendra Hasmukhlal Vyas	15.40	8,420	134	25.80	780	25	-10.40	705	15	6,935	94	2.05

18. From the above table, it is observed that the above persons/entities i.e. Noticee Nos. 1 to 6 have contributed to 31.64% towards positive LTP (gross) as compared to total market positive LTP (gross) during the patch-I of investigation period. These persons / entities have contributed ₹397.45 to positive LTP (gross) in 192 trades. The trades executed by Noticee Nos. 1 to 6 have been elaborated in the following paras.

a. **<u>Trades of Arif Gulammustafa Shaikh- (Noticee No. 1)</u>**

i. I note from the SCN that Noticee No. 1 has contributed ₹139.95 to the positive LTP (gross) in 54 trades for 5,423 shares. On perusal of the trade logs, it is observed that there are 18 instances (trades) where only 1 share was executed and these trades contributed ₹93.65 to positive LTP. Some of the trades of Noticee No. 1 which were placed above LTP are as under:-

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty.	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Available (Total)	Trade Time	Trade Qty.	Trade Price	High/Low for the day
06-Sep-11	13000040002791	A	09:26:51	1	278.50	264.00	278.50 - 278.95	178	09:26:51	1	278.50	261.00 - 281.15
06-Sep-11	20000040020433	A	14:48:36	1	280.40	267.00	280.40 - 281.00	901	14:48:36	1	280.40	261.00 - 281.15
09-Sep-11	14000034005677	A	10:27:22	25	296.00	294.90	296.00 - 298.00	23	10:27:22	1	296.00	294.80 - 303.90
12-Sep-11	16000019003196	A	10:17:36	25	298.60	298.45	298.60 - 307.00	6,560	10:17:36	25	298.60	286.00 - 306.00
23-Sep-11	17000033057755	A	15:27:21	1	383.95	380.00	383.95 - 386.80	630	15:27:21	1	383.95	347.00 - 388.50

ii. It is observed that on September 6, 2011, Paresh Chauhan through trading member Shah Investors Home Ltd. placed three sell orders for 10 shares each at 09:26:20, 09:26:28 and 09:26:36 at an order price of ₹278.50, ₹278.60 and ₹278.95 when the LTP at order entry was ₹279.95. Subsequently, Noticee No. 1 placed a buy order for only 1 share at 09:26:51 at an order price of ₹278.50 when LTP at order entry was ₹264.00 (i.e. order level LTP variation of 5.50%). The buy order of Noticee No. 1 matched with the sell order of Paresh Chauhan and the trades got executed resulting in higher price of ₹278.50.

iii. Further, on September 9, 2011, Noticee No. 1 had placed a buy order for 25 shares at 10:27:22 at an order price of ₹296.00 when LTP at order entry was ₹294.90. Noticee No. 1 had earlier placed two buy orders for ₹294.90 each for 25 shares and 14 shares at 10:27:20 and 10:27:18 respectively. The best ask price available was placed by Noticee No. 3 for 1 share at ₹296.00, thus the trade got executed establishing high price. Subsequently, Noticee No. 1 deleted the order for the remaining 24 shares immediately at 10:27:35.

iv. Thereafter, on September 23, 2011, Notice No. 1 through trading member Fort Share Broking P. Ltd. placed a sell order for 4 shares at 15:26:52 at an order price of ₹383.95 when LTP at order entry was ₹384.00. Subsequently, Noticee No. 1 placed a buy order for only 1 share at 15:27:21 at an order price of ₹383.95 when LTP at order entry was ₹380.00 (i.e. order level LTP variation of 1.04%). The buy and sell order of Noticee No. 1 got executed resulting in self trade and a price of ₹383.95.

v. Therefore, in light of the above, it is observed that Noticee No. 1 has manipulated the price of the scrip by repeatedly placing the buy orders above the LTP.

b. Trades of Mahesh Somabhai Desai- (Noticee No. 2)

i. I note from the SCN that Noticee No. 2 has contributed ₹65.55 to positive LTP (gross) in 19 trades wherein the counterparty sellers were Jigisha Amitkumar Bundela i.e Noticee No. 7 (₹53.75 in 16 trades) and Khyati Vipulkumar Bundela i.e Noticee No. 8 (₹11.80 in 3 trades). On perusal of these trades, it is observed that the difference in the placement of orders were in milliseconds and 12 trades were synchronized trades. Some of the trades of Noticee No. 2 which were placed above LTP is as under:-

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Avail. (Total)	Trade Time	Trade Qty	Trade Price	High/Low for the day
09-Sep-11	12000046028634	A	15:23:51	50	301.00	297.00	301.00 - 306.10	390	15:23:51	50	301.00	294.80 - 303.90
12-Sep-11	20000035002253	A	09:33:03	50	306.00	299.00	306.00 - 316.50	210	09:33:03	50	306.00	286.00 - 306.00
14-Sep-11	21000045008128	A	12:29:52	50	305.00	300.00	304.80 - 305.00	75	12:29:52	50	304.80	300.00 - 305.45
16-Sep-11	16000158016129	A	13:45:46	100	335.50	331.00	335.50 - 336.50	131	13:45:46	100	335.50	325.05 - 357.95
20-Sep-11	15000030031708	A	13:57:18	80	344.50	340.10	344.50 - 347.00	156	13:57:18	80	344.50	331.00 - 367.25

ii. On further analysis, it was observed that Vipul Jigisha Bundela i.e Noticee No. 9 is the authorized person of the terminal from where the orders of Noticee No. 2 were entered through trading member Guiness Securities Ltd as already stared that Noticee No. 9 had familial connections with Noticee Nos. 7 & 8. Further, it was observed during investigation that the sell trades of Noticee Nos. 7 & 8 consistently got matched with the buy trades of Noticee No. 2 during investigation period by way of synchronized trades. The details of the synchronized trades are as below:

Sl. No.	Trade date & Time	Client name	User name	CP client name	CP user_name	Order time	CP order time	Order rate	CP order rate
1	08/09/2011 15:10:37	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	15:10:37	15:10:37	294.9	294.9
2	08/09/2011 15:13:43	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	15:13:42	15:13:43	294.8	294.8
3	08/09/2011 15:28:22	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	15:28:22	15:28:22	294.5	294.5
4	09/09/2011 14:58:01	Mahesh Somabhai Desai	Bundela Vipul B	Khyati Vipulkumar Bundela	Yogesh Ambalal Patel	14:58:01	14:58:01	301.9	301.9
5	09/09/2011 15:00:07	Mahesh Somabhai Desai	Bundela Vipul B	Khyati Vipulkumar Bundela	Yogesh Ambalal Patel	15:00:07	15:00:07	301.9	301.9
6	09/09/2011 15:23:51	Mahesh Somabhai Desai	Bundela Vipul B	Khyati Vipulkumar Bundela	Yogesh Ambalal Patel	15:23:51	15:23:51	301	301
7	12/09/2011 09:33:03	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	09:33:03	09:33:03	306	306
8	16/09/2011 13:45:46	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	13:45:46	13:45:44	335.5	335.5
9	16/09/2011 14:04:20	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	14:04:20	14:04:19	339.5	339.5
10	20/09/2011 09:42:22	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	09:42:22	09:42:21	334.8	334.8
11	20/09/2011 10:16:04	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	10:16:04	10:16:03	340.8	340.8
12	20/09/2011 13:57:18	Mahesh Somabhai Desai	Bundela Vipul B	Jigisha Amitkumar Bundela	Vipul Babulal Patel	13:57:18	13:57:17	344.5	344.5

iii. It is also observed that Noticee Nos. 7, 8 and 9 have common address i.e. 9, Bansi Park, Near Kaushaliya Mata Temple, Ellis Bridge Ahmedabad and are therefore connected / related to each other. It is noted that Noticee No. 9 is spouse of Noticee No. 8 whose sell trades got matched with buy trades of Noticee No. 2. As already mentioned, Noticee Nos. 7 to 9 were not mentioned as part of the *Soni Group*, however, they have allegedly connived with the person/entity belonging to the *Soni Group* i.e. Noticee No. 2, in manipulating the scrip price of SGTL.

iv. Thus, Noticee No. 2 in connivance with Noticee No. 7, 8 & 9 have allegedly entered into synchronized trades and manipulated the price of the scrip by repeatedly placing the buy orders above the LTP.

c. **<u>Trades of Miteshgiri Chandangiri Goswami- (Noticee No. 3)</u>**

i. I note from the SCN that Noticee No. 3 has contributed ₹72.25 to positive LTP (gross) in 52 trades for 4,566 shares. On perusal of the trade logs, it is observed that there are 16 instances (trades) where only 1 share was executed and these trades contributed ₹36.45 to positive LTP. Some of the trades of Noticee No. 3 which were placed above LTP is as under:-

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Avail. (Total)	Trade Time	Trade Qty	Trade Price	High/Low for the day
07-Sep-11	18000031007423	A	10:13:40	1	286.60	276.50	286.60 - 288.70	536	10:13:40	1	286.60	275.00 - 288.70
15-Sep-09	17000042025795	A	14:41:25	2000	305.90	306.00	306.00 - 315.00	1,810				298.00 - 330.00
		U	14:42:20	1900	309.95	305.90	309.00 - 310.00	1,800	14:42:20	50	309.00	
									14:42:20	50	309.45	
									14:42:20	50	309.70	
									14:42:20	50	309.90	

ii. It is observed that on September 7, 2011, Noticee No. 3 had placed a buy order for 1 share at 10:13:40 at an order price of ₹286.60 when LTP at order entry was ₹276.50 (i.e. order level LTP variation of 3.65%). The best ask price available was available for 200 share at ₹286.60, thus the trade got executed establishing high price. Thus, by placing an order for only 1 share Noticee No. 3 increased the price of the scrip by ₹10.10.

iii. Further, on September 15, 2009, Noticee No. 3 updated the buy order to 1,900 shares at 14:42:20 for an order price of ₹309.95 when LTP at order entry was ₹305.90 (i.e. order level LTP variation of 1.32%). The best 5 ask price available was for 1,800 shares within the price range of ₹309.00 - ₹310.00. It was observed that the fifth sell order was placed by Noticee No. 3 for 1,600 shares at an order price of ₹310.00 and also Noticee No. 3 placed the buy order at ₹309.95 which is below the sell order rate placed by him.

iv. Therefore, in light of the above, it is observed that Noticee No. 3 has manipulated the price of the scrip of SGTL by repeatedly placing the buy orders in the scrip of SGTL above LTP.

d. **<u>Trades of Dhiren Dharamdas Aggarwal (HUF)- (Noticee No. 4)</u>**

i. From the SCN it is observed that Noticee No. 4 has contributed ₹40.55 to positive LTP (gross) in 36 trades for 5,177 shares. On perusal of the trade logs, it is observed that Noticee no. 4 has contributed significantly to the price on two trading days (i.e. September 16, 2011 - ₹17.75 and September 20, 2011 - ₹20.60). Some of the trades of Noticee No. 4 which were placed above LTP is as under:-

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Available (Total)	Trade Time	Trade Qty	Trade Price	High/Low for the day
16-Sep-11	13000150021893	A	15:02:03	500	350.00	349.00	48.00 - 350.00	474	15:02:03	50	348.80	325.05 - 357.95
									15:02:03	400	349.00	
									15:02:03	15	349.70	
									15:02:03	4	350.00	
16-Sep-11	17000170037722	A	15:03:04	500	357.95	350.00	51.00 - 355.00	185	15:03:04	5	351.00	
									15:03:04	25	352.00	
									15:03:04	5	353.00	
									15:03:04	100	354.90	
									15:03:04	50	355.00	
									15:03:04	50	356.00	
									15:03:04	265	356.90	
16-Sep-11	16000158019752	A	15:03:06	500	357.95	350.00	55.00 - 357.50	2,415	15:03:46	5	355.00	
									15:03:46	290	356.90	
									15:03:46	20	357.00	
16-Sep-11	16000158019787	A	15:04:18	500	357.95	357.00	57.00 - 357.95	500	15:04:18	100	357.50	
									15:04:18	100	357.90	
									15:04:18	10	357.95	

ii. From the above table, it is observed that Noticee No. 4 has been repeatedly placing buy orders above the LTP which led to the increase in price of the scrip of SGTL from ₹248.80 to ₹357.95 which was the high price for the day. Therefore, it is noted that Noticee No. 4 was manipulating the scrip price of SGTL by placing the orders at the high end of LTP.

e. **<u>Trades of Janakray Vithaldas Soni- (Noticee No. 5)</u>**

i. It is noted from SCN that Noticee No. 5 has contributed ₹53.35 to positive LTP (gross) in 6 trades for 62 shares. On perusal of the trade logs, it is observed that there are 4 instances (trades) where only 1 share was executed and these trades contributed ₹47.35 to positive LTP. Some of the trades of Noticee No. 5 which were placed above LTP is as under:-

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Available (Total)	Trade Time	Trade Qty	Trade Price	High/Low for the day
06-Sep-11	18000039000667	A	09:02:47	1	281.15	267.80	-	-	09:15:01	1	281.15	261.00 - 281.15
06-Sep-11	15000038004763	A	09:23:19	1	279.95	261.00	279.95 - 280.00	199	09:23:19	1	279.95	261.00 - 281.15
07-Sep-11	20000045005386	A	09:01:52	1	288.70	274.65	-	-	09:08:13	1	288.70	275.00 - 288.70
20-Sep-1	21000043305353	A	13:51:44	4	344.00	340.00	344.00 - 350.00	80	13:51:44	4	344.00	331.00 - 367.25

ii. It is observed that on September 6, 2011, Noticee No. 5 through trading member Anand Rathi Share & Stock Brokers Ltd. placed the first buy order of the day for only 1 share at 09:02:47 at an order price of ₹281.15 when the previous day last traded price was ₹267.80 (i.e. an order level LTP variation of 5.00%). Further, on September 7, 2011, Noticee No. 5

through trading member Anand Rathi Share & Stock Brokers Ltd. placed the first buy order of the day for only 1 share at 09:01:52 at an order price of ₹288.70 when the previous day last traded price was ₹274.65 (i.e. an order level LTP variation of 5.00%). Both these trades were executed and established new high price on the respective trading days.

iii. From the above table, it is observed that Noticee No. 5 has contributed to the price rise of ₹53.35 by repeatedly placing buy orders above the LTP for very small quantity of shares (i.e. 1 shares in 4 trades) which led to the increase in price of the scrip to ₹281.15 and ₹288.70 which was the highest price on September 6, 2011 and September 7, 2011. Therefore, it is observed that the Noticee No. 5 was manipulating the scrip of SGTL.

f. <u>Trades of Jitendra Hasmukhlal Vyas- (Noticee No. 6)</u>

i. It is noted from the SCN that Noticee No. 6 has contributed ₹25.80 to positive LTP (gross) in 25 trades for 780 shares. Some of the trades of Noticee No. 6 which were placed above LTP is as under:

Date	Order No.	Add Upd Del	Ord. Time	Ord. Qty	Ord. Price	LTP at order entry	Top 5 Ask Price Available (Range)	Top 5 Ask Vol. Available (Total)	Trade Time	Trade Qty	Trade Price	High/Low for the day
05-Sep-11	22000091111396	A	14:40:01	200	265.00	256.00	257.00 - 261.00	28	14:40:01	2	257.00	242.30 - 267.80
									14:40:01	2	258.00	
									14:40:01	2	259.00	
									14:40:01	2	260.00	
									14:40:01	20	261.00	
									14:40:01	2	262.00	
									14:40:01	2	263.00	
									14:40:01	2	264.00	
									14:40:01	150	264.70	
									14:40:01	2	265.00	
05-Sep-11	22000091111894	A	14:41:39	100	267.00	265.00	265.00 - 267.00	1,217	14:41:39	2	266.00	
									14:41:39	35	266.95	
07-Sep-11	16000032080730	A	14:53:46	1	282.80	275.05	282.80 - 285.00	504	14:53:46	1	282.80	275.00 - 288.70

ii. On September 5, 2011, Noticee No. 6 through trading member Sumpoorna Portfolio Ltd. placed a buy order for 200 shares at 14:40:01 at ₹265.00 when LTP at order entry was ₹256.00 (i.e. order level LTP variation of 3.52%). The top 4 sell orders available were placed by Noticee No. 1 for 2 shares each for a price range between ₹257.00 to ₹260.00. The buy order of Noticee No. 6 matched with the sell orders of Noticee No. 1 and established new high price.

iii. Therefore, it is observed that Noticee No. 6 has manipulated the price of the scrip by repeatedly placing the buy orders above LTP.

19. I note that the Noticees have not disputed their transactions and the manner of trading as described in the SCN. The Noticee Nos. 1 to 6 have not disputed the facts that despite availability of large quantity of sell orders, Noticee Nos. 1 to 6 have placed buy orders for small quantities. Considering the trading pattern of Noticees No. 1 to 6 as observed during investigation, their acts and conduct

need to be looked into holistically. It is observed the Noticee Nos. 1 to 6 had collectively purchased total of 51,455 shares during the investigation period out of which 17,348 shares are alleged to have been traded in violation of PFUTP Regulations (i.e. 17,348 shares created positive LTP). It is also observed that the Noticee Nos. 1 to 6 have contributed 31.64% towards positive LTP (gross) as compared to total market positive LTP (gross). Further, Noticee Nos. 1 to 6 have cumulatively contributed ₹397.45 to positive LTP (gross) in cumulative 192 trades.

20. As a matter of fact, it is observed that the scrip of SGTL was not backed by strong fundamental and there was no commensurate corporate announcements or developments made by the SGTL during the said period, which can be attributed to the significant price increase in SGTL during the investigation period. The scrip in question was a fairly traded scrip and the numerous sellers and buyers were available in the market. In such a situation, it is very unusual that when several sell orders in large quantity are available in the market, one buyer places buy order for miniscule quantity involving trades in the shares in single digit and in many cases for 1 share. Such a behavior would be self-detrimental as seeing so much interest on the seller side, no buyers will be willing to buy bulk number of shares. In a real market situation, the buyer and sellers move step by step gauging the interest on the opposite side. Nobody displays such a huge interest which is in complete disconnect with the interest on the other side. The involvement of the Noticee Nos. 1 to 6 in placing such buy orders in an average traded scrip in minuscule quantity repeatedly (some time even for 1 share) and consistently for a longer duration when the large number of sell orders were available in the market indicates the manipulative intent of the Noticees Nos. 1 to 6.

21. In this context, it is relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated July 14, 2006 in *Ketan Parekh Vs. SEBI,* wherein it was held that: *"When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy / sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of* Regulation 4(a) *of the* Regulations.*"*

22. In this context, I also refer to the judgment of Hon'ble Supreme Court in the matter of Kishore R. Ajmera Vs. SEBI, wherein it was held by Hon'ble Supreme court that *"In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. 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 are as on able/prudent man would adopt to arrive at a conclusion."*

23. Further, in the matter of SEBI v/s Rakhi Trading, Hon'ble Supreme Court has held that *"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."*

24. Further, in the said scrip and the trading pattern employed by the Noticees, it cannot be a mere coincidence that the sell trades of Noticee Nos. 7 & 8 were getting ostensibly matched with the buy trades of Noticee No. 2 on a consistent basis during the investigation period and similar modus operandi was observed in the orders matching of Noticee Nos. 1 and 3. Further, Noticee No. 9 was the authorized person of the terminal from where the orders of Noticee No. 2 were entered. As already stated, Noticee No. 9 had familial connections with Noticee Nos. 7 & 8. This goes to prove that the Noticees were acting in concert in the manipulation of the scrip price of SGTL during the investigation period. In this context, it is pertinent to mention here the observation made by Hon'ble Supreme Court in the matter of Ketan Parekh vs. SEBI, where it had observed that "…*A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium...*". In the instant case also, the impugned trades were executed to escape from the regulatory surveillance. Considering the substantial trades undertaken by the Noticees in the scrip during the investigation period and number of trades getting matched amongst the Noticees and also the fact that the buyers

i.e. Noticee Nos. 1 to6 were continuously increasing the scrip price and placing the orders above the LTP, the entire scheme was orchestrated by the Noticees with a view to increasing the scrip price.

25. It is pertinent to mention that every trade establishes the price of the scrip and the trading of Noticee Nos. 1 to 6 at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price or benchmark the price at a desired level and thereby influencing the innocent / gullible investors. Therefore, it can be concluded that the Noticee Nos. 1 to 6 by placing the buy order in SGTL of miniscule quantity when the corresponding sell orders of adequate quantity were available, shows the manipulative intent behind trading pattern. Further, Noticee Nos. 7 to 9 have connived with Noticee No. 2 by indulging in synchronized trades so as to manipulate the price of the scrip of SGTL. The above trading pattern has created a misleading appearance of trading in the scrip. Here, it is important to refer to the observations made by the Hon'ble Securities Appellate Tribunal (SAT) in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI, wherein Hon'ble SAT has held that: *"... but by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors."*

26. The observations made in the aforesaid judgments of Hon'ble Supreme Court and Hon'ble SAT shall apply with full force to the facts and circumstances of the present case. Therefore, applying the ratio of the above judgments and also upon the observation made above, I am convinced that the execution of transactions by the Noticees in the scrip of SGTL, with such consistency in terms of placement of orders above LTP, time, price, quantity, synchronization of the trades with sellers etc. clearly indicates a prior meeting of mind with a view to manipulate the scrip price of SGTL. Thus, the nature of trading, as brought out above, clearly indicates an element of meeting of minds and therefore, a collusion of the Noticees to carry out the transactions to inflate the scrip price of SGTL. The trades of the Noticees in the scrip of SGTL was not only instrumental in artificially inflating the price of the scrip of SGTL, but also had the potential to induce naïve investors, to invest in the scrip of SGTL. The scrip of SGTL increased from ₹232.70 (on August 29, 2011) to ₹387.30 (on September 23, 2011).

27. Therefore, from the foregoing paragraphs and the observations/findings contained therein, I hold that the Noticees have violated the provisions of Sections 12A (a), (b), (c) of SEBI Act and Regulations 3(a) (b), (c), (d) and Regulations 4(1), 4(2)(b) and (e) of PFUTP Regulations.

28. In view of the above, I conclude that the Noticees are liable for monetary penalty under the provisions of section 15HA of the SEBI Act (which existed/relevant at the time period of the transactions), which reads as under:

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 failure, whichever is higher.

29. In this regard, the provisions of Section 15J of the SEBI Act and rule 5 of the Adjudication 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.

30. Having regard to the factors listed in section 15J above and the guidelines issued by Hon'ble Supreme Court of India in *SEBI Vs Bhavesh Pabari Civil Appeal No(S).11311 of 2013* vide judgment dated February 28, 2019, it is noted that from the material available on record, any quantifiable gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors as a result of the default by the Noticees in this case cannot be computed. The above act of artificially increasing the price of scrip have the potential to mislead and induce gullible and genuine investors to trade in the scrip and harm them and, thus, the fundamental tenets of market integrity get violated with impunity due to such fraudulent acts by the Noticees.

31. Clearly, from the above observations, the Noticees were acting in concert under a scheme, and were instrumental in artificially inflating and manipulating the price of the scrip of SGTL during the investigation period. As observed, Noticee Nos.1 to 6 repeatedly placed buy orders in the scrip of SGTL at higher price than the prevailing price in the scrip of SGTL (i.e. above LTP) and Noticee Nos. 7 & 8 repeatedly placed the sell orders for miniscule quantity even though higher buy quantity orders were available and the orders of Noticee Nos. 7 & 8 were matched with Noticee No. 2, and further, Noticee No. 9 has acted as dealer to the Noticee No. 2. Therefore, the above act of Noticee Nos.1 to 6 were instrumental in establishing a price higher than the last traded price of the scrip every time, and thus contributed to significant increase in the price of the scrip of SGTL during the investigation period. Further, Noticee Nos. 7 to 9 had abetted the Noticee No. 2 which enabled Noticee No. 2 to increase the scrip price of SGTL. The transactions detailed above, clearly demonstrates the repetitive nature of the default and significant contribution to the price inflation, on the part of the Noticees. It is pertinent to mention that every trade establishes the price of the scrip and the trading of Noticees

at higher than LTP resulted in the price of the scrip going up artificially and were done with a view to set the price or benchmark the scrip price at a desired level and thereby influencing the innocent/gullible investors. Therefore, it can be concluded that the Noticees have manipulated the price of the scrip of SGTL and created a misleading appearance of trading in the scrip. From the manner in which Noticees executed the above mentioned transactions, the Noticees have violated the statutory provisions of law. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of *Chairman, SEBI Vs Shriram Mutual Fund* {[2006]5 SCC 361} –wherein the Hon'ble Supreme Court of India 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..."*

ORDER

32. Considering all the facts and circumstances of the case, the material available on record, the submissions made by the Noticees and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15I of the SEBI Act r/w rule 5 of the Adjudication Rules, hereby impose monetary penalty on the Noticee under the provision of section 15HA of the SEBI Act for their violation of the provisions of Section 12A(a), (b) and (c) of SEBI Act, 1992 r/w Regulation 3(a), (b). (c), (d), 4 (1), 4(2)(b) & (e) of the PFUTP Regulations, as per below mentioned table. I am of the view that the said penalty is commensurate with the default committed by the Noticees.

Noticee No.	Name of Noticee	Amount of Penalty (₹)
1	Mr. Arif Gulam Mustufa Shaikh	₹3,00,000/-(Rupees Three lakh only)
2	Mr. Mahesh Somabhai Desai	₹2,00,000/-(Rupees Two Lakh only)
3	Mr. Miteshgiri Chandangiri Goswami	₹2,00,000/-(Rupees Two Lakh only)
4	Dhirenkumar Dharamdas Agarwal – HUF	₹2,00,000/-(Rupees Two Lakh only)
5	Mr. Janakray Vithaldas Soni	₹2,00,000/-(Rupees Two Lakh only)
6	Mr. Jitendra Hasmukhlal Vyas	₹1,00,000/-(Rupees One Lakh only)
7	Ms. Jigisha Amitkumar Bundela	₹1,00,000/-(Rupees One Lakh only)
8	Ms. Khyati Vipulkumar Bundela	₹1,00,000/-(Rupees One Lakh only)
9	Mr. Vipul Jigisha Bundela	₹2,00,000/-(Rupees Two Lakh only)

33. The Noticees shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft (DD) in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai and the said DD should be forwarded to the Division Chief, Enforcement Department -I (EFD), Division of Regulatory Action -I [EFD1-DRA-1] SEBI Bhavan, Plot No.C4-A,' G' Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai –400 051 and also send an email to tad@sebi.gov.in with the following detail

1	Case Name	
2	Name of the 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)	

34. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html.

35. 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, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

36. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees viz. Mr. Arif Gulam Mustufa Shaikh, Mr. Mahesh Somabhai Desai, Mr. Miteshgiri Chandangiri Goswami, Dhirenkumar Dharamdas Agarwal – HUF, Mr. Janakray Vithaldas Soni, Mr. Jitendra Hasmukhlal Vyas, Ms. Jigisha Amitkumar Bundela, Ms. Khyati Vipulkumar Bundela, Mr. Vipul Jigisha Bundela and also to the Securities and Exchange Board of India.

Date: May 31, 2022
Place: Mumbai

SURESH B MENON
ADJUDICATING OFFICER