BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-9/ AO/SM/144-162/2018-19]

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

In respect of:

No	Name of the Entity and PAN No.	No	Name of the Entity and PAN No.
1	Sanjay Jethalal Soni (BVSPS9741N)	2	Krupa Sanjay Soni (BVSPS9740P)
3	Krunal Gopaldas Rana (AKMPR9961M)	4	Dhirenkumar Dharamdas Agarwal (AAZPA8189K)
5	J M Soni Consultancy (AAGFJ2939P)	6	Mahesh Somabhai Desai (AMGPD0183P)
7	Amul Gagabhai Desai (AHDPD3526G)	8	Arif Gulam Mustufa Shaikh (CKZPS8073E)
9	Pravinbhai Daduji Thakor (AJLPT7398G)	10	Jimish Jitendrabhai Soni (ADRPS3416L)
11	Nalinkumar Narottambhai Pala (AFHPP7033C)	12	Vishali Jimish Soni (AQHPS2680R)
13	Deepaben Ajaykumar Pala (AFHPP7031A)	14	Shantiben Gangaram Desai (ARLPD2375B)
15	Amitkumar Rana (ASPPR5709L)	16	Miteshgiri Chandangiri Goswami (ARSPG2051Q)
17	Hetalben Rajeshkumar Pala (AFHPP7030B)	18	Nehaben Janakray Soni (AWOPS1717J)
19	Swetha Dilipkumar Soni (BHZPS3214H)		

In the matter of trading by Soni Group in the scrip of M/s. Ushdev International Ltd

Facts of the case:

1. Securities and Exchange Board of India ("SEBI") had conducted investigation in the scrip of Ushdev Interntaional Ltd ("UIL") during April 1, 2010 to January 10, 2011 which was listed on Bombay Stock Exchange ("BSE"), to look into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 ("the Act") and various Rules and Regulations made thereunder. The period mentioned above hereinafter referred to as "Investigation period" or "IP".

2. Pursuant to the investigation, it was alleged that Sanjay Jethalal Soni ("Sanjay"), Krupa Sanjay Soni ("Krupa"), Krunal Gopaldas Rana ("Krunal"), Dhirenkumar Dharamdas Agarwal ("Dhirenkumar"), Mahesh Somabhai Desai ("Mahesh"), Amul Gagabhai Desai ("Amul") and Nalinkumar Narottambhai Pala ("Nalin") had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) (b),(e) and (g) of SEBI (Prohibition of Fraudulent

and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("FUTP Regulations") while trading in the scrip of Ushdev International Ltd ("UIL/Company") and ;

3. J M Soni Consultancy ("JM Soni"), Arif Gulam Mustufa Shaikh ("Arif"), Pravinbhai Daduji Thakor ("Pravin"), Vaishali Jimish Soni ("Vaishali"), Deepaben Ajaykumar Pala ("Deepaben"), Shantiben Gangaram Desai ("Shantiben), Amitkumar Rana ("Amit"), Miteshgiri Chandangiri Goswami ("Mitesh"), Hetalben Rajeshkumar Pala ("Hetal"), Nehaben Janakray Soni ("Janak"), Sweta Dilipkumar Soni ("Sweta") and Jimish Jiterndrabhai Soni ("Jimishhave violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) and (g) of FUTP Regulations while trading in the scrip of UIL. Persons mentioned in para 2 and Para 3 are also collectively referred to as "Entities".

Connection of the Entities:

4. The following connections of the Entities was alleged based on the perusal of details of KYC documents and off-market transfers:

(Table 1)

Sl. No.	**Name of entity**	**Basis of connection**
1.	Sanjay Jethalal Soni	Self
2.	Krupa Sanjay Soni	(1) Krupa Sanjay Soni is wife of Sanjay Jethalal Soni. (2) Krupa Sanjay Soni and Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in. (3) From the bank account transaction statements, it has been observed that there have been regular fund movements between Sanjay Soni and Krupa Soni.
3.	M/s. J.M. Soni Consultancy	(1) Sanjay Soni is the proprietor of M/s. J.M. Soni Consultancy. (2) M/s. J.M. Soni Consultancy and Krupa Sanjay Soni share common address D-19, Karnavati Apts., Near Shradda Petrol Pump Hotel, Ahmedabad and contact no. 9727548290. (3) From the bank account transaction statements, it has been observed that there have been regular fund movements between M/s. J M Soni Consultancy and Sanjay Soni as well as Krupa Soni.
4.	Krunal Gopaldas Rana	(1) Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy share common contact no. 9727548290. (2) From the bank account statement, there have been transfer of funds between Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy on September 3, 2009. (3) On perusal of trades of Krunal Gopaldas Rana with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
5.	Dhiren Dharamdas Agarwal	(1) Dhiren Dharamdas Agarwal and Sanjay Jethalal Soni share common contact no. 9879430033. (2) From the bank account statement, there have been transfer of funds between Dhiren Dharamdas Agarwal and M/s. J.M. Soni Consultancy on July 21, 2010. (3) On perusal of trades of Dhiren Dharamdas Agarwal with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.

Sl. No.	Name of entity	Basis of connection
6.	Shantiben Gangaram Desai	Shantiben Gangaram Desai and Krupa Sanjay Soni / Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in.
7.	Amul Gagabhai Desai	(1) Amul Gagabhai Desai and Shantiben Gangaram Desai share common address 135, Ranuja Nagar Part – 2, Premchand Nagar Road, Jodhpur Ahmedabad. (2) On perusal of trades of Amul Gagabhai Desai with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
8.	Pravinbhai Daduji Thakor	Krupa Sanjay Soni is the introducer. Krunal Gopaldas Rana and Amul Gagabhai Desai are the witnesses**.**
9.	Mahesh Somabhai Desai	(1) Mahesh Somabhai Desai and M/s. JM Soni Consultancy shares common contact no. 9727548290. (2) On perusal of trades of Mahesh Somabhai Desai with Prabhudas Lilladher P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
10.	Arif Gulam Mustafa Shaikh	(1) Arif Gulam Mustafa Shaikh and Krupa Sanjay Soni shares common email id shreejisecurities14@yahoo.co.in. (2) Arif Gulam Mustafa Shaikh and M/s. JM Soni Consultancy shares common contact no. 9727548290.
11.	Jimish Jitendrabhai Soni	From the bank account statement, there have been transfer of funds between Jimish Jitendrabhai Soni and Sanjay Jethalal Soni on May 14, 2010.
12.	Vaishali Jimish Soni	Vaishali Jimish Soni and Jimish Jitendrabhai Soni share common address i.e. 2/8, Akshat Apartment, Nr. B. D. Rav Hall, Bhuyandev, Char Rasta, Mem Nagar, Ahmedabad.
13.	Miteshgiri Chandangiri Goswami	Pravinbhai Daduji Thakor is the introducer.
14.	Amitkumar R Rana	(1) Amitkumar Rana and Miteshgiri Goswami shares common contact no. 9879013113. (2) Received shares in off market from Miteshgiri Chandangiri Goswami in the scrip Oregon Commercial Ltd. on July 28, 2010.
15.	Hetalben Rajeshkumar Pala	Sanjay Jethalal Soni was the introducer and Krupa Sanjay Soni also verified the identification
16.	Nalinkumar Narottambhai Pala	Nalinkumar Narottambhai Pala and Hetalben Rajeshkumar Pala share common address i.e. Maruti Agr. Opp Ankur Protin, Sarkhej Bavla Road, Changodar Taluka, Sanand Ahmedabad.
17.	Deepaben Ajaykumar Pala	Deepaben Ajaykumar Pala and Hetalben Rajeshkumar Pala share common address i.e. Maruti Agr. Opp Ankur Protin, Sarkhej Bavla Road, Changodar Taluka, Sanand Ahmedabad**.**
18.	Sweta Dilipkumar Soni	(1) Sweta Dilipkumar Soni and Darshan Dilipkumar Soni shares common address B-201, Ashray Tower, Opp. Devpriya, Near Anandnagar Cross Road, Vejalpur, Ahmedabad**.** (2) Sanjay Jethalal Soni was the introducer of Darshan Dilipkumar Soni and Krupa

Sl. No.	Name of entity	Basis of connection
		Sanjay Soni also verified the identification of Darshan Dilipkumar Soni.
19.	Nehaben Janakray Soni	Nehaben Janakray Soni is wife of Janakray Vithaldas Soni and Sanjay Soni is the introducer of Janakraj Vithaldas Soni.

5. **Price Volume Analysis:**

   It was alleged that the price of the scrip increased from Rs. 220.00 to Rs. 396.95 during investigation period (i.e. an increase of 80.43%). The price and volume analysis are as under:-

(Table 2)

Period	Dates		Opening Price (volume) on first day of the period (Rs.)	Closing price (volume) on last day of the period (Rs.)	Low price (volume) during the period (Rs.)	High Price (volume) during the period (Rs.)
Pre Investigation period	(01-Jan-10 – 31-Mar-10)	Price	Rs.214.00 (04-Jan-10)	Rs.228.75 (31-Mar-10)	Rs.183.65 (24-Feb-10)	Rs.370.90 (10-Feb-10)
		Vol.	55,081	120	6,158	45,728
Investigation Period	(01-Apr-10 – 10-Jan-11)	Price	Rs.220.00 (01-Apr-10)	Rs.396.95 (10-Jan-11)	Rs.193.00 (05-May-10)	Rs.495.00 (27-Dec-10)
		Vol.	8,951	36,420	19,700	71,898
Post investigation period	(11-Jan-11 – 31-Mar-11)	Price	Rs.409.00 (11-Jan-11)	Rs.332.60 (31-Mar-11)	Rs.274.60 (25-Mar-11)	Rs.486.75 (09-Feb-11)
		Vol.	68,174	10,091	80,449	20,411

6. It was alleged that among the top 10 buy clients (who had contributed 58.76% to the total market volume) and sell clients (who had contributed 53.61% to the total market volume), 7 buy clients and 6 sell clients belong to ."Soni Group" and the following were the trade activities of the below mentioned Entities in the scrip of UIL during IP.

(Table 3)

S.No	Client Name	Gross Buy	Gross Sell	Net Qty.	% of Gross Buy to Mkt. Vol.	% of Gross Sell to Mkt. Vol.	% of Net Qty. to Mkt. Vol.	Sum of LTP diff.	% of +ve LTP to total mkt. +ve LTP
1	Mr. Krunal Gopaldas Rana	742009	739949	2060	9.73	9.71	0.03	290.25	6.21
2	Mr. Amul Gagabhai Desai	626731	619299	7432	8.22	8.13	0.1	133.9	2.7
3	Ms. Krupa Sanjay Soni	541476	539433	2043	7.1	7.08	0.03	108.7	16.44

4	Mr. Mahesh Somabhai Desai	386434	386251	183	5.07	5.07	0	131.65	3.47
5	Mr. Dhirenkumar Dharamdas Agarwal	380127	376960	3167	4.99	4.95	0.04	122.7	3.32
6	Mr. Sanjay Jethalal Soni	293619	292620	999	3.85	3.84	0.01	54.7	2.54
7	Mr. Jimish Jitendrabhai Soni	179874	179873	1	2.36	2.36	0	86.25	1.54
8	Ms. Vaishali Jimish Soni	161628	161628	-	2.12	2.12	0	86.4	1.57
9	Mr. Nalinkumar Narottambhai Pala	140532	140132	400	1.84	1.84	0.01	83.45	2.22
10	Mr. Miteshgiri Chandangiri Goswami	123939	123945	-6	1.63	1.63	0	13.15	0.4
11	Mr. Arif Gulammustufa Shaikh	118855	118855	-	1.56	1.56	0	23.9	0.64
12	Mr. Thakor Pravinbhai Daduji	88691	89320	-629	1.16	1.17	-0.01	9.2	0.62
13	Ms. Deepaben Ajaykumar Pala	86180	85780	400	1.13	1.13	0.01	-0.7	0.7
14	Mr. Amitkumar Rameshchandra Rana	84646	84646	-	1.11	1.11	0	10.95	0.31
15	Ms. Shantiben Gangaram Desai	83715	83886	-171	1.1	1.1	0	36.3	1.4
16	Ms. Nehaben Janakray Soni	74518	74524	-6	0.98	0.98	0	0.85	0.46
17	Ms. Hetalben Rajeshkumar Pala	64749	64349	400	0.85	0.84	0.01	-8.35	1.06
18	M/s. J M Soni Consultancy	53592	53592	-	0.7	0.7	0	28.55	1.15
19	Ms. Sweta Dilipkumar Soni	47349	47372	-23	0.62	0.62	0	3.4	0.18
	Total	42,78,664	46,75,842	20458	61.61	61.34	0.27	1255.85	51.2

(*) – Mkt Vol. Qty 76,22,510

7. It was alleged that Entities had created the misleading appearance in the securities market by trading among themselves through matched trades, self-trades and reversal trades. It was also alleged that there was manipulation in the price of the scrip by contributing to the last traded price, new high price and first trade.

Matched Trades

8. In the instant case, connected entities had traded among themselves during the day and thereby created artificial volume in a scrip, hence the trades of these entities are termed as Match trades. Hon'ble Supreme Court in the matter of Ketan Parekh vs. SEBI 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, matched trades are executed to escape from the regulatory surveillance. Considering the substantial trades by the Group in the scrip and number of trades matched

among themselves, it was alleged that there was meeting of mind elsewhere and it was a deliberate attempt by the entities of the group to create artificial volume in the scrip.

9. On the basis of the connection among Entities, it was alleged that the following Entities who had entered into substantial volume of matched trades (more than 10,000 shares) and executed matched trades repeatedly by trading within the group and thereby created artificial volumes in the scrip, which are summarized below.

(Table 4)

S.No	Client Name	Buy Qty. matched with other Entities	Percentage of total Buy Quantity (%)	Sell Qty. matched with other Entities	Percentage of total Sell Quantity (%)
1	M/s. J M Soni Consultancy	15807	29.50	16505	30.80
2	Mr. Dhiren kumar Agarwal	279249	73.46	293720	77.92
3	Mr. Jimish Jitendrabhai Soni	111969	62.25	114376	63.59
4	Ms. Hetalben Rajesh kumar Pala	13178	20.35	21731	33.77
5	Ms. Deepaben Ajay kumar Pala	46278	53.70	62171	72.48
6	Mr. Nalin kumar Narottambhai Pala	71065	50.57	65501	46.74
7	Mr. Amul Gagabhai Desai	480858	76.72	440405	71.11
8	Mr. Pravinbhai Daduji Thakor	27464	30.97	34741	38.89
9	Mr. Krunal Gopaldas Rana	568948	76.68	577350	78.03
10	Mr. Mahesh Somabhai Desai	254311	65.81	233422	60.43
11	Ms. Vaishali Jimish Soni	80646	49.90	88163	54.55
12	Ms. Shantiben Gangaram Desai	51432	61.44	45280	53.98
13	Mr. Miteshgiri Chandangiri Goswami	60332	48.68	52374	42.26
14	Mr. Amitkumar Rana	16030	18.94	25298	29.89
15	Ms. Nehaben Janakray Soni	28737	38.56	13376	17.95
16	Ms. Sweta Dilip kumar Soni	14051	29.68	13398	28.28
17	Ms. Krupa Sanjay Soni	371849	68.67	384446	71.27
18	Mr. Sanjay Jethalal Soni	183013	62.33	192127	65.66
19	Mr. Arif Gulammustufa Shaikh	52926	44.53	53759	45.23
	Total	2728143	63.76	2728143	64.00

10. It was alleged that sell trades by Krunal, Deepaben, Amul, Krupa, Arif , Krunal, Sanjay and Jimish were placed in such a fashion that trades to the tune of 78%, 72%, 71%, 71%, 65% and 63% respectively were matched within the group, which is quite unlikely in case of trading behavior of any unrelated entities.

Self-Trades:

11. Self-trades are fictitious trades without intention of change in ownership of shares and thereby creating artificial volumes. It was alleged that Krunal, Krupa and Amul by executing self-trades repeatedly (criteria. quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days) had created artificial volumes without intention of change in ownership of shares. The details of their trades are summarized as under:-

(Table 5)

Client Name	Self-Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (Rs.)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Mr. Krunal Gopaldas Rana	43,674	941	74	-3.35	0.58	5.88	5.91
Ms. Krupa Sanjay Soni	17,765	277	66	-22.25	0.23	3.28	3.30
Mr. Amul Gagabhai Desai	11,933	178	32	1.65	0.16	1.91	1.93

<u>Reversal Trades</u>

12. It was alleged that JM Soni, Arif, Dhiren, Jimish, Deepaben, Nalin, Amul, Krunal, Mahesh, Shantiben, Sanjay, Vaishali, Amit and Krupa had executed reversal of trades repeatedly (criteria- quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days) among themselves and total quantity of reverse trade was 6.49% of total gross trade by these Entities during the Investigation period as detailed below:-

(Table – 6)

Name of client	Name of client	Sum of Reversal Qty.	No. of Reversal trades	No. of days of Reversal trades
J M Soni Consultancy	Arif Gulammustufa Shaikh	15,622	1,176	2
Dhirenkumar Dharamdas Agarwal	Deepaben Pala Ajaykumar	19,037	466	2
Dhirenkumar Dharamdas Agarwal	Nalinkumar Narottambhai Pala	10,116	124	2
Dhirenkumar Dharamdas Agarwal	Amul Gagabhai Desai	13,541	568	16
Dhirenkumar Dharamdas Agarwal	Krunal Gopaldas Rana	28,772	1,007	15
Dhirenkumar Dharamdas Agarwal	Mahesh Somabhai Desai	12,473	445	10
Dhirenkumar Dharamdas Agarwal	Amitkumar Rameshchandra Rana	14,757	682	6
Dhirenkumar Dharamdas Agarwal	Krupa Sanjay Soni	25,517	921	13
Dhirenkumar Dharamdas Agarwal	Sanjay Jethalal Soni	15,200	653	7
Dhirenkumar Dharamdas Agarwal	Arif Gulammustufa Shaikh	18,168	1,495	5
Jimish Jitendrabhai Soni	Nalinkumar Narottambhai Pala	11,005	438	4
Jimish Jitendrabhai Soni	Amul Gagabhai Desai	14,089	595	11
Deepaben Ajaykumar Pala	Krunal Gopaldas Rana	20,840	753	8

Name of client	Name of client	Sum of Reversal Qty.	No. of Reversal trades	No. of days of Reversal trades
Nalinkumar Narottambhai Pala	Krunal Gopaldas Rana	17,814	723	11
Amul Gagabhai Desai	Krunal Gopaldas Rana	10,584	881	18
Amul Gagabhai Desai	Vaishali Jimish Soni	12,645	521	14
Amul Gagabhai Desai	Krupa Sanjay Soni	20,348	1,535	37
Krunal Gopaldas Rana	Mahesh Somabhai Desai	23,654	1,366	24
Krunal Gopaldas Rana	Shantiben Gangaram Desai	13,774	364	4
Krunal Gopaldas Rana	Krupa Sanjay Soni	40,410	2,477	45
Krunal Gopaldas Rana	Sanjay Jethalal Soni	12,619	734	19
Mahesh Somabhai Desai	Krupa Sanjay Soni	10,083	488	14
Mahesh Somabhai Desai	Sanjay Jethalal Soni	11,916	635	12
Shantiben Gangaram Desai	Krupa Sanjay Soni	13,914	759	6
Krupa Sanjay Soni	Arif Gulammustufa Shaikh	10,232	588	5
Total		417,130		

Price Manipulation

13. It was alleged that Krupa, Krunal, Amul, Sanjay, Mahesh, Dhiren, and Nalin had contributed 2.00% or more towards positive LTP (gross) in UIL during Investigation period. Details are tabulated in the following table –

(Table – 7)

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	
Krunal Gopaldas Rana	290.25	7,42,009	14,561	471.90	46,355	567	-181.65	24,421	399	6,71,233	13,595	6.21
Amul Gagabhai Desai	133.90	6,26,731	9,636	205.35	30,721	419	-71.45	21,868	210	5,74,142	9,007	2.70
Mahesh Somabhai Desai	131.65	3,86,434	8,526	264.10	17,493	292	-132.45	11,853	224	3,57,088	8,010	3.47
Dhirenkumar Agarwal	122.70	3,80,127	5,655	252.40	27,732	306	-129.70	13,096	253	3,39,299	5,096	3.32
Krupa Sanjay Soni	108.70	5,41,476	12,465	1250.20	37,691	761	-1141.50	38,821	1,419	4,64,964	10,285	16.44
Nalinkumar Pala	83.45	1,40,532	2,497	168.85	9,941	134	-85.40	4,929	133	1,25,662	2,230	2.22
Sanjay Jethalal Soni	54.70	2,93,619	4,944	193.40	20,874	278	-138.70	17,955	212	2,54,790	4,454	2.54
Total of the Group	**925.35**	**31,10,928**	**58,284**	**2,806.20**	**1,90,807**	**2,757**	**-1,880.85**	**1,32,943**	**2,850**	**27,87,178**	**52,677**	**36.90**
Total of the market	**171.25**	**76,22,510**	**1,08,221**	**7,602.90**	**8,96,583**	**7,071**	**-7,431.65**	**6,52,220**	**6,895**	**60,73,707**	**94,255**	**100.00**

14. It was alleged that 2,542 valid orders were placed by Krupa, Krunal, Amul, Sanjay, Mahesh, Dhiren, and Nalin that have resulted in 2,757 trades contributing Rs.2, 806.20 to positive LTP (gross).

15. It was also alleged that Krupa, Krunal, Amul, Sanjay, Mahesh, Dhiren, and Nalin were also counter party sellers with respect to 1131 trades and contributing Rs.591.15 to LTP and 58 of these 1131 trades were self-trades contributing Rs.49.90 to LTP.

NHP (New High Price)

16. New high price is the price which is higher than the price already established in the scrip during the period under consideration. It was alleged that Krupa, Krunal and Dhiren had contributed significantly in NHP during the investigation period. Details of NHP contributed by Krupa, Krunal and Dhiren are tabulated in Table 8:

(Table – 8)

Clients Name	Sum of NHP Qty	No. of Trades	% to total mkt. NHP trades	NHP (Rs.)	% to total mkt. NHP
Ms. Krupa Sanjay Soni	1,268	22	8.56	20.85	7.6
Mr. Krunal Gopaldas Rana	1,298	10	3.89	17.2	6.26
Mr. Dhirenkumar Agarwal	692	5	1.95	6.45	2.36
Total	**3,258**	**37**	**14**	**45**	**16**

Price contribution by First Trade

17. It was alleged that Krupa, Krunal and Dhiren had contributed majorly towards net LTP by participating in First Trades. The details of their first trades contributing towards net LTP are tabulated in Table 9:-

(Table – 9)

Clients Name	Sum of First Trades LTP diff. (Rs.)	No. of First Trades	First Trades Qty.	% to total No. of First Trades	% to total First Trades Qty.
Ms. Krupa Sanjay Soni	129.2	51	1,044	25.89	5.58
Mr. Krunal Gopaldas Rana	44.9	11	1,071	5.58	5.72
Mr. Dhirenkumar Agarwal	32.4	11	80	5.58	0.43

18. It was alleged that Entities had created the misleading appearance in the securities market by trading among themselves through matched trades, self-trades, reversal trades. It was also alleged that there was manipulation in the price of the scrip by contributing significant percentage to the last traded price, New High price and first trade.

Appointment of Adjudicating Officer

19. Vide order dated June 01, 2016 Shri S V Krishnamohan was appointed as Adjudication Officer in terms of Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) read with section 15-I of the Act to inquire and adjudge the aforesaid violation under Section 15 HA of the Act. Subsequent to the transfer of the case, I have been appointed as Adjudicating Officer vide order dated May 18, 2017 to inquire and adjudge under the provisions as enumerated above.

Show Cause Notice, Reply and Personal Hearing

20. Based on the findings, a common Show Cause Notice dated August 09, 2017 ("SCN") was issued to Entities.
21. In response to SCN, Arif, Miteshgiri and Pravin did not file any reply and remaining had appointed their Authorized Representative ("AR") to represent them and file reply to SCN.

No response from Arif

22. The SCN dated July 30, 2017and hearing notice dated September 5, 2017 (hearing scheduled on October 13, 2017) were sent to the following last known address of Arif, as per SEBI records, were returned undelivered :

- 3, Madina row house, Nr Hajibaba Dargah, Sarkhej, Ahmedabad-380002, Gujarat
- 607/22, Mahvir Cloth market, Opp. Old Railway Station Road, Kalupur, Ahmedabad-380002, Gujarat
- F-27, Shakti Arcade, Nr. Shukan Hall, Opp. Water Tank, Science City Road Sola, Ahmedabad – 380060, Gujarat

23. Since the notices were returned undelivered and affixture of the same could not be done, the said notices were uploaded in SEBI website under unserved notices heading and also in terms of Rule 7(4) of AO rules the details of SCN were published on September 5, 2017 and details of hearing notice (hearing scheduled on November 23, 2017) were published on January 30, 2018 in Ahmedabad Editions of Times of India and Gujarat Samachar.
24. Arif had neither replied to SCN nor appeared before me to make his submissions. Having satisfied with the efforts taken by SEBI in serving the notices to Arif, I proceed further with the material available on record.

No response from Miteshgiri and Pravin

25. Despite the SCN (dated August 09, 2017) and hearing notices dated September 18, 2017 (for hearing on October 12, 2017), October 26, 2017 (for hearing on November 7, 2017) and November 8, 2017 (for hearing on November 24, 2017) being served as per the postal records

available before me, Miteshgiri and Pravin had neither replied to SCN nor appeared before me to make his submissions.

26. Having satisfied with the opportunities given to Miteshgiri and Pravin, I proceed further in the matter with materials available on record.

Response of Sanjay, Krupa, Krunal, JM Soni, Mahesh, Amul, Shanti, Dhiren, Amit, Neha, Sweta Soni, Vaishali, Jimish, Deepa, Nalin and Hetal

27. A common SCN dated August 09, 2017 was issued to Sanjay, Krupa, Krunal, JM Soni, Mahesh, Amul, Shanti, Dhiren, Amit, Neha, Sweta Soni, Vaishali, Jimish, Deepa, Nalin and Hetal. In response, a common reply was filed by AR vide letter dated November 6, 2017.

28. As per the principles of natural justice, opportunity of personal hearings were granted on October 12, 2017 and November 6, 2017. On the date of hearing the AR appeared before me and reiterated submissions made vide letter dated November 7, 2017 and undertook to make further submissions by November 24, 2017. During personal hearing AR reported that they are in process of filing Settlement application. As a follow-up action, AR, vide Email dated January 4, 2018 was advised to give clarification on the reply filed and also to provide details of Entity wise settlement application filed. Since no reply had come as stated during the personal hearing, a reminder mail was sent on January 18, 2018 giving further time upto January 23, 2018 wherein it was also stated that failing which the matter would be proceeded based on the material available on record. In the meantime, internal department of SEBI had confirmed that no settlement application has been received as stated.

29. The reply of AR made vide letter dated November 6, 2017 inter-alia states:

29.1 The Trades executed at Table-2, discloses the evident fact that, Net quantity is not match for entire 19 Noticees. The Net surplus quantity in Table 2 is 20458 equity shares and even the Buy and Sell total quantity doesn't match. The total buy and total sell quantity is matched only in the case of Amitkumar Rana, Vishali Jimish Sone and not in the case of any other Noticees.

29.2 The Ushdev International was a liquid scrip and there was buy call from the broker with whom the Noticees were holding the trading accounts.

29.3 The Scrip of Ushdev was liquid and it can be seen from the Table 1 and pre and post investigation period, there is no changed in the volume of shares traded. As per Table 1, pre investigation period, the average trading volume was 31694, during the investigation period it was 38692 and post investigation period it was 43786. It is evident that, even during the alleged period, there is no change in volume of trading of equity shares of Ushdev International Ltd.

29.4 The trades executed at provided in Table 2 doesn't match in toto with the other Noticees. In order to establish, the circular trade, the total net trading quantity must be matched with the group of few sellers. In the instance case, the scrip of Ushdev International Ltd was liquid during the pre and post investigation period and it is incorrect to state that, the trades executed between the parties as provided in Table 2 being circular trade. Further Ushdev was in B Group and intraday trading was allowed in that scrip. Further, for the Noticees, there was no event of delivery failure or failure to meet obligations by either of the Noticees under reply.

29.5 It is sans basis allegation of Circular trading on the Noticees as circular trading is alleged for a period is 9 months. It is also stated that, there has been only vague allegation in the SCN that, there has been fund transfer between some of the Noticees, without specification of amount and name of the bank and transfer amount. There is no iota of evidence even on prima facie basis to form an opinion that, there was exchange of funds between the Noticees during the Investigation period and such funds were related with the alleged share trading in Ushdev.

29.6 Denial of the connection alleged among the noticees.

29.7 The AO has made an attempt to match trades between 19 entities of match trades for a period of more than 198 trading days. The allegation of match trades is purely vague and sans basis as the total share traded during the said period is approx. 76 lacs shares and total shares alleged to have traded between Noticees No. 1 to 19 for matching trades only 27 lacs shares..

29.8 The said table simply doesn't provide the what Buy quantity is matched with what sell quantity and for among which Noticees. No circular trading can be evident from the data at Table 4 as such, vague attempt is made only to match the quantities of buy and sell without reference of any date, time and quantity.

29.9 Similarly, in Table 5 the allegation of self-trade between Noticees 1, 2,and 3 without any basis. Noticees denies the allegation of self-trade in toto and no self-trade was ever carried out by the parties and allegation as contained therein is denied.

29.10 In respect of Table 6, Para 7, the allegation of price manipulation by the Noticees is denied. In respect of allegation of discovery of new high price, the allegation against Noticee 1,2,and 6 is unfounded as AO has alleged this on the basis of 3258 qty of shares, whereas the total volume during the investigation period has been 76 lac shares.

29.11 In respect of allegation of price contribution by First Trade, the same is denied by Noticees 1, 2 and 6. It is submitted that, the allegation is on the basis of 2200 shares, which is miniscule in comparison to total shares traded during the period under consideration.

29.12 It is alleged that Noticee No.1,2,3,4,6,7,8,9,11 and 12 have executed reversal trade with other Noticees, which amounts to 6.49% of gross trading volume of 10 Noticees during the investigation period.

29.13 The Noticees submit that, the Noticees first and foremost do not any alleged group as contemplated in the SCN. It is submitted that, execution of trade as alleged as amongst the Noticees were not executed with any prior knowledge.

29.14 Noticees 1 to 19 have committed no violation of provisions of SEBI (PFUTP) Regulations and therefore, no enquiry be held upon Noticee 1 to 19 under rule 4 of SEBI Adjudication Rules and hence, no penalty be imposed u/s 15 I (1) and (2) and 15 HA of SEBI Act.

Consideration of Issues, Evidence and Findings:

30. I have carefully perused the charges levelled against the Entities in the SCN and all the documents available on record. In the instant matter, the following issues arise for consideration and determination in respect of:

    I. Whether Krupa, Sanjay, Dhiren, Krunal, Amul, Mahesh and Nalin had violated Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a),(b),(e) and (g) of FUTP Regulation?

    II. Whether Mitesh,JM Soni, Jimish, Vaishali, Deepa, Shanti, Amit, Arif, Hetal, Neha, Sweta Soni and Pravin have violated Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of FUTP Regulation?

    III. Does the violation, if any, on the part of Entities attract monetary penalty under Section 15 HA of the Act**?**

    IV. If so, what would be the quantum of monetary penalty that can be imposed on Entities taking into consideration the factors mentioned in Section 15J of the Act?

31. Before proceeding further, I would like to refer to the relevant provisions of PFUTP Regulations.

SEBI (PFUTP) Regulations:

3. Prohibition of certain dealings in securities under SEBI (PFUTP) Regulations 2003

No person shall directly or indirectly—

(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

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

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

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

<u>Relevant provisions of SEBI Act:</u>

Prohibition of manipulative and deceptive devices

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 recognized 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 recognized stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

Findings:

32. On perusal of the material available on record, the following findings have been made :

33. Sanjay as a sub-broker of Prabhudas Lilladhar Pvt Ltd operated under the trade name "Shreeji Securities" in BSE. Most of the Entities are connected to Sanjay in the capacity of clients of Sanjay. As per trade log, Sanjay as executed the trades as a dealer under the user name "Sanjay Soni Jethalal" through the member broker BMA Wealth Creators P Ltd. It is not on record whether Sanjay Jethalal Soni was registered with BMA Wealth Advisors as Sub-broker or he was acting as un-registered sub-broker.

Connection among entities

34. In this order, trade by Entities is seen as a whole as the trades of the Group. In order to establish the fact that Entities were involved as a group and termed as "Soni Group", I have to first get satisfied that the Entities are belonging to "Soni Group" and acted in tandem. In this regard, I would like to rely on the observation of Hon'ble SAT in the following matters:

34.1 Ashlesh Shah Vs SEBI (Misc. Application no.254 of 2017 and Appeal no.265 of 2017):

"…Decision of the WTM that the appellant belonged to Krupa Soni group deserves acceptance, because, admittedly appellant had introduced Krunal G. Rana to the broker for opening the trading account and admittedly Krunal Rana had traded in the RCL scrip for several days during the investigation period. Moreover, it is an admitted fact that the appellant had several financial dealings with J.M. Soni Consultancy a sole proprietary concern of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Ms. Krupa Soni is the wife of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Thus, the facts on record clearly show that the appellant belonged to Krupa Soni group…."

34.2 Master Finlease Ltd vs. SEBI (Appeal no. 334 of 2014)

Argument advanced by the counsel for the appellant that having common address and having shares of Vishvas Securities Ltd. could not be a ground to infer that the appellant was connected with the Vishvas Group is without any merit. In the present case, the Adjudicating Officer has not only established the connection of the appellant with the Vishvas Group but also demonstrated that the trading pattern among themselves resulted in synchronized trades and circular trades which were in violation of the PFUTP Regulations. In these circumstances, the finding recorded by the Adjudicating Officer that the pattern of synchronized order placement and circular trading clearly establish that the transactions were carried out with the intension that the orders of participating entities should match and that there was prior arrangement with respect to those of transactions cannot be faulted. The Adjudicating Officer is justified in holding that the very fact that the Vishvas group entities were trading continuously among themselves by placing orders in such pattern thereby contributing significantly to the total volume in the market cannot be faulted.

35. Further, the common reply filed by the 16 Entities and no response from remaining 3 entities, as stated above and also Sanjay Soni's letter dated nil (received by me on August 28, 2017) in respect of 16 Entities wherein it was stated that Entities are his past clients and his appearance along with AR on behalf of them, clearly established that they are connected.

36. Based on the connection shown, common reply and above observations of SAT, I am convinced with the allegations that Entities were connected to each other and all have acted in tandem to create artificial volume in the scrip and setting aside the defense put up by the Entities on connection among entities in their reply.

Match trade by group

37. Having established that Entities had acted as a group, the allegations and the responses will be dealt as that of the group instead of the individual Entities.
38. One of the allegations against the Entities was that they had indulged in Matched trades as per the data given in Table 4 above. The match trades executed by the group as a whole is given below:

(Table 10)

	Qty	% to market volume of 76,22,510 shares
Total match Trade buy qty by the group	27,28,143	35.79
Total match Trade sell qty by the group	27,28,143	

39. The above table clearly defeat the defense of Entities that the trades are genuine since they had met all the obligations of delivery and fund. No doubt they would have taken delivery and made payment to subvert the malafide intention. However, whatever has been bought has been sold during the investigation period itself without any intention of holding the share. In short, instead of squaring-off during the day, they squared-off during the investigation period when the objective of creation of artificial volume and price manipulation was met, which is apparent from the LTP contribution.

40. Further, it is clear from the above table that whatever bought by the group had been sold and the same make me to set aside the claim of the Entities that total buy quantity and total sell quantity is matched only case of certain entities and not in all.

41. Considering the fact that all these match trades were carried out through a screen-based trading platform on a segment with hundreds of different scrips , the placement of orders repeatedly by modifying the time and rate (observed on analysis of trade log), a significantly high percentage of matching of these orders, appear to be practically impossible unless there is a prior understanding or a pre-meditated plan between the entities executing them.

42. In this regard, I would like to refer to Hon'ble SAT's observation in the matter of Anita Dalal vs. SEBI (Appeal no.211 of 2012) that

a) *"… trades have taken place in the impugned scrips through a group of connected entities like Maruti Group and Maniar Group through reversal, self-trades and off market transactions and the trades of the appellant also substantially fell in the same category and hence the theory of mere coincidence cannot be accepted. It is the case of the Board that reversal, self trades and matching trades have taken place in the dealings of the appellant and the percentage of transactions highlighted by the appellant cannot be considered to be relevant. There cannot be cases of perfect synchronization of time, quantity and volume. The appellant has contributed in the creation of artificial volumes in the scrips when the connected group traded in a manipulative manner…*"

43. Further, I would also like to refer to Hon'ble Supreme court's order in the matter of Rakhi Trading vs SEBI wherein it is observed

"*41. ………. The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market.*

42. We are fortified in our conclusion by the judgment of this Court in Securities And Exchange Board of India v. Kishore R. Ajmera, though it is a case pertaining to brokers, wherein it has been held at paragraph 25:

> *"25. The SEBI Act and the Regulations framed thereunder are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the capital/securities market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light."*
>
> *In this case it was also held that in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or the provision of the Regulations is concerned. To quote:*

"31. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors…" We do not think that those illustrations are exhaustive. There can be several such situations, some of which we have discussed hereinabove.

43. The traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations. Appeal Nos.1969/2011, 3175/2011 and 3180/2011 are hence allowed. The orders of the Securities Appellate Tribunal are set aside and that of the SEBI are restored to the extent indicated above.

44. Further, I would like to refer to the observations of Hon'ble Supreme Court in the matter of Rakhi Trading Vs SEBI, as detailed below, and conclude that the trades executed by the Entities are not genuine.

"35. Having regard to the fact that the dealings in the stock exchange are governed by the principles of fair play and transparency, one does not have to labour much on the meaning of unfair trade practices in securities. Contextually and in simple words, it means a practice which does not conform to the fair and transparent principles of trades in the stock market. In the instant case, one party booked gains and the other party booked a loss. Nobody intentionally trades for loss. An intentional trading for loss per se, is not a genuine dealing in securities. The platform of the stock exchange has been used for a non-genuine trade. Trading is always with the aim to make profits. But if one party consistently makes loss and that too in preplanned and rapid reverse trades, it is not genuine; it is an unfair trade practice. Securities market, as the 1956 Act provides in the preamble, does not permit "undesirable transactions in securities". The Act intends to prevent undesirable transactions in securities by regulating the business of dealing therein. Undesirable transactions would certainly include unfair practices in trade. The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market. Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity.

36. Ordinarily, the trading would have taken place between anonymous parties and the price would have been determined by the market forces of demand and supply. In the instant case, the parties did not stop at synchronised trading. The facts go beyond that. The trade reversals in this case indicate that the parties did not intend to transfer beneficial ownership and through these orchestrated transactions, the intention of which was not regular trading, other investors have been excluded from participating in 46 these trades. The fact that when the trade was not synchronizing, the traders placed it at unattractive prices is also a strong indication that the traders intended to play with the market.

37. We also find it difficult to appreciate the stand of SAT that the rationale of change of beneficial ownership does not arise in the derivatives segment. No doubt, as in the case of trade in a scrip in the cash segment, there is no physical delivery of the asset. However, even in the derivative segment there is a change of rights in a contract. In the instant case, through reverse trades, there was no genuine change of rights in the contract. SAT has erred in its understanding of change in beneficial ownership in reverse trades. Even in derivatives, *the ownership of the right is restored to the first party when the reverse trade occurs. In this context, the discussion in Ketan Parekh (supra) assumes significance:*

> *"20. …As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. 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. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn." (Emphasis Supplied)*

From the facts before us, it is clear that the traders in question did not intend to transfer beneficial ownership and therefore these trades are non genuine.

38. Rather than allowing the market forces to operate in their natural course, the traders repeatedly carried out the impugned transactions which deprived other market players from full participation. The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case.

45. I note in the instant matter the matching of these trades was not noted in a solitary incident or two, instead, a large number of trades got matched regularly. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Entities in the scrip to induce other persons to invest in the said scrip.

<u>Self-trades</u>

46. Krunal, Krupa and Amul had indulged in self-trades by executing 73,372 shares through 1396 trades. Constituting 0.96% market volume as detailed below:

(Table 11)

Client Name	Self-Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (`)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.

Mr. Krunal Gopaldas Rana	3,674	941	74	-3.35	0.58	5.88	5.91
Ms. Krupa Sanjay Soni	17,765	277	66	-22.25	0.23	3.28	3.30
Mr. Amul Gagabhai Desai	11,933	178	32	1.65	0.16	1.91	1.93

47. It is observed from the trade log/Order log that such self-trades were done by Krunal, Krupa and Amul on several days and in certain instances the time difference between buy and sale order was negligible.

48. It is not out of place to mention that if Krunal, Krupa and Amul were genuinely trading in the scrip, then, it should have adopted such modus operandi which is permissible / fair enough and in accordance with regulatory framework, but not such strategy which is not warranted under law. Such placing of orders with no time difference or very less time difference, itself pre assures Krunal, Krupa and Amul that their respective buy/sell orders are most likely to match with itself only. By adopting such mechanism/modus operandi of selling/buying shares to itself during entire listing day in high volumes as compared to total market that too many of them from same terminal, reveals fraudulent / manipulative intent of Krunal, Krupa and Amul to match its respective orders with itself without changing the ownership in such shares, and its intent to create misleading appearance of trading. In the absence of any solid defence rather than mere denial from Krunal, Krupa and Amul and on the basis of material available, I conclude that Krunal, Krupa and Amul had violation the provisions of FUTP regulations by executing self-trades.

Reversal of Trades

49. On considering the materials available on record and the reply of the Entities, I conclude that 14 Entities mentioned in Table- 6 as stated above indulged in reversal trades with an intent not to transfer beneficial ownership and through these orchestrated transactions, the intention of which was not regular trading, other investors have been excluded from participating. My above observation is based on the view expressed by the Hon'ble Supreme Court with respect to the synchronized and reversal of trades carried out by the Entities in the matter of SEBI vs.Rakhi Trading Private Ltd(Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 3174-3177 of 2011 and Civil Appeal No., 3180 of 2011) decided on February 8, 2018 had observed that *"the price discovery system itself was affected by synchronization and rapid reverse trade, which also had the impact of excluding other investors from participating in the market. "*

50. In view of the abovementioned analysis and findings and also in the absence of any cogent defense from the Entities other than mere denial of allegation, I find that the charges leveled against the 14 entities mentioned in Table-6 under the provisions of PFUTP Regulations stand established.

51. It may be relevant to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in its order dated 14.7.2006 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."*

<u>LTP Contribution</u>

52. I note that Krunal, Amul, Mahesh, Dhiren, Krupa, Nalin, Sanjay who are related and connected, had, while acting in tandem, acted in manipulative manner to inflate the LTP of the scrip and manipulated the stock price and created misleading appearance while executing match trades, self-trades and reversal trades and thereby contributed to gross positive LTP of Rs.2,806.20 which contributes to 36.90% of total market positive LTP. I also note that the alleged violation of LTP contribution is not noted in a solitary incident or two, instead, a large number of trades got matched regularly through 2757 trades for 1,90,807 shares. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Entities in the scrip to induce other persons to invest in the said scrip and create misleading appearance.

53. As can be seen from Table 8, Krupa, Krunal and Dhiren had traded extensively in the scrip which resulted in NHP of Rs.45 through 37 trades and 3258 shares. Their contribution 16%

to total market NHP establishes the allegation against them that they had indulged in price manipulation.

54. Here, it is important to refer to the observations made by the Hon'ble SAT in its order dated March 21, 2014 in ***Saumil Bhavnagari Vs. SEBI*** which are as under:

"… 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 Noticees 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. By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of a particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."

First Trade

55. In addition, from Table 9, it can be seen that Krupa, Krunal and Dhiren had also contributed to price manipulation through first trade by contributing to first trade LTP of Rs.206.50 which constitutes 11.73% of total market first trade through 73 trades for 2200 shares. Thus establishes the allegation that they had contributed to LTP through First Trade.

56. The fact is that all 19 Entities had indulged extensively as a group while executing match trades and in addition some entities, as stated above, had also indulged in executing repetitive self-trades, Reversal trades and price manipulation through LTP contribution, NHP and First trade.

57. I find that by indulging in the above mentioned manipulative trades, the Entities not only created artificial volume in the scrip but also gave a misleading appearance of trading in the scrip. The said match trades, self-trades and reversal trades during the investigation period for such volumes and over a period of time further establishes that the Entities were acting in concert and such trades could not have been carried out without the meeting of minds for such manipulation in the market. Thus I conclude that the Entitles being related/connected with one another, had traded in the scrip in a manipulative manner and thus violated Section 12A(a), (b) and (c) read with Regulations 3(a) (b) (c) & (d) 4(1) and 4(2)(a),(b),(e) and (g) of

the FUTP Regulations warranting imposition of monetary penalty under Section 15HA of the SEBI Act.

58. Having established that Entities had violated the provisions FUTP Regulations as stated above, I find the Entities liable for penalty.

59. The penalty levied in terms of the penal provisions as stated below:

Section 15HA of the SEBI Act, 1992 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.*

60. Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** wherein it was observed 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…"*

61. While determining the quantum of penalty under Section 15HA of the Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, 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 removal of doubts, it is clarified that the power to of an adjudicating officer 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.*

62. It is noted that available records does not specify the disproportionate gains or unfair advantage made by the Entities or the specific loss suffered by the investors due to such match trades, self-trades, and reversal trades.

63. Though, as observed above, no quantifiable unfair / disproportionate gain was shown to have been acquired by the Entities in the above mentioned activities, I cannot ignore the gravity of violations involved in the matter. Having established that Entities had executed trades which were manipulative and in my opinion, indulging in trades with manipulative intent to create misleading appearance of trading (as analyzed in pre paras of this order), certainly is in the nature of causing possible adverse impact in disturbing the equilibrium of fair market mechanism. I would also like to take into consideration the adjudication proceedings dealt by me against the same Soni Group in the matters of Parichay Investments Ltd, Saianand Commercial Limited (erstwhile Oregon Commercial Limited) and Shree Global Tradefin Ltd. I am of the opinion that entities of Soni Group are repetitive offenders and they are involved in several manipulative activities. While deciding the quantum of penalty for each Entity, the violations established against them and the repetitive nature of offences have been considered.

64. While levying the penalty, I had taken into consideration the role of Entities in the above referred proceedings dealt by me as detailed below:

64.1 Penalty levied

Scrip Name	**Entity**	**Penalty levied**
Shree Global Tradefin	Krupa, Krunal, Dhiren, Sanjay	Rs.10,00,000 each
	Amul, Mahesh, JM Soni, Jimish, Arif, Pravin	Rs. 5,00,000 each

64.2 Involved in other proceedings before me

Scrip Name	**Entity**
Parichay, Saianand	Krupa, Krunal, Dhiren, Amul, Mahesh, JM Soni, Arif, Vaishali, Mitesh
Parichay	Sanjay, Shantiben, Amit, Nehaben
Saianand	Nalin, Jimish, Deepaben, Pravin

65. Further, I would like to take into account the repetitive offences of the Entities and the penal action taken against them while determining the quantum of penalty as stated in clause (c) of Section 15 J. From the below mentioned table it is clear that despite being penalized on several instances, certain Entities continued to manipulate the market. Further the

punishments should be so severe, to deter the offenders from repeating the same. It appears that despite being penalized on several instances certain Entities continued to manipulate the market. Therefore, I am of the opinion that penalty so levied should be so deterrent that these Entities do not resort to these practices any further. Hence, I am convinced that the penalties levied against the Entities commensurate with their violations and repetitive offences.

(Table 12)

Entity name	Earlier Penal action taken by SEBI
Krupa	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Sanjay	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Penalty of Rs.10 lakh levied in the matter of Hit Kit Global Solutions Ltd which was reduced to Rs.7 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Krunal	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Dhiren	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Amul	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014

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66. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following monetary penalties on Entities:

Sr. No.	Name of the Entity	Nature of findings in brief	Provisions of Law Violated	Penalty Provision	Penalty Amount (In Rs.)
1	Ms. Krupa Sanjay Soni (PAN: BVSPS9740P)	**Match Trade,**	Section 12 (a), (b) and	**15 HA of the Act**	**30,00,000 (Rs Thirty Lacs)**

2	Mr. Krunal Gopaldas Rana (PAN: AKMPR9961M)	**Self-Trade, Reversal Trade, Price Manipulation through LTP contribution, NHP, First trade**	(c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a),(b),(e) and (g) of FUTP Regulation		**30,00,000 (Rs. Thirty Lacs)**
3	Mr. Dhirenkumar Dharamdas Agarwal (PAN: AAZPA8189K)	**Match Trade, Reversal Trade, Price Manipulation through LTP contribution, NHP, First trade**			**25,00,000 (Rs. Twentyfive Lacs)**
4	Mr. Amul Gagabhai Desai (PAN: AHDPD3526G)	**Match Trade, self-trade Reversal Trade, Price Manipulation through LTP contribution**			**20,00,000 (Rupees Twenty lacs)**
5	Mr. Mahesh Somabhai Desai (PAN: AMGPD0183P)	**Match Trade, Reversal Trade, Price Manipulation through LTP contribution**			**15,00,000 (Rupees Fifteen Lacs)**
6	Mr. Sanjay Jethalal Soni (PAN:BVSPS9741N)				**15,00,000 (Rupees Fifteen Lacs)**
7	Mr. Nalinkumar Narottambhai Pala (PAN: AFHPP7033C)				**15,00,000 (Rupees Fifteen Lacs)**
8	M/s. J M Soni Consultancy (PAN: AAGFJ2939P)	**Match Trade, Reversal Trade**	Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of FUTP Regulation		**10,00,000 (Rupees Ten Lacs only)**
9	Mr. Jimish Jitendrabhai Soni (PAN: ADRPS3416L)				**10,00,000 (Rupees Ten Lacs only)**
10	Ms. Vaishali Jimish Soni (PAN: AQHPS2680R)				**10,00,000 (Rupees Ten Lacs only)**
11	Ms. Deepaben Ajaykumar Pala (PAN: AFHPP7031A)				**10,00,000 (Rupees Ten Lacs only)**
12	Shantiben Gangaram Desai (ARLPD2375B)				**10,00,000 (Rupees Ten Lacs only)**
13	Amitkumar Rana (ASPPR5709L)				**10,00,000 (Rupees Ten Lacs only)**
14	Mr. Arif Gulammustufa Shaikh (PAN: CKZPS8073E)				**10,00,000 (Rupees Ten Lacs only)**
15	Mr. Miteshgiri Chandangiri Goswami (PAN: ARSPG2051Q)	**Match trade**			**5,00,000 (Rupees Five lacs)**
16	Hetalben Rajeshkumar Pala (AFHPP7030B)				**5,00,000 (Rupees Five lacs)**
17	Nehaben Janakray Soni (AWOPS1717J)				**5,00,000 (Rupees Five lacs)**

18	Swetha Dilipkumar Soni (BHZPS3214H)				**5,00,000 (Rupees Five lacs)**
19	Mr. Pravinbhai Daduji Thakor (PAN: AJLPT7398G)				**5,00,000 (Rupees Five lacs)**

67. Entities shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment facility into Bank account the details of which are given below:

Bank Name	State Bank of India
Branch	Bandra Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI - Penalties Remittable to Government of India
Beneficiary A/c No	31465271959

68. Entities shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/ T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated should be forwarded to "The Division Chief (Enforcement Department - DRA- I), Securities and Exchange Board of India, SEBI Bhavan, Plot no C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400052 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)	

69. In terms of Rule 6 of the Rules, copies of this order are sent to the Entities and also to the Securities and Exchange Board of India.

PLACE : MUMBAI **SAHIL MALIK**

DATE : 14 November, 2018 **ADJUDICATING OFFICER**