BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/BD/BM/2020-21/7593

UNDER SECTION15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

In respect of:

Sapna Dilip Bombaywala(PAN:AMKPB6719K)
439 Hasam Premji Building, 2nd Floor,
Kalkadevi Road, Mumbai 400002

In the matter of Jolly Plastic Industries Ltd

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as "SEBI") conducted an investigation in the scrip of JPIL based on a reference received from the Principal Director of Income Tax (Investigation), Kolkata. The focus of the investigation was to ascertain whether there were any violations of the provisions of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "SEBI Act, 1992") and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations") by certain entities in scrip of Jolly Plastic Industries Ltd. (hereinafter referred to as "JPIL/Company") during the period February 14, 2012 to November 27, 2014 (hereinafter referred to as "Investigation Period").

2. It was observed that during the investigation period, corporate announcements were related to declaration of financial results and meeting of the Board of Directors of the company. The company made an announcement pertaining to stock split and declared November 14, 2014 as the record date. However, the company later withdrew the record date and announced that the new record date would be intimated after shifting the company's scrip code to demat mode. Further, it was observed from the Investigation Report (hereinafter referred to as "IR") that the net profit of the company for the year ending March 2012 and March 2013 was zero and that of year ending March 2014 and March 2015 was ` 0.01 Crore and ` 0.07 Crore respectively.

3. During the investigation period 91,24,200 shares were traded through 5,549 trades. Trading in JPIL was suspended w.e.f February 17, 2003 on account of non-submission of quarterly results and later revoked w.e.f. February 13, 2012. The scrip was suspended from trading as a surveillance measure since January 7, 2015. There were no trades in the scrip from November 28, 2014, i.e., after the investigation period until January 7, 2015. 5. The scrip was in physical rolling with the market lot size being 100 shares throughout the investigation period. Further, the scrip was traded in 'T' group from February 14, 2012 to August 21, 2014, and started trading in 'P' group on September 02, 2014 (there was no trading in the scrip at BSE during August 22, 2014 to September 01, 2014). The scrip price opened at low price of Rs. 10 on February 14, 2012 and touched a high of Rs. 317 on November 18, 2013 and closed at Rs. 122 on November 27, 2014.

4. Based on price trend (rise/ fall), the investigation period has been split into 5 patches, details of which are given below:

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
Scrip suspended during pre-investigation period							
During Patch-1	14/02/2012 – 18/12/2012	Price	10	90.8	10 (14/02/2012)	90.8 (18/12/2012)	341
		Vol	100	100	100 (on 56 different trading days)	5100 (29/11/2012)	
Patch-2	19/12/2012 – 05/02/2013	Price	92.6	35.55	34.5 (05/02/2013)	92.6 (19/12/2012)	1,430
		Vol	4,900	4,600	100 (on 14 different trading days)	13900 (09/01/2013)	
Patch-3	06/02/2013 – 23/09/2013	Price	34.55	305	34.55 (06/02/2013)	305 (23/09/2013)	14,977
		Vol	500	3,000	100 (on 12 different trading days)	140100 (04/09/2013)	
Patch-4	16/12/2013 – 25/06/2014	Price	288	49.5	49.5 (25/06/2014)	301.8 (16/12/2013)	41,852
		Vol	38,600	100	100 (on 39 different trading days)	459100 (25/03/2014)	
Patch-5		Price	51.95	122	49.65 (03/09/2014)	122 (27/11/2014)	17,750
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
	09/07/2014 – 27/11/2014	Vol	10,600	42,200	100 (on 11 different trading days)	105500 (20/11/2014)	
No trading and subsequently scrip suspended on 07/01/2015							

5. It was observed that Sapna Dilip Bombaywala(hereinafter referred to as Noticee/Sapna), by selling the shares consistently contributed to LTP for 62 consecutive days during the IP, indulged in manipulative and non-genuine trades and thereby, had allegedly violated Regulations 3(a), (b),

(c) and (d) and 4(1), (2) (a) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").

6. SEBI has, therefore, initiated adjudication proceedings against Noticee for the alleged violation of the provisions of Regulations 3 (a),(b),(c),(d) and 4(1), 4(2)(a) and (e) of the PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

7. I have been appointed as the Adjudicating Officer, vide order dated September 28, 2017, under Section 19 of the SEBI Act read with Section15-I (1) of SEBI Act 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as "Adjudication Rules") to inquire and adjudge under Section 15 HA of the SEBI Act 1992, for the alleged violations committed by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

8. A Show Cause Notice (hereinafter referred to as "SCN") bearing ref. no. EAD/BJD/BKM/2279/2018 dated January 23, 2018 was issued to the Noticee under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against her in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15 HA of the SEBI Act, 1992 for the violations alleged to have been committed by the Noticee.

9. In the interest of natural justice and in terms of Rule 4 (3) of the Adjudication Rules, vide e-mail and letter dated March 05, 2020 the Noticee was granted an opportunity of personal hearing on March 24, 2020.

10. Vide e-mail dated March 19, 2020, the authorized representative of Noticee Sapna Dilip Bombaywala sought 15 day time in view of the outbreak of COVID-19 virus, to file the reply to the SCN and also requested to adjourn the hearing scheduled on March 24, 2020. The request of the Noticee was acceded to.

11. Vide e-mail dated April 11, 2020, the hearing was rescheduled on April 20, 2020 through whatsap or Webinar video call.

12. Noticee Sapna Bombaywala, vide letter dated April 18, 2020 replied to the SCN and also appeared through Webinar on April 20, 2020. During the hearing the Noticee reiterated the submission as made earlier vide letter dated April 18, 2020.

13. I am of the opinion that proceeding further in the matter does not cause any prejudice to the Noticee and therefore, I am proceedings in the matter on the basis of the written and oral submission made by the Noticee and material available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

14. The issues that arise for consideration are as under:

A) *Whether the Noticees have violated Regulations 3 (a),(b),(c),(d) and 4(1), 4(2)(a), and (e) of the PFUTP Regulations.*
B) *Does the violation, if any, attract monetary penalty under Sections 15 HA of SEBI Act, 1992?*
C) *If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act,1992?*

LTP Analysis: (Patch: February 14, 2012 to December 18, 2012):

15. It was observed that during Patch-1, the price of the scrip went up from Rs. 10 (open price on February 14, 2012) to close at Rs. 90.8 (December 18, 2012).

Buy Side Analysis Patch-1

i. <u>Top 10 Buy side net positive LTP contributors during Patch-1:</u>

Buyer Name	LTP impact all trades in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact (with LTP diff > 0) in Rs.	QTY traded (with LTP diff > 0)	No of trades (with LTP diff > 0)	LTP impact(with LTP diff < 0) in Rs.	QTY traded (with LTP diff < 0)	No of trades (with LTP diff < 0)	QTY traded (with LTP diff = 0)	No of trades (with LTP diff = 0)	% of Positive LTP to Total Market Positive LTP
Bharat Bagri Huf	**12.7**	**1400**	**13**	**12.7**	**1300**	**12**	**0**	**0**	**0**	**100**	**1**	**15.62**
Sneha Goenka	**9.25**	**1900**	**17**	**9.25**	**1000**	**9**	**0**	**0**	**0**	**900**	**8**	**11.38**
Nathilal Rungta	**4.9**	**2100**	**8**	**4.9**	**500**	**5**	**0**	**0**	**0**	**1600**	**3**	**6.03**
Bhola Jaiswal	**4.55**	**500**	**5**	**4.55**	**400**	**4**	**0**	**0**	**0**	**100**	**1**	**5.60**
Manjulaben Pandya	**4.5**	**2400**	**9**	**4.5**	**400**	**4**	**0**	**0**	**0**	**2000**	**5**	**5.54**
Chandrakanta Laddha	**4.4**	**2300**	**8**	**4.4**	**700**	**3**	**0**	**0**	**0**	**1600**	**5**	**5.41**
RajatShare Broking P L.	**3.66**	**2500**	**8**	**3.66**	**300**	**3**	**0**	**0**	**0**	**2200**	**5**	**4.50**
Rahul Kumar Agrawal	**3.25**	**800**	**6**	**3.25**	**300**	**2**	**0**	**0**	**0**	**500**	**4**	**4.00**
Sachin Rajaram Sawant	**3**	**600**	**4**	**3**	**400**	**2**	**0**	**0**	**0**	**200**	**2**	**3.69**
Sarita Chandak	**2.9**	**2500**	**13**	**2.9**	**300**	**2**	**0**	**0**	**0**	**2200**	**11**	**3.57**
Top 10 Sub Total	**53.11**	**17000**	**91**	**53.11**	**5600**	**46**	**0**	**0**	**0**	**11400**	**45**	**65.33**
Rest Of Market	**27.69**	**9600**	**59**	**28.19**	**3700**	**31**	**-0.5**	**100**	**1**	**5700**	**26**	**34.67**
Market Total	**80.8**	**26600**	**150**	**81.3**	**9300**	**77**	**-0.5**	**100**	**1**	**17100**	**71**	**100.0**

16. I note from table above, the top 10 LTP contributors as buyers have contributed 65.33% in total positive LTP contribution during Patch-1. Further, 6 entities have contributed more than 5% of market positive LTP during the patch.

17. However, it was observed from the analysis that the remaining 3 entities viz. Bharat Bagri HUF, Sneha Goenka, Nathilal Rungta have contributed more than 5% of market positive LTP as buyers as under:

a) Bharat Bagri HUF: Bharat Bagri HUF (Bharat) has contributed Rs. 12.7 (15.62%) of market positive LTP during Patch-1 through 12 trades. Bharat has not contributed towards negative LTP during Patch-1. Further, he had entered into only one trade with 100 shares (minimum lot size) with zero LTP. On examination of these trades, it was observed that all buy orders for these trades were placed before the sell orders at higher than LTP. However, the buy order quantity was significant (in the range of 200-1100).

b. Out of the 12 positive LTP contributing trades of Bharat Bagri HUF, 9 trades were with Sapna Dilip Bombaywala.

c. Sneha Goenka: Sneha Goenka (Sneha) (PAN: BDHPG2498F) has contributed Rs 9.25 (11.38%) of total market positive LTP during Patch-1 through 9 trades. Sneha has not contributed towards negative LTP during the patch. On examination of these trades, it was observed that all buy orders for these trades were placed before the sell orders at higher than LTP. The buy order quantity was significant (in the range 200-900).

d. Out of the 9 positive LTP contributing trades of Sneha, 4 trades were with Sapna Dilip Bombaywala.

e. Nathilal Rungta: Nathilal Rungta (Rungta) has contributed Rs 4.9 (6.03%) of market positive LTP during Patch-1 through 5 trades. Rungta has not contributed towards negative LTP during the patch. On examination of these trades, it was observed that all buy orders for these trades were placed before the sell orders at higher than LTP. The buy order quantity was significant (in the range of 600-100).

f. Out of the 5 positive LTP contributing trades of Rungta, 3 trades were with Sapna Dilip Bombaywala.

Sell Side Analysis Patch-1

18. On analysis of the trading by Top 10 net positive LTP contributors as sellers, the details are as under:

<u>Top 10 Sell side net positive LTP contributors during Patch-1</u>

Seller Name	LTP impact all trades in Rs.	QTY traded (all trades)	No of trades (all trades)	LTP impact (with LTP diff > 0) in Rs.	QTY traded (with LTP diff > 0)	No of trades (with LTP diff > 0)	LTP impact(with LTP diff < 0) in Rs.	QTY traded (with LTP diff < 0)	No of trades (with LTP diff < 0)	QTY traded (with LTP diff = 0)	No of trades (with LTP diff = 0)	% of Positive LTP to Total Market Positive LTP
Sapna Bombaywala	40.34	6500	46	40.34	4100	41	0	0	0	2400	5	49.62%
Bhikam Kothari	3.65	500	4	3.65	400	3	0	0	0	100	1	4.49%
Motilal Jatanlal Begani	3.6	500	5	3.6	300	3	0	0	0	200	2	4.43%
Lalji Ratanji Vanpariya	3.35	900	3	3.35	700	2	0	0	0	200	1	4.12%
Ishwarlal Vanpariya	3.3	600	3	3.3	400	2	0	0	0	200	1	4.06%
Varsha Thakker	2.3	400	3	2.3	200	2	0	0	0	200	1	2.83%
Vijay Borsaliwala	1.8	200	2	1.8	200	2	0	0	0	0	0	2.21%
Parameshwari	1.75	100	1	1.75	100	1	0	0	0	0	0	2.15%
Rameshchandra Shah	1.6	800	2	1.6	300	1	0	0	0	500	1	1.97%
Madhuri Bhagvat	1.55	100	1	1.55	100	1	0	0	0	0	0	1.91%
Top 10 Sub Total	63.24	10600	70	63.24	6800	58	0	0	0	3800	12	77.79%
Rest Of Market	17.56	16000	80	18.06	2500	19	-0.5	100	1	13300	59	22.21%
Market Total	80.8	26600	150	81.3	9300	77	-0.5	100	1	17100	71	100%

19. I note from table above that the top 10 LTP contributors as sellers have 77.79% in total positive LTP contribution during Patch-1. Further, only 1 entity (Noticee) has contributed more than 5% of market positive LTP during the patch.

20. On analysis of the contribution of Sapna Bombaywala who has contributed more than 5% of market positive LTP, the details are as under:

Sl. no	Seller Name	Total No. of trades (LTP >0)	Total no. of orders (LTP>0)	No. of instances with sell order of 100 shares(minimuml	No. of instances with sell order of more than 100 shares	Positive LTP contribution (Rs.)	% of positive LTP to Total Market positive LTP	No. of shares held before these trades (Physical and demat - RTA Statement)	Balance no. of shares held after LTP trades in Patch-1 (Physical and demat - RTA Statement)

				otsize)					
1	Sapna Bombaywala	41	41	41	0	40.34	49.62%	12800	6300*

*based on RTA email dated 22/09/2017 and trade logs as provided by BSE

21. From the trading pattern as mentioned in pre-para, it was observed that Sapna was not acting as a genuine seller and had no bona fide intention to sell because in-spite of sufficient buy orders being available in the market, Sapna released very small quantity of shares in each transaction and performed not more than one transaction a day.

22. By these trades, Sapna matched the price of prevailing buy orders which were placed at a higher price than the last traded price and thus contributed to increase in scrip price with each of her trades. In view of the repeated nature (41 nos.) of such trades by Sapna, her culpability in increasing the price was observed. It was observed from the above trading pattern that the intention of Sapna was to mark the price higher and not merely to enter into sale transactions carried out by Sapna. It was observed that Sapna has contributed to manipulation in the scrip price and created a misleading appearance of trading in the scrip by such trades as explained above.

23. Noticee, vide e-mail dated April 18, 2020, submitted reply to the SCN and the significant parts of her reply are reproduced as under:
    - *that multiple enforcement actions in sequence under section 11(1), 11(4), & 11 B of SEBI Act, 1992 and then Notice under Rule 4 of SEBI (procedure for holding inquiry and imposing penalties by Adjudicating Officer) Rules 1995, are initiated against the Noticee in this scrip which has caused great prejudice to the Noticee.*

- *that she has already suffered debarment for a period of almost a year on account of WTM order till the Hon'ble SAT's order quashing the WTM's order.*
- *that she is a house-wife and that she had inherited various shares from her father-in-law in the month of August, 2012. Further, the Noticee's father-in-law passed away in the year 2014. The said shares were in physical form and the father-in-law transferred said shares to the Noticee because of his incapacity to sign the transfer deeds as he was suffering from early stages of Parkinson's diseases.*
- *Thereafter, the Noticee requested Company to convert the physical shares into dematerialized form which was acceded to by the Company and the said shares were converted into De-Mat form w.e.f. October 05, 2012. The Noticee had total 6500 shares which were sold in Patch 1 out of which only 4100 shares have been alleged to have been contributed to positive LTP.*
- *that the Noticee is not a preferential allottee to the shares of JPIL scrip.*
- *that all her transactions has met the settlement obligations and none of the transactions has resulted into bad-delivery or otherwise.*
- *that the Noticee is nowhere mentioned in the list of entities and that she does belong to any of the groups viz. Jolly Group, Sapra Group, Taneja Group, Mittal Group, Bansal Group, Relan Group, Bhutani Group, Porwal Group, etc. mentioned in para 6 a. Thus, no connection with any of the entity set out in the list is alleged or even brought out in this para or the SCN.*
- *that at para 7 of the SCN, the top 10 buy side net positive LTP contributors are given who have contributed to Rs. 53.11 net LTP with the market total LTP of Rs. 80.8 on the buy side. The top 10 contributors have thus contributed to 65.33% total positive LTP contribution during Patch -1. However, no notice is issued to the buyers and though the Noticee has matched the buy orders, notice is issued to the Noticee which is a clear case of over reach of powers.*

- *that there were always buy orders available on the system and based on those buy order prices the Noticee placed her sell orders. Thus, it is the buyer who has established the price of the scrip and not the seller.*
- *that she has not received disproportionate gain or unfair advantage and have not caused any loss to an investor or group of investors.*
- *that she is not guilty of conduct which is contumacious or dishonest or acted in conscience disregard of law*

Mitigating Factors

- *Hon'ble SAT's judgment dated January 28, 2020 allowing the appeal and quashing WTM's order of debarment on the same set of transactions and allegations.*
- *The Noticee had no connection, association or relationship with the company or its promoters, directors or company circles.*
- *The Noticee had no connection with the counter party buyers or other sellers.*
- *The Noticee sold all her holding in Patch 1.*
- *The Noticee sold shares on 100% delivery basis and thus there is change in beneficial ownership of the shares.*
- *The Noticee's sell orders were placed pursuant to the buyer orders. It was a buyer driven market and scrip was hitting upper circuit.*
- *Trading had upfront preventive surveillance restrictions – Trading was in 'T' Group*
- *The Noticee acted in good faith and was not aware of wrongdoings, if any, of others.*
- *The alleged violation is not repetitive in nature."*

24. I note that price volume data from BSE is as under:

Date	Open	High	Low	Close	WVAP	No of shares	No of trades	Total Tur nover
05/09/2012	16.2	16.2	16.2	16.2	16.2	100	1	1620
06/09/2012	17	17	17	17	17	100	1	1,700
07/09/2012	17.85	17.85	17.85	17.85	17.85	100	1	1,785
08/09/2012	18.7	18.7	18.7	18.7	18.7	100	1	1,870
10/09/2012	19.6	19.6	19.6	19.6	19.6	100	1	1,960

11/09/2012	20.55	20.55	20.55	20.55	20.55	100	1	2,055
12/09/2012	21.55	21.55	21.55	21.55	21.55	100	1	2,155
13/09/2012	22.6	22.6	22.6	22.6	22.6	100	1	2,260
14/09/2012	23.7	23.7	23.7	23.7	23.7	1,200	3	28,440
17/09/2012	24.85	24.85	24.85	24.85	24.85	100	1	2,485
18/09/2012	26.05	26.05	26.05	26.05	26.05	100	1	2,605
20/09/2012	27.35	27.35	27.35	27.35	27.35	100	1	2,735
21/09/2012	28.7	28.7	28.7	28.7	28.7	200	2	5,740
24/09/2012	30.1	30.1	30.1	30.1	30.1	100	1	3,010
25/09/2012	31.6	31.6	31.6	31.6	31.6	100	1	3,160
26/09/2012	33.15	33.15	33.15	33.15	33.15	100	1	3,315
27/09/2012	33.8	33.8	33.8	33.8	33.8	100	1	3,380
28/09/2012	34.45	34.45	34.45	34.45	34.45	100	1	3,445
01/10/2012	35.1	35.1	35.1	35.1	35.1	100	1	3,510
03/10/2012	35.8	35.8	35.8	35.8	35.8	100	1	3,580
04/10/2012	36.5	36.5	36.5	36.5	36.5	200	2	7,300
05/10/2012	37.2	37.2	37.2	37.2	37.2	100	1	3,720
08/10/2012	37.9	37.9	37.9	37.9	37.9	100	1	3,790
09/10/2012	38.65	38.65	38.65	38.65	38.65	100	1	3,865
10/10/2012	39.4	39.4	39.4	39.4	39.4	100	1	3,940
11/10/2012	40.15	40.15	40.15	40.15	40.15	100	1	4,015
12/10/2012	40.95	40.95	40.95	40.95	40.95	1000	3	40950
15/10/2012	41.75	41.75	41.75	41.75	41.75	100	1	4175
16/10/2012	42.55	42.55	42.55	42.55	42.55	100	1	4255

25. I note from the trading pattern of the Noticee that it was only a seller in the scrip and did not buy any share of the company during patch 1 of the investigation report. I also note that shares of the company during the relevant period was in T segment i.e. any purchase or sale has to result in compulsory delivery and intraday squaring of positions are not permitted. Stock exchange transfer to Trade to Trade Segment Further, the scrip was traded in 'T' group from February 14, 2012 to August 21, 2014,

26. Further, I note that consequent to transfer of trading to T segment, I note that trading took place only on 4 days, where the number of shares and number of trades were minimal, prior to the day the Noticee started selling the shares. The details of the trades are as under:

Date	Open	High	Low	Close	WVAP	No of shares	No of trades	Total Turnover
01/06/2012	13.37	13.37	13.37	13.37	13.37	100	1	1,337
30/07/2012	14.03	14.03	14.03	14.03	14.03	100	1	1,403
17/08/2012	14.73	14.73	14.73	14.73	14.73	100	1	1,473
30/08/2012	15.46	15.46	15.46	15.46	15.46	1,100	3	17,006

27. I note that next trading day after August 30, 2012 was on September 5, 2012 which is when the Notice sold first lot of 100 shares at the rate of Rs. 16.2/- . Subsequently I note from trading pattern of the scrip during the period of sale by the Noticee that the price of the scrip opened and closed at upper circuit filter for continuous 62 days wherein the price at the start of the sell trade by the Noticee on September 5, 2012 was Rs. 16.2/- and it was closed on the 62nd days i.e. December 10, 2012. Out of these 62 days the Noticee had sold shares on first 29 consecutive days where the number of trades were one and volume was 100 shares in majority of the cases. Further out of 62 trading days Noticee sold shares on 41 days and has contributed Rs 40.34 (49.62%) of total market positive LTP during Patch-1 through 41 trades. A summary of the positive LTP contributing trades of Sapna is placed below:

Trade Date	Buyer Name	Seller Name	LTP at Sell Order Entry	Trade Price	LTP Difference	Buy Order Volume	Sell Order Volume	Buy Order LMT	Sell Order LMT
05.09.2012	Rajesh Maganbhai Bhajiwala	Sapna Dilip Bombaywala	15.46	16.2	0.74	100	100	09:15:00	15:05:44
06.09.2012	Rajesh Maganbhai Bhajiwala	Sapna Dilip Bombaywala	16.2	17	0.8	100	100	09:15:00	15:20:51
07.09.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	17	17.85	0.85	1100	100	09:15:00	09:37:10
08.09.2012	Sneha Goenka	Sapna Dilip Bombaywala	17.85	18.7	0.85	900	100	11:15:01	12:13:45
10.09.2012	Vishnu Daji Hode	Sapna Dilip Bombaywala	18.7	19.6	0.9	100	100	09:15:00	15:18:00
11.09.2012	Ramaswamy Manickam Subramaniam	Sapna Dilip Bombaywala	19.6	20.55	0.95	500	100	09:15:00	15:22:35
12.09.2012	Ramaswamy Manickam Subramaniam	Sapna Dilip Bombaywala	20.55	21.55	1	400	100	09:15:00	15:08:05

Trade Date	Buyer Name	Seller Name	LTP at Sell Order Entry	Trade Price	LTP Difference	Buy Order Volume	Sell Order Volume	Buy Order LMT	Sell Order LMT
13.09.2012	Manjulaben Sukhdev Pandya	Sapna Dilip Bombaywala	21.55	22.6	1.05	2000	100	09:15:00	13:34:52
14.09.2012	Sneha Goenka	Sapna Dilip Bombaywala	22.6	23.7	1.1	200	100	09:15:00	09:28:37
17.09.2012	Shubh Vinayak Trading And Investments Pvt Ltd	Sapna Dilip Bombaywala	23.7	24.85	1.15	1000	100	09:15:00	14:59:16
18.09.2012	Sarita Chandak	Sapna Dilip Bombaywala	24.85	26.05	1.2	5000	100	09:15:00	15:06:05
20.09.2012	Sneha Goenka	Sapna Dilip Bombaywala	26.05	27.35	1.3	300	100	09:15:00	10:50:27
21.09.2012	Chandrakanta Laddha	Sapna Dilip Bombaywala	27.35	28.7	1.35	3000	100	09:15:00	09:22:51
24.09.2012	Manjulaben Sukhdev Pandya	Sapna Dilip Bombaywala	28.7	30.1	1.4	3000	100	09:15:00	15:24:04
25.09.2012	Namrata Begani	Sapna Dilip Bombaywala	30.1	31.6	1.5	400	100	09:15:00	15:25:20
26.09.2012	Nathilal Rungta	Sapna Dilip Bombaywala	31.6	33.15	1.55	1000	100	09:15:00	15:24:34
27.09.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	33.15	33.8	0.65	700	100	09:15:00	15:11:45
28.09.2012	Sneha Goenka	Sapna Dilip Bombaywala	33.8	34.45	0.65	100	100	09:15:00	15:16:25
01.10.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	34.45	35.1	0.65	600	100	09:15:00	15:21:02
03.10.2012	Jayesh Narendra Kesharia Huf	Sapna Dilip Bombaywala	35.1	35.8	0.7	1000	100	09:15:00	15:12:38
04.10.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	35.8	36.5	0.7	400	100	09:15:00	13:06:16
05.10.2012	Mukesh Kumar Sukhani	Sapna Dilip Bombaywala	36.5	37.2	0.7	200	100	09:15:00	11:32:14
08.10.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	37.2	37.9	0.7	200	100	09:15:00	11:13:08
09.10.2012	Nathilal Rungta	Sapna Dilip Bombaywala	37.9	38.65	0.75	1000	100	09:15:00	09:48:28
10.10.2012	Jayesh Narendra Kesharia Huf	Sapna Dilip Bombaywala	38.65	39.4	0.75	900	100	09:15:00	09:44:22
11.10.2012	Mukesh Kumar Sukhani Huf	Sapna Dilip Bombaywala	39.4	40.15	0.75	200	100	09:15:00	09:43:05
12.10.2012	Jayesh Narendra Kesharia Huf	Sapna Dilip Bombaywala	40.15	40.95	0.8	800	100	09:15:00	09:47:07
15.10.2012	Sonal Agarwal Huf	Sapna Dilip Bombaywala	40.95	41.75	0.8	500	100	09:15:00	09:15:34
16.10.2012	Cosco Vanijya Pvt Ltd	Sapna Dilip Bombaywala	41.75	42.55	0.8	2000	100	09:15:00	15:04:56
18.10.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	43.4	44.25	0.85	600	100	09:15:00	09:34:15
25.10.2012	Sonal Agarwal Huf	Sapna Dilip Bombaywala	46	46.9	0.9	500	100	09:15:00	15:26:42
26.10.2012	Nathilal Rungta	Sapna Dilip Bombaywala	46.9	47.8	0.9	600	100	09:15:00	15:18:17
29.10.2012	Manjulaben Sukhdev Pandya	Sapna Dilip Bombaywala	47.8	48.75	0.95	1500	100	09:15:00	15:24:55
30.10.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	48.75	49.7	0.95	600	100	09:15:00	15:24:19
06.11.2012	Rohit Begani Huf	Sapna Dilip Bombaywala	52.65	53.7	1.05	300	100	09:15:00	15:18:48

Trade Date	Buyer Name	Seller Name	LTP at Sell Order Entry	Trade Price	LTP Difference	Buy Order Volume	Sell Order Volume	Buy Order LMT	Sell Order LMT
08.11.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	54.75	55.8	1.05	500	100	09:15:00	15:20:56
13.11.2012	Manjulaben Sukhdev Pandya	Sapna Dilip Bombaywala	56.9	58	1.1	900	100	15:45:00	16:26:43
20.11.2012	Nirav Rajababu Gandhi	Sapna Dilip Bombaywala	61.5	62.7	1.2	300	100	09:15:00	15:24:01
22.11.2012	Bhola Jaiswal	Sapna Dilip Bombaywala	63.95	65.2	1.25	300	100	09:15:00	15:28:14
06.12.2012	Bharat Bagri Huf	Sapna Dilip Bombaywala	76.2	77.7	1.5	300	100	09:15:00	15:22:43
10.12.2012	Rahul Kumar Agrawal	Sapna Dilip Bombaywala	79.25	80.8	1.55	2500	100	09:15:00	15:22:35

28. From the above table, I note that these positive LTP contributing trades of Sapna were carried out on consecutive days. Further, only in 4 trades out of the 41 positive LTP contributing trades of Sapna, the buy quantity was small i.e 100 shares (minimum lot size). The buy orders were placed for more than 100 shares, infact, one buy order quantity was for 5000 shares. Thus, buy orders for large quantity of shares were available before placing sell order but the seller i.e. Sapna chose to sell minimum quantity (i.e. 100 shares-one lot size) in each of the 41 positive LTP contributing trades repeatedly despite having sufficient number of shares and contributing to significant positive LTP.

29. I note from the pattern of trades of the Noticee that the counterparty buyers are scattered and not structured. The trades are not synchronized. Besides, there is no connection between the buyer and seller.

30. The manipulative scheme of trade is apparent from the trade of Noticee especially when she had traded continuously for 41 days with the same pattern contributing to positive LTP. Therefore. I don't find merit in the submission of the Noticee that seller cannot be alleged for fraudulent trades when no buyer for the trades has been alleged.

31. On analysis of Noticee's trades during the financial year 2012-2013, I note that as a seller the Noticee has started trading only from September, 2012 which is when she was trading in the extant scrip and has traded in two other scrip only, one of which was delisted on October 29, 2013. The Noticee had only executed 1 trade in that delisted scrip. As a seller when the Noticee was trading in the scrip of JPIL during the period September, 2012 to December, 2012, she was not trading in any other scrip as a seller. Further her sell order quantity in the other 2 scrip were in the range of 431 shares to 1,800 shares. As a buyer also, Noticee has traded only in 2 scrip in the financial year 2012-2013 and has executed trades only on 2 days in the said 2 scrip.

32. I note from the above that the Noticee was not active in the market during the financial year 2012-2013 and was mainly trading in the scrip of JPIL. From her trading in other scrip as seller, I find that the Noticee does not normally put sell orders for miniscule quantity of shares. Noticee's trading behavior in the scrip Order in scrip of JPIL does not follow her pattern of putting sell orders in other scrip. Hence, the trading behavior of the Noticee in other scrip also does not justify her trading in JPIL which has already been held to be manipulative.

33. In the instant matter Noticee has repeatedly sold shares in minimum lot over the LTP at frequent intervals, even though she had the opportunity to sell more shares on multiple occasions. If the Noticee was a genuine seller then she had the opportunity to sell share in more than 1 lot on multiple occasions but still the Noticee chose not to sell share in more than 1 lot at a time and continued to execute sell trades at successive higher prices by selling just 1 lot at a time on 41 instances. Moreover, Noticee's trading behavior in JPIL was at variance from her trading pattern in other scrip.

All the aforesaid, indicates that the Noticee was not a genuine trader in the scrip.

34. In view of the above, the findings that have been gathered from various circumstances for instance overall trades executed in the scrip (number of trades executed on each trading day) including the average volume during patch-1, volume of the trade effected by the Noticee vis-à-vis her holding, the period of persistence in trading in the scrip, the particulars of the buy order in the market and her sell orders, trading behavior in other scrip, the totality of the picture that emerges leads to the conclusion that Noticee by executing the aforesaid sell trades has manipulated the price of the scrip and has created a misleading appearance of trading in the scrip.

35. Further, from the trading pattern of the scrip I also note that on majority of days there was only one trade on the upper circuit price. I am of the view that upper circuit price indicates that there is demand for the scrip. Unless there is a seller the closing price would not be registered on the day. Had seller/Noticee not sold the share the price would not have been registered although there is demand for the scrip from the buyers. Thus, from the facts and circumstances of the case the role of the seller in registering the price is evident. So in this context it is important to ascertain the source of share and its connection with the company.

36. I note that Noticee in reply to SCN has submitted that *she had inherited various shares from her father-in-law in the month of August, 2012. Further, the Noticee's father-in-law passed away in the year 2014. The said shares were in physical form and the father-in-law transferred said shares to the Noticee because of his incapacity to sign the transfer deeds as he was suffering from early stages of Parkinson's diseases. Thereafter, the Noticee requested Company to convert the*

physical shares into dematerialized form which was acceded to by the Company and the said shares were converted into De-Mat form w.e.f. October 05, 2012.

37. I note from the submission of the Noticee that she inherited the shares from her father in law in 2012. However, I note that her father in law was alive in 2012 and expired in the year 2014 as submitted by her.

38. It is also on record that her father in law was incapacitated to sign as he was suffering from the early stage of Parkinson disease. However, admittedly in absence of the signature of registered owner of the shares it is surprising to know how the company transferred the share to the Noticee. Further I also note from the submission of the Noticee that the company has acceded the request of the Noticee to convert physical shares into demat shares clearly suggest the irregular manner of converting physical shares by the company, in absence of any valid document to prove otherwise. Further, there is also no documentary evidence to substantiate that the share was inherited in a valid manner. Therefore, it is apparent from the face of record that the Noticee was well connected with the company which allowed the Noticee to transfer the share in noticee's name even without signature of the registered owner of shares i.e. her father in law. Therefore, the submission of the Noticee that she was not connected with anyone is devoid of merit.

39. I note that Noticee had demated share so inherited from physical form in year 2012. As per her own submission the shares were demated with effect from October 5, 2012. However, she had sold shares from September 5, 2012 onwards. This indicates that she sold the shares when she was not in possession of the shares.

40. I note that proceedings initiated under section 11(1), 11(4), & 11 B of SEBI Act, 1992 against the Noticee on the same transactions during the IP had resulted in an order dated February 12, 2019 by which the Noticee was debarred from the stock market for a period of 6 years. However, the appeal against the aforesaid order was subsequently allowed.

41. I also note that the Order dated February 12, 2019 was set aside in the absence of evidence for collusion between the buyer and the seller. However, I find from the facts and circumstances and material available on record that by conduct of the Noticee it is well substantiated and established that she had acquired shares in irregular manner from company and thus connection with company is indirectly established.

42. From the trading pattern of the Noticee, I note that the Noticee had sold shares in staggered manner in small quantity on number of days consecutively at upper circuit price. It is surprising to note that although there were buyers to absorb the shares available with the Noticee as mentioned in above para, Noticee had decided to sell shares with minimum quantity suggesting that Noticee was reasonably confident that the price would rise and that she would be able to offload shares at higher price. I am of the view that in a normal circumstances the price of the scrip would not register consecutive increase for number of days as other shareholders holding shares of the company (as it is T segment) would participate in the market by selling shares at every increase in price. Such market mechanism will stabilize price unless manipulators or group of connected entities act in concert to manipulate the price by having control over the floating stock available in the market. The pattern of trading observed in the scrip clearly suggests that floating stock is restricted to

few entities. Thus, I conclude from the trading pattern of the Noticee, manner and timing of irregular conversion of physical shares in demat, failure to sell shares though buyers were available and decision to sell in tranches for 41 consecutive days that Noticee was aware of the scheme of manipulations and actively participated by selling shares in staggered manner only with the purpose of manipulating price as evident from the contribution to LTP as mentioned in above paras.

43. It is noted from the material made available on record that during patch 1 the scrip was in physical rolling with the market lot size being 100 shares. From the records, it is observed that the Noticee has executed 46 sell trades in the scrip for 6,500 shares. Out of the said 46 trades, 41 trades were over the LTP for 4,100 shares. It is noted from the trade details of the Noticee that she has placed sell orders on 41 consecutive trading days (in between there was a gap of couple days) and at a successive higher rate. From the material made available on record, I note that though the Noticee was holding substantial number of shares, the Noticee was releasing miniscule quantity of shares (1 lot) even though there were large pending buy orders over the LTP. The days when the Noticee had executed the said 41 trades, pending buy orders were in the range of 100 shares to 5,000 shares. On the third and fourth day of Noticee's trading, the buy order disclosed volume was 1,100 shares and 900 shares respectively. It was observed that when the Noticee was trading, out of the 62 trading days, on 48 trading days only 1 trade was executed in the scrip and out of the remaining 14 trading days, on 7 trading days 2 trades were executed. This coupled with the fact that the average volume in the scrip during patch- 1 of the investigation period which spanned for 10 months, was 341 shares, would make a prudent investor to sell its shares at the very first opportunity that he/she is coming across. In the given

situation, there were considerable buy orders quantity pending in the system and that too over the LTP. It is not the case of the Noticee that on multiple occasions she had placed sell orders for more than a lot and the order was not executed. Rather in the instant case, the Noticee's sell orders were placed after buy orders, so she could very well see that there were pending buy orders in the system Order in scrip of JPIL for more than a lot (except on 4 instances) but still she chose to execute her sell trades in minimum lot each consecutive day.

44. Furthermore, out of the said 41 over the LTP trades, it is noted that the frequency of putting sell orders over the LTP was on consecutive trading days with a maximum gap of couple of days. The same shows a consistency (both in terms of volume and price) in the way the Noticee was putting orders in the scrip.

45. In the extant matter the Noticee by executing trade in minimum lot on 41 occasions has contributed to Rs. 40.34/- to the positive LTP which is 49.62% of total market positive LTP (highest net LTP contributor during the patch).

46. Based on the trading pattern of the Noticee in the scrip, it is held that the same is not genuine but is manipulative in nature.

47. I note that trades at higher than LTP, undoubtedly have a potential of raising the price of the scrip and the same gives a wrong impression about the price of the scrip in the market based on miniscule quantities traded. It must not be forgotten that every trade establishes the price of the scrip and trades executed at higher than LTP results in the price of the scrip going up which may influence the innocent/gullible investors. In cases of market manipulation, admittedly, no direct evidence would be

forthcoming / available. Manipulative transactions are to be tested on the conduct of parties and abnormality of practices which defy normal logic and laid down procedures. In this regard, the observations of Hon'ble Supreme Court of India in **SEBI Vs. Kishore R Ajmera et.al.** decided on February 23, 2016 wherein the Hon'ble Court while deciding the matter under SEBI Act, 1992 and PFUTP Regulations where there was no direct evidence forthcoming, observed as follows: *"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 Order in scrip of JPIL may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion…"*

48. Taking support of the observations of Hon'ble Apex Court in Kishore R Ajmera matter, I note that in order to determine whether a trade is manipulative in nature or not, the same has to be inferred from the attending circumstances because direct evidence in such cases may not be available. The list of factors to be taken note of, 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 attending circumstances an inference will have to be drawn.

49. I would like to reproduce the relevant provisions of PFUTP Regulations:

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 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.

Regulation 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.

(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:-

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

…

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

50. The PFUTP Regulations apart from other things aim to preserve and protect the market integrity in order to boost investor confidence in the securities market. By executing manipulative trades, as has been executed by the Noticee in the instant matter, the price discovery system itself is affected. It also has an adverse impact on the fairness, integrity and transparency of the stock market.

51. In view of above facts and circumstances of the case, it is established that the price of the scrip increased because of placing of the orders by the said Noticees in a manipulative manner. Therefore, I conclude that the trades

done by the Noticee are in violation of Regulations 3(a), (b), (c), & (d), 4(1), 4(2)(a) & (e) of PFUTP Regulations, thus, liable for monetary penalties as prescribed under Section 15HA of the SEBI Act, 1992 (as existed during the period of violation) which reads as under:

Penalty for fraudulent and unfair trade practices

Section 15HA SEBI Act. 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.

52. While determining the quantum of penalty under Section 15HA of the SEBI Act, 1992, 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 15I, the adjudicating officer shall have due regard to the following factors, namely:.
- *the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
- *the amount of loss caused to an investor or group of investors as a result of the default;*
- *the repetitive nature of the default.*

Explanation: *For removal of doubts, it is clarified that the power 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.*

53. The Hon'ble Supreme Court of India in the matter of **SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) and (2006) 131 Comp. Cas. 591 (SC)** held that "In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and

the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant."

54. From the material available on record, it is not possible to exactly quantify any gain or unfair advantage accrued to the Noticee or the extent of loss suffered by the investors as a result of the default of the Noticee. However, I find that pursuant to the scheme of trading executed by them with the intention to create artificial volume by attracting gullible investors to make substantial ill-gotten gains.

55. However, I also take note of Noticee submission relating to delay in proceedings. I observe that the subject transactions took place more than a decade back and it may have in some way affected the Noticee defense adversely.

ORDER

56. 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 of the Act and Rule 5 of Rules, I hereby impose a monetary penalty of Rs. 5,00,000/- (Rupees Five Lakh Only) on the Noticee, i.e., Sapna Dilip Bombaywala for the fraudulent trade conducted by her.

57. I am of the view that the said penalty would be commensurate with the violations committed and acts as a deterrent factor for the Noticee and others in protecting the interest of investors and markets.

58. The Noticee 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

through online payment facility available on the SEBI website www.sebi.gov.in on the following path by clicking on the payment link.

ENFORCEMENT → Orders → Orders of AO → PAY NOW

59. The Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Division Chief, Enforcement Department-I, DRA-I, SEBI, in the format as given in table below:

Case Name	
Name of Payee	
Date of payment	
Amount Paid	
Transaction No	
Bank Details in which payment is made	
Payment is made for	Penalty

60. In the event of failure to pay the said amount of penalty within 45 days from May 3, 2020 or on the receipt of this Order whichever is later, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, inter alia, by attachment and sale of movable and immovable properties.

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

Date: April 29, 2020 **B J DILIP**
Place: Mumbai **ADJUDICATING OFFICER**