BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/AD/2021-22/15048]

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

In respect of

Mr. Dhananjay Kumar

[PAN: BLIPK6750R]

In the matter of Kushal Tradelink Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as **'SEBI'**) had conducted investigation into the trading activities of certain entities in the scrip of Kushal Tradelink Limited (hereinafter referred as **'Company / KTL')**, for the period from August 01, 2014 to March 11, 2015 (hereinafter referred to as "**Investigation Period/IP**"). During the IP, KTL was listed on the SME Platform of BSE Limited (hereinafter referred to as "**BSE**) and thereafter, on November 09, 2015, trading in the scrip was migrated from SME platform to BSE. The focus of investigation was to ascertain whether there was any violation of the provisions of the securities laws. Pursuant to the aforementioned investigation, SEBI observed violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of the SEBI (Prohibition

of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**) by Mr. Dhananjay Kumar (hereinafter referred to as "**Noticee /By Name"),** Mr. Amratbhai Chaturdas Patel **(referred to as "Noticee 1")**, Mr. Narendrabhai Shivabhai Parmar **(referred to as "Noticee 2")**, Mr. Sandeep Kumar Prakashbhai Prajapati **(referred to as "Noticee 3")** and Mr. Savan Keshavlal Prajapati **(referred to as "Noticee 4")** (Noticees 1 to 4 hereinafter collectively referred to as "**connected entities**") (Noticee along with connected entities is collectively referred to as "**Group Entities**").

2. Therefore, SEBI initiated adjudication proceedings against Group Entities and appointed Ms. Rachna Anand (hereinafter referred to as "**erstwhile AO**") to inquire and adjudge under Section 15HA of SEBI Act, 1992 (hereinafter referred to as '**SEBI Act'**), the aforesaid alleged violations of provisions of PFUTP Regulations by them.

3. A common Show Cause Notice no. E&AO/RA/JP/20599/2017 dated August 31, 2017 (hereinafter referred to as "**SCN**") was issued to Group Entities by the erstwhile AO in terms of Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) to show cause as to why an inquiry should not be initiated against them and penalty should not be imposed upon them under the provisions of Section 15HA of SEBI Act, for violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations, alleged to have been committed by them.

4. The erstwhile AO, vide common Adjudication Order dated December 22, 2017 (hereinafter referred to as '**Adjudication order'**), concluded that Group Entities had violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP

Regulations and imposed a penalty of Rs. 20,00,000 (Rupees Twenty Lakh only) on each of them.

5. Thereafter, an appeal, Appeal No. 116 of 2021, was filed before Hon'ble Securities Appellate Tribunal (**SAT**) by Noticee challenging the aforementioned Adjudication order, alleging that he was neither served with the SCN nor served with the Adjudication order in the aforementioned adjudication proceedings. The Hon'ble SAT, vide order dated June 25, 2021 (hereinafter referred to as "**SAT Order**"), set aside the Adjudication order against Noticee and remitted the matter to the Adjudicating Officer for passing a fresh order in accordance with law with respect to Noticee after serving a copy of the SCN to him. The relevant extracts of the aforementioned order of Hon'ble SAT are reproduced hereunder:

   "……….

   4. In the light of the aforesaid, we are of the opinion that the appellant was not served with the show cause notice and, therefore, the proceedings initiated pursuant to the show cause notice were illegal and the impugned order has been passed ex-parte without affording an opportunity of hearing to the appellant. The impugned order cannot be sustained and is quashed in so far as it relates to the appellant.

   5. The appeal is allowed. The matter is remitted to the AO to pass a fresh order in accordance with law after serving a show cause notice. In this regard, the appellant will appear before the AO on July 12, 2021 on which date the AO will serve a show cause notice. The appellant will provide his address, telephone Nos. and e-mail, etc. to the AO and matter will proceed from there onwards."

6. In accordance with the aforesaid SAT order of Hon'ble SAT, SEBI, vide order dated July 05, 2021, appointed undersigned as the Adjudicating Officer under

Section 19 of SEBI Act read with Section 15I(1) and Rule 3 of Adjudication Rules to inquire into and adjudge under the provisions of Section 15HA of SEBI Act, the alleged violation of provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations by Noticee.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

7. The SCN, *inter-alia*, alleged the following:

   I. *During the Investigation Period, price of the scrip of KTL increased from Rs.22.95 to Rs.153 registering an increase of Rs. 130.05 (566.67%). The price / volume data of the scrip of KTL at BSE before, during and after the Investigation Period is given below:*

Particulars	***Period***		***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)***	***Avg. no. of shares traded daily during the period***
Before Investigation	***01.05.2014 to***	***Price***	*34.50*	*23.25*	*22.00*	*37.50*	*28,888*
		Vol.	*72,000*	*8,000*	*4,000*	*84,000*	
Period	***31.07.2014***						
During Investigation Period	***01.08.2014 to 11.03.2015***	***Price***	*22.95*	*153.00*	*18.60 (Aug 1, 2014)*	*153.00 (Mar 11, 2015)*	*31,896*
		Vol	*40,000*	*20,000*	*4,000 (on multiple days)*	*1,76,000 (Dec 30, 2014)*	
After		***Price***	*152.00*	*153.00*	*152.00*	*158.80*	*16,857*

Investigation Period	**12.03.2015 to 11.06.2015**	**Vol**	8000	4000	2000	64,000	

II. *Investigation examined Know Your Client (KYC) documents, Unique Client code (UCC) database provided by the Exchange, Bank Account Statements and certain connections among the Group entities were observed. The details of which was given in table below:*

Sr. no.	**Client Name**	**PAN**	**Basis of connection**
1	*Dhananjay Kumar*	*BLIPK6750R*	*Entities No. 1- 4 had financial transactions with Mr Prakashkumar N Parmar (PAN- APXPP2699J)*
2	*Amratbhai Chaturdas Patel*	*AYZPP7771L*	
3	*Narendrabhai Shivabhai Parmar*	*BOOPP9405H*	
4	*Sandipkumar Prakashbhai Prajapati*	*BJXPP9015P*	*Entities No. 4 and 5 has the common address at B-12, Girish Society, D Cabin, Near Shanti Dham, Sabarmati, Ahmedabad, Gujrat*
5	*Savan Keshavlal Prajapati*	*CGKPP1066M*	

III. *Summary of the trading done by the Group entities during Investigation Period is shown in below table.*

Client Name	**Gross Buy**	**Gross Sell**	**Net Qty.**
Dhananjay Kumar	*244,000*	*244,000*	*0*
Amratbhai Chaturdas Patel	*88,000*	*88,000*	*0*
Narendrabhai Shivabhai Parmar	*24,000*	*24,000*	*0*
Sandipkumar Prakashbhai Prajapati	*108,000*	*108,000*	*0*
Savan Keshavlal Prajapati	*64,000*	*64,000*	*0*
Total of Group-3 entities / Group entities	***528,000***	***528,000***	***0***

IV. *It was alleged that the Group entities had indulged among themselves into various synchronized trades (i.e. the trades where the buy and sell order quantity and rate were identical and orders for these transactions were placed within in a time gap of less than 1 minute) for 3,24,000 shares (which was 13.19% of the market volume) during the Investigation Period.*

V. *It was alleged that repetitive synchronized trades were executed by the Group entities among themselves and due to such trades they deliberately created artificially volume rise in the scrip to the extent of 3,24,000 shares through 72 trades over several number of days (2 days to 18 days). The detailed analysis of synchronized trades of the Group entities, is given in table shown at page 6 of the SCN and the order/trade logs for alleged synchronized trades of the Group entities is shown in annexure 6 of the Investigation Report which was attached in the DVD along with SCN. Therefore, it was alleged that the Group entities had deliberately created artificially volume rise in the scrip and thereby had violated regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of the PFUTP Regulations.*

VI. *That there was continuous price rise during the Investigation Period and the shares were bought at the price more than the Last Traded Price (LTP).*

VII. *It was alleged that due to significant trading by the Group entities amongst themselves by placing buy order at a price more than the LTP, they have contributed / raised price of the scrip by Rs. 30.65 (12.92% of total market positive LTP) and have contributed Rs. 18.75 to net LTP. The details of such price rise through LTP variance executed among themselves, are given at page 7 of the SCN. It was alleged that the Group entities had contributed Rs.26.25 to LTP by trading among themselves which is 11.06% of market positive LTP. It was alleged that the Group entities have traded repeatedly among* *themselves in 53 instances and manipulated the price of scrip. The order/trade logs of alleged price manipulation through LTP variance was placed at annexure 7 of Investigation Report which was attached in the DVD along with SCN. Therefoe, it was alleged that the Group entities fraudulently / with manipulative intent had contributed to price rise in the scrip and thereby violated regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a) and (e) of PFUTP Regulations.*

VIII. *It was also alleged that on many occasions, the New High Price (NHP) was created by the Group entities which has also resulted into fraudulent artificial price rise in the scrip. The Group entities were alleged to have contributed Rs.15.30 to NHP (11.76% of total market NHP) in total 28 trades. The details of NHP contribution by the Group entities during the Investigation Period was tabulated at page 8 of the SCN. It was alleged that ` 14.95 NHP contribution was made due to trade of the Group entities among themselves wherein they were the counterparty to each other and same was 11.50% of market NHP. The details of such trading amongst themselves in creating NHP were given in a table at page 9 of the SCN. It was alleged that the Group entities have traded repeatedly among themselves in 28 instances and manipulated the price of the scrip by contributing to NHP. The order / trade logs of 28 alleged NHP trades of the Group entities are shown at annexure 8 of the Investigation Report which was attached in DVD along with SCN.*

IX. *Therefore, it was alleged that the Group entities have contributed to price rise in fraudulent manner and thereby violated regulation 3(a), (b), (c), (d), 4(1) and 4(2) (a) and (e) of the PFUTP Regulations.*

X. *It was also alleged that the Group entities had indulged in fraudulent / manipulative manner through buying / selling shares in First Trade of the day* *and placed orders beyond LTP which (First Trade) has contributed to net price rise to the extent of Rs.14.60 more than LTP (i.e. 15.26% of market price rise in the scrip of KTL i.e Rs.95.65). The order/trade logs of such First Trades along with LTP difference / contribution are shown in annexure 9 of the Investigation Report which was attached in DVD along with SCN and details of First Trade analysis are tabulated at page 10 of the SCN. It was alleged that the Group entities while trading among themselves have contributed to net LTP difference of Rs.13.85 (14.47% market price rise i.e ` 95.65) through First Trades. The details of First trade executed by Group entities among themselves and thereby causing the price rise in the scrip has been shown in table at page 10 of the SCN. Hence, it was alleged that Group entities have fraudulently contributed to artificial price rise in the scrip through manipulative First Trades and thereby violated regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a) and (e) of PFUTP Regulations.*

XI. *Therefore, it was alleged that the Group entities have entered into repeated synchronized trades among themselves and contributed to artificial volume in the scrip, had contributed to the artificial price rise in the scrip of KTL in fraudulent manner through LTP contribution, New High Price contribution and First Trade contribution etc. and thereby had allegedly violated regulations 3(a), (b), (c), (d), 4(1) and 4(2) (a), 4 (2)(e) and 4 (2)(g) of PFUTP Regulations.*

8. In accordance with the aforesaid SAT order of Hon'ble SAT, an authorised representative of Noticee, Mr. Hari N. Mishra, appeared before the undersigned on behalf of Noticee on July 12, 2021 and the SCN was hand delivered to him. Thus, the SCN in the present matter was duly served on Noticee on July 12, 2021. Thereafter, vide letter dated August 17, 2021, Noticee submitted his reply to the SCN.

9. In the interest of natural justice, through hearing notice dated October 29, 2021, sent vide digitally signed email dated October 29, 2021 as well as through Speed Post Acknowledgement Due (SPAD), Noticee was granted an opportunity of personal hearing in the matter before the undersigned on November 23, 2021. The hearing notice sent through SPAD returned undelivered but the hearing notice sent through aforementioned email was duly served on Noticee. On account of certain exigencies, vide email dated November 17, 2021, the aforementioned hearing was adjourned to December 14, 2021.

10. On the scheduled date of hearing, Noticee attended the hearing through his authorized representative (hereinafter referred to as "AR"), Advocate Suraj Vishwakarma. During the hearing, the AR of Noticee reiterated the earlier submissions made by Noticee vide his reply dated August 17, 2021.

11. The relevant extracts of the reply dated August 17, 2021 submitted by Noticee is reproduced hereunder:

(i) *Noticee during period of July/August, 2014 met one Mr. Avinash Kumar Rai, who was residing in the same building and introduced himself as an employee of BMA Wealth Creators Limited. This man Mr. Avinash Kumar Rai lured Noticee to open a Demat & Trading account for Investment with Assured Guaranteed Return. Noticee on good faith handed over his personal identification documents copies like Photographs, Identity Proof, Address Proof, Copies of his Testimonial, and about 10 blank cheques of Saving Account No. 4647000100013404 maintained with Punjab National Bank, Sanjhuali Branch, District Rohtas, Bihar. Noticee had given clear direction for opening of this Share Trading Account for investment purpose only for ensuring some return.*

(ii) *That on 13th August, 2014, Noticee received the Offer Letter for the position of Gateman after successfully clearing the Exam of Group -D, Indian Railway and left New Delhi on 17th August, 2014 to report before the Zonal Railway Manager, Lucknow on 19th August,* *2014 who advised Noticee to join immediately and from there on 28th August, 2014, Noticee was asked to join as Gateman at Varanasi Railway Yard, Near Varanasi Railway Station on 8th September, 2014.*

(iii) *That since Noticee was to join immediately at his selected position, he had to leave New Delhi in hurry and could not collect the documents back from Mr. Avinash Kumar Rai. It is also submitted that between January, 2015 and February, 2015 at the time of Noticee's sister's marriage, Noticee withdrew some money from bank but found some unauthorized transaction in his bank. Therefore, Noticee tried to contact Mr. Avinash Kumar Rai but found him not reachable. Hence, Noticee requested to update his mobile number in Bank to 9525590655 as his previous number 9939281183 was lost, and due to which Noticee never received any debit / credit alert from this bank.*

(iv) *Later, On 23rd July, 2015, Noticee requested Punjab National Bank, Sanjhauli Branch, District Rohtas, Bihar for cancellation of his Cheque Book out of which the Cheques was issued by Noticee as mentioned above.*

(v) *When Noticee approached the branch of State of India on 18th June 2020, he was informed by the Branch Manager that the Bank has put "Debit Freeze" in his Saving Account as the Bank is in receipt of Letter of Attachment 10t June, 2020 for recovery of alleged penalty of Rs. 20,00,000/- imposed upon Noticee through order of Ld. Adjudicating Officer dated December 22nd 2017 plus interest from 22/12/2017 to 26/02/2020 @ 12% p.a. amounting to Rs. 5,23,397/- an Recovery Cost of Rs. 1,000/- totaling to Rs. 25,24,397/- (Rs Twenty Five Lacs Twenty Four Thousand Three Hundred Ninety Seven only)*

(vi) *Then during the investigation done by Noticee subsequent to intimation about receipt of Letter of Attachment of State Bank of India; came to know that a Share Trading Account was opened by Mr. Avinash Kumar Rai with BMA Wealth Creators Limited having its at Vishwakarma-II 29/5A, Dr. Ambedkar Sarani, Topsia Road, Kolkata - 700 046 on 23rd*

September, 2014 i.e. almost after ONE MONTH after Noticee left Delhi to join Indian Railway as Gateman.

(vii) *Noticee also came to know that a wrong- e-mail id and Mobile Number was used to open the Share Trading Account and Demat Account with BMA Wealth Creators Limited. (A Copy of Client Master Data procured from the Share Broker is annexed as Annexure 6).*

(viii) *Noticee also submit that he came to know that during the period 23rd September, 2014 to 31st March, 2015; few unauthorized Share Trading was done in Share Trading Account of which he was not aware of as his email id and phone number mentioned in the Know Your Customer (KYC) details was wrong. As such Noticee never received any messages or mails.*

(ix) *Noticee also found that certain banks transaction was done abusing the cheques in the name of Noticee in the shares of Kushal Tradelink Limited - a company listed on BSE Ltd. at SME platform during the period of 1st August, 2014 to 31st March, 2015.*

(x) *That Noticee has now filed a Police Complaint dated under section 420, 406, 409, 120 B & 506 of Indian Penal Code, 1860 read with 65 and 66 of Information Technology Act, 2000 against the persons named in the Police Complaints who have done the fraudulent transaction in the name of Noticee. That Noticee further submit that there is a possibility of other fraudulent Share trading accounts which may have been opened using his forged documents and signature.*

(xi) *Without prejudice to his legal rights, Noticee also wishes to seek replies/clarifications for the certain following queries before the conclusion of the present matter, the response of which were not available in the Show Cause Notice and/or Investigation Report.*

(xii) *As per the prevailing guideline issued by SEBI for Share Transaction for the Registered Share-Broker registered with the Securities Exchange Board of India, every registered Share-Brokers needs to maintain a records of the call logs as well as call recording for any telephonic instruction of the Clients, who has confirmed any Share*

Transaction/dealing over the Phone. Hence Noticee requests the Hon'ble Adjudicating Officer to call for such records from the Share Broker i.e. in present case BMA Wealth Creator Limited. The said record is required to establish the identity of the person, who has given the instruction for these fraudulent transactions in the name of Noticee knowing, the distance/non-availability of Noticee.

(xiii) *Also as per the SEBI KYC norm prevalent during the period of August, September, 2014, every new Share Trading Account as well as Demat Account opened by a Share Broker must be supported by a Post Account Opening Telephonic confirmation of the Client confirming the details mentioned in the KYC Form, whereas as mentioned above, in the Customer Master Data, the Mail id & Mobile No. are wrongly mentioned and no Post Account Opening telephonic confirmation was sought from Noticee, which is a clear breach of the SEBI KYC norms and it is evident that the purpose was to conduct fraudulent transactions in the name of Noticee. Hence Noticee requests the Hon'ble Adjudicating Officer to call for such records from the Share Broker i.e. in present case BMA Wealth Creator Limited. The said record is required to establish the identity of the person, who has given the instruction for these fraudulent transactions in the name of Noticee knowing the distance/non-availability of Noticee.*

(xiv) *Noticee also denies any alleged relationship with the Other Noticees in the above-subjected Show Cause Notice dated 31.08.2017*

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

12. I have carefully perused the charges levelled against Noticee in the SCN, reply of Noticee and the material available on record. The issues that arise for consideration in the present case are:

    I Whether Noticee has violated the provisions of Regulations 3 (a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations?

II Do the violations, if any, attract monetary penalty under Section 15HA of the SEBI Act?

III If yes, what should be the quantum of penalty?

13. Before proceeding to examine the case on its merits, it would be proper to refer to the relevant provisions of PFUTP Regulations which have been purportedly violated by Noticee as alleged in the SCN. The said provisions of the law are reproduced herein below:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practice

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

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

(a) 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;

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

Issue No. I: Whether Noticee has violated the provisions of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations?

14. It has been alleged in the SCN that Group Entities had entered into synchronised trades repetitively among themselves and contributed to artificial volume in the scrip of KTL and had contributed to the artificial price rise in the scrip of KTL in fraudulent manner through Last Traded Price (LTP) contribution, New High Price (NHP) contribution and First Trade contribution etc. and thereby, had allegedly violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations. In this regard, I note that the charges against connected entities in this matter has already been established in the Adjudication order dated December 22, 2017 passed by erstwhile AO. I also note that aforementioned Adjudication order has not been challenged before the Hon'ble SAT by the connected entities and therefore, has reached finality in the eyes of law as far as the connected entities are concerned. I now proceed to examine on merits, the charges alleged against Noticee in the SCN.

15. I note from trade logs/order logs that Noticee has traded in the scrip of KTL as mentioned hereunder:

Client Name	**Gross Buy**	**% of Gross Buy to Market Volume**	**Gross Sell**	**% of Gross Sell to Market Volume**	**Net Quantity**
Dhananjay Kumar	244,000	11	244,000	11	0

16. It has been alleged that Noticee along with other connected entities had traded in the scrip of KTL during the Investigation Period. In this regard, I note from the details of KYC documents, Unique Client code (UCC) database provided by BSE and Bank Account statements that Group Entities are inter –se connected / related with one another. The basis of connections/relation of Noticee with other connected entities as noted from material on record are as shown in table below:

Sr. no.	**Client Name**	**PAN**	**Basis of connection**
1	Dhananjay Kumar	BLIPK6750R	a) Entities No. 1- 4 had financial transactions with Mr Prakashkumar N Parmar (PAN-APXPP2699J) b) Entities No. 4 and 5 has the common address at B-12, Girish Society, D Cabin, Near Shanti Dham, Sabarmati, Ahmedabad, Gujrat
2	Amratbhai Chaturdas Patel	AYZPP7771L	
3	Narendrabhai Shivabhai Parmar	BOOPP9405H	
4	Sandipkumar Prakashbhai Prajapati	BJXPP9015P	
5	Savan Keshavlal Prajapati	CGKPP1066M	

17. In his submissions, Noticee has contended that he was not connected to other connected entities as alleged in the SCN. I note that apart from a mere statement of denial, no evidence or justification has been submitted by Noticee to rebut the evidence placed by SEBI in the SCN in this respect or to support his contention. In this regard, I note from table above as well as from bank statements of Noticee

available on record that during IP, he had numerous credits into his bank account from Mr Prakashkumar N Parmar, pursuant to which, payments had been made to the broker i.e BMA Wealth Creators Ltd. To cite few instances, I note that on January 10, 2015, the total available balance in Noticee's bank account was only Rs. 365.47 and on January 13, 2015, Rs. 1,00,000.00 was credited to his account from Mr Prakashkumar N Parmar. Subsequently, on January 15, 2015, Rs. 1,00,000.00 was debited from Noticee's account in favour of BMA Wealth Creators Limited and the balance in his account reduced to Rs. 365.47. On February 04, 2015, he was credited an amount of Rs. 2,25,000.00 by Mr Prakashkumar N Parmar out of which Rs. 61,500.00 was debited to BMA Wealth Creators Limited on February 06, 2015. I note from other bank statements that Noticees 1 to 3 also had similar financial transactions with Mr Prakashkumar N Parmar. Therefore, it is clear that Group Entities including Noticee were connected with each other. Therefore, I find no merit in this contention of Noticee.

18. Noticee, in his submissions, has further contended that he had not participated in the alleged transactions in the scrip of KTL and the same had been fraudulently done in his name.

19. Noticee has stated that he had handed over copies of his personal identification documents like photographs, identity proof, address proof etc. and ten blank cheques of Saving Account No. 4647000100013404 maintained by Noticee with Punjab National Bank, Sanjhuali Branch, District Rohtas, Bihar (hereinafter referred to as "**bank**") to one Mr. Avinash Kumar Rai, an employee of BMA Wealth Creators Limited (now known as BRH Wealth Kreators Limited) for opening a demat account and Share Trading Account in his name. In his submissions, Noticee has also stated that as he had to leave suddenly from where he was staying at that time, he was not able to collect the aforementioned documents back

from Mr. Avinash Kumar Rai. It is alleged by Noticee that the aforementioned cheques issued by him were fraudulently used for trading in the shares of KTL.

20. In this regard, I find that no evidence has been placed on record by Noticee to substantiate his claim that he had issued ten blank cheques to Mr. Avinash Kumar Rai and the same were abused by him. In the absence of pertinent details like cheque numbers of the purported cheques issued by him to Mr Avinash Kishore Rai, date on which cheques are issued, contact details of Mr. Avinash Kumar Rai etc., I find it difficult to consider or rely on the aforementioned claim of Noticee.

21. I note that Noticee has contended that he became aware of some unauthorised transactions in his bank account between January, 2015 and February, 2015 and therefore, he requested his bank to update his mobile number in their records. Noticee has further contended that he never received any debit/credit alert from the bank regarding the purported unauthorised transactions in his bank account as his previous number was lost and hence, he was not aware of these unauthorised transactions.

22. In this regard, I note that no specific details like amount involved in these purported unauthorised transactions, names of counter parties to these financial transactions, whether these were debit or credit transactions, have been provided by Noticee to establish the genuineness of the above claim. Therefore, in absence of such pertinent details, I find it difficult to accept the contention of Noticee that there were unauthorised transactions in his bank account. In any case, I note from the documents submitted by him that he had updated his phone number in his bank records on January 25, 2015. Therefore, he cannot take the plea of being ignorant or unaware of the purported unauthorised transactions in his bank account after January, 2015. Further, I note from the bank statement of Noticee that there were debit and credits in his account, some of which were in the nature of cash

withdrawal even before January, 2015. I also note from Noticee's bank statements that Noticee had numerous financial transactions with the broker i.e BMA Wealth Creators Limited as well as with Mr. Prakash Kumar N Parmar. In light of these bank transactions, which also include cash withdrawals through ATM and self-cheques which could have been done by Noticee himself, Noticee cannot claim ignorance regarding unauthorised transactions in his bank account. I also find that with regard to these purported unauthorised transactions, other than updating a phone number in records of his bank, Noticee does not appear to have taken any meaningful legal recourse on his part at that point of the time nor did Noticee try to delve deeper into the nature of these unauthorised transactions in his bank account to identify their source, which in my view, would have been a prudent course of action in that situation.

23. With regard to Noticee's contention that transactions in the shares of KTL were done in his name abusing the cheques purportedly issued to Mr. Avinash Kumar Rai, I note that Noticee has furnished copies of letters dated July 23, 2015 and July 24, 2015, addressed to his bank requesting for cancellation of his cheque book, out of which cheques were purportedly issued to Mr. Avinash Kumar Rai. However, I find that the aforesaid letters do not bear any proof of acknowledgment from his bank. Moreover, the aforesaid letters, purportedly sent to his bank, were written nearly six months after Noticee claimed to have become aware of the purported unauthorised transactions in his bank account. Further, on perusal of the aforementioned letters, I note that vital details like cheque numbers of the cheque book, date of issue of the cheques in the cheque book etc. have been left out in the aforesaid letters. In light of the foregoing, I find that these letters written to the bank, that too belatedly, lack credibility and therefore, conclude that Noticee did not take any positive legal recourse with regard to the purported unauthorised transactions in his bank account. The fact that Noticee did not take any immediate

concrete steps to prevent or to take action in respect of such purported unauthorised transactions, shows his awareness of and acquiescence to the aforesaid transactions and therefore, I find that these transactions in Noticee's bank account were not unauthorised.

24. The fact that Noticee did not take any immediate concrete steps to prevent or to take action in respect of such purported unauthorised transactions, shows his awareness of and acquiescence to the aforesaid transactions and therefore, I find that these transactions in Noticee's bank account were not unauthorised.

25. In his submissions, Noticee has contended that he was not aware of the impugned share transactions in the scrip of KTL in his Share Trading Account as well as demat account with BMA Wealth Creators Limited as the email ID and phone number mentioned in the Know Your Client (**KYC**) details, was wrong. I note that apart from a copy of client master list of BMA Wealth Creators Limited, furnished by Noticee along with his submissions, no other evidence like copies of KYC documents etc. has been placed on record by Noticee to support his aforementioned contention. It is Noticee's own case that he had handed over the necessary papers for the purpose of opening of demat account and Share Trading Account to Mr. Avinash Kumar Rai and in my view, it was the duty of Noticee to verify that personal details like phone number, email ID etc., given in the KYC forms and updated in the records of BMA Wealth Creators Limited, were correctly captured since his email ID and mobile phone had been registered for SMS and e-statement alerts. From the copy of the client master list, as furnished by Noticee, I note that the demat account had been opened on September 23, 2014 and therefore, any discrepancies relating to his personal details like mobile no, email ID etc, as being pointed out by Noticee now, could have been rectified at that point of time when he received the client master list, which he failed to do.

26. I further note that there is nothing on record to indicate that Noticee had filed any complaint with BMA Wealth Creators Ltd regarding such alleged misconduct by one of its employees. Further, I find that no legal action appears to have been taken by Noticee against the employee of BMA Wealth Creators Limited, i.e., Mr. Avinash Kumar Rai, or even against BMA Wealth Creators Limited at the relevant time. Therefore, the contention being made by Noticee at this juncture is not justified.

27. Noticee, in his submissions, has stated that he had filed a police complaint against Mr. Avinash Kumar Rai and other persons who have done fraudulent transactions in his name. From the documents submitted by Noticee in support of aforementioned contention, I note that there is a complaint against Mr. Avinash Kumar Rai and other connected entities dated July 09, 2021 addressed to Station House officer, Police Station, Sanjhauli Thana, Rohtas District, Bihar regarding unauthorised and fraudulent transactions in his bank account as well as his share trading and demat accounts. However, the complaint bears no proof of acknowledgment by the police station. Noticee has submitted copy of another compliant dated July 16, 2021 addressed to Station House Officer of same police station, which bears a stamp from the said police station. However, I note that Noticee has not submitted any copy of any FIR registered by the Sanjhauli Thana police with regard to the aforementioned complaints. Therefore, I am not inclined to accept these as evidence of legal action taken by Noticee with regard to the purported unauthorised and fraudulent transactions in his bank account as well as his share trading and demat accounts.

28. In light of the observations in preceding paragraphs, I am of the view that the contention of Noticee that transactions done from his bank account as well as from his share trading account and demat account were not authorised by him and were fraudulently done in his name, is devoid of merit and therefore, conclude that

Noticee himself had carried out the alleged transactions in the scrip of KTL during the Investigation Period.

29. I note that Noticee in his submissions has also requested the undersigned to call for call logs/call records as well as telephonic confirmation from BMA Wealth Creator Limited for the purpose of ascertaining the identity of person who has given instruction for purported fraudulent transactions in his share trading account and demat account. In this regard, since it has been clearly established in the preceding paragraphs that transactions in his demat and share trading account had been carried out by Noticee himself, I find that there is no need for any further inquiry in this regard.

30. With regard to the alleged violations of PFUTP Regulations by Noticee, I am of the view that in order to examine the merit in the aforementioned allegations, there is a need to consider the role of Group entities in entirety in manipulating the market and the role played by the Noticee within the aforementioned group.

31. I note from the records that during Investigation Period, the price of the scrip of KTL opened at Rs. 22.95 and reached to a high of Rs.153 at BSE. The price / volume data of the scrip of KTL at BSE before, during and after the Investigation Period is given below:

Particulars	Period		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)	Avg. no. of shares traded daily during the period
Before Investigation Period	01.05.2014 to 31.07.2014	Price	34.50	23.25	22.00	37.50	28, 888
		Vol.	72,000	8,000	4,000	84,000	

During Investigation Period	**01.08.2014 to 11.03.2015**	**Price**	22.95	153.00	18.60 (Aug 1, 2014)	153.00 (Mar 11, 2015)	31, 896
		Vol	40,000	20,000	4,000 (on multiple days)	1,76,000 (Dec 30, 2014)	
After Investigation Period	**12.03.2015 to 11.06.2015**	**Price**	152.00	153.00	152.00	158.80	16, 857
		Vol	8000	4000	2000	64,000	

32. From the above, I note that the average number of shares traded daily during the Investigation Period was more than the pre / post investigation period. The price of the scrip before the investigation period was very less and the same raised voluminously during the investigation period. I also note from the material available on record that Group Entities fall within the list of top ten buyers and sellers in the scrip of KTL during the Investigation Period.

33. The summary of trading done by Group Entities during IP is as given under:

Client Name	Gross Buy	Gross Sell	Net Qty.
Dhananjay Kumar	244,000	244,000	0
Amratbhai Chaturdas Patel	88,000	88,000	0
Narendrabhai Shivabhai Parmar	24,000	24,000	0
Sandipkumar Prakashbhai Prajapati	108,000	108,000	0
Savan Keshavlal Prajapati	64,000	64,000	0
Total	**528,000**	**528,000**	**0**

34. It has been alleged that Group Entities including Noticee had indulged in synchronised trades, i.e., trades where the buy and sell order quantity and rate are identical and orders for these transactions are placed within a time gap of less than 1 minute. In this regard, I note from the material available on record that Group entities, which includes Noticee, had traded in the scrip of KTL in a synchronised

manner during the Investigation Period. The summary of the synchronised trades done by Group Entities are as mentioned hereunder:

Particulars	Gross Buy Qty of Group entities	Gross Sell Qty of Group entities	Total traded qty among the Group entities	Synchronized traded qty by Group entities	Sync Trades as % of total traded qty among the Group entities	Sync Trades as % of Total market volume (2456000 shares)
Group entities	5,28,000	5,28,000	3,52,000	3,24,000	92.05	13.19

35. I observe from the table above that Group Entities had indulged in synchronised trades among themselves for 324000 shares in KTL, which is 13.19% of total market volume in the scrip of KTL during the IP. I also note that the synchronised trades constituted 92.05% of total traded quantity among Group Entities. Thus, I note that by trading in the scrip of KTL in a synchronised manner, Group entities had contributed significantly to the total market volume.

36. The detailed analysis of synchronised trades by entities of the Group Entities during Investigation Period is as given hereunder:

Group Entities	Buy Side				Sell Side			
	Qty of Synch Trades	% of Synch Vol. to Mkt. Vol.	No of Trades	No of Days	Qty of Synch Trades	% of Synch Vol. to Mkt. Vol.	No of Trades	No of Days
Amratbhai Chaturdas Patel	44,000	1.79	9	6	76,000	3.09	15	7
Dhananjay Kumar	148,000	6.03	31	18	116,000	4.72	26	17

Narendrabhai Shivabhai Parmar	16,000	0.65	4	2	12,000	0.49	3	3
Sandipkumar Prakashbhai Prajapati	72,000	2.93	18	12	68,000	2.77	16	11
Savan Keshavlal Prajapati	44,000	1.79	10	7	52,000	2.12	12	9
Grand Total	**324,000**	**13.19**	**72**	**-**	**324,000**	**13.19**	**72**	**-**

37. I note from the table above that the Group entities had traded among themselves through 72 trades over several days. I also note that Noticee had indulged in synchronised trades for 148,000 shares (6.03% of total market volume-buy quantity) from buy side through 31 trades over 18 days and for 116000 shares (4.72% of total market volume-sell quantity) from sell side through 26 trades over 17 days. Thus, I note that Noticee entered into synchronised trades repetitively and spreading over several days in the scrip of KTL.

38. I also note from material available on record that most of the synchronised trades of Noticee were executed within a gap of 0 to 3 seconds only. Further, in the aforementioned trades done by Noticee, there was no difference of quantity and price at which the respective buy / sell orders were placed. Some instances of synchronised trades done by Noticee as extracted from records are illustrated hereunder:

Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Qty	Time Difference	Price Difference	Qty Difference
30.12.14	Sandipkumar Prakashbhai Prajapati	Dhananjay Kumar	11:35:15.4589170	11:35:16.0339120	4000	00:00:01	0.00	0.00
31.12.14	Sandipkumar Prakashbhai Prajapati	Dhananjay Kumar	11:37:17.7387560	11:37:16.9338490	4000	00:00:01	0.00	0.00
31.12.14	Dhananjay Kumar	Sandipkumar Prakashbhai	14:06:52.4262850	14:06:50.8046770	4000	00:00:02	0.00	0.00

		Prajapati						
01.01.15	Sandipkumar Prakashbhai Prajapati	Dhananjay Kumar	11:00:09.665 0850	11:00:09.57540 40	4000	00:00:00	0.00	0.00
05.01.15	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	13:11:48.382 1660	13:11:47.08936 90	8000	00:00:01	0.00	0.00
06.01.15	Sandipkumar Prakashbhai Prajapati	Dhananjay Kumar	13:51:36.029 4810	13:51:35.34752 20	4000	00:00:01	0.00	0.00
07.01.15	Dhananjay Kumar	Savan Keshavlal Prajapati	10:20:57.564 5150	10:20:55.64411 50	4000	00:00:02	0.00	0.00
07.01.15	Sandipkumar Prakashbhai Prajapati	Dhananjay Kumar	10:21:27.163 7760	10:21:26.44046 00	4000	00:00:01	0.00	0.00
07.01.15	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	14:57:30.275 7870	14:57:29.78596 40	4000	00:00:01	0.00	0.0

39. I find that synchronisation of orders, price and quantity on a regular basis in such significant volume as brought in preceding paragraphs by Group Entities cannot be considered as a mere coincidence especially when such trades were executed between entities which are already connected to each other. The fact that several orders placed by the same entities on various days were also matched clearly indicate the meeting of minds and that cannot be a coincidence. I note that the pattern of order placement by Group Entities clearly points to the fact that the transactions were carried out with the intention that various orders of Group Entities should match among themselves which shows that there was a prior arrangement with respect to these transactions.

40. In this context, I note that in the case of Nirmal Bang Securities (P) Ltd. vs SEBI by the Hon'ble SAT (Judgment dated October 31, 2003) it was held that *"Intention is reflected from the action of the Appellant. Choosing* selective *time slots does not appear to be an involuntary action."* At this juncture, it is also pertinent to note that

Hon’ble SAT in Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI dated 16.01.2012 held as follows: *“It is an admitted position that it is difficult to get direct evidence with regard to synchronization of trades for the purpose of upsetting the market equilibrium or to manipulate the market. It is only on the basis of circumstantial evidence that such a connection can be proved. A large number of trades were executed among the group entities within a minute of placing the order. This cannot happen without prior meeting of minds among the connected entities. From the details of the trades executed and having regard to the trading system, we do not think that such large number of trades could match between the same parties unless the trading system was being abused*.” I also highlight the decision of Hon’ble Supreme Court of India in the matter of SEBI v Kishore Ajmera, wherein the Hon’ble Court observed the following with respect to synchronized trades and market manipulations:

“Coupled with the aforesaid fact, what has been alleged and reasonably established, is that buy and sell orders in respect of the transactions were made within a span of 0 to 60 seconds. While the said fact by itself i.e. proximity of time between the buy and sell orders may not be conclusive in an isolated case such an event in a situation where there is a huge volume of trading can reasonably point to some kind of a fraudulent/manipulative exercise with prior meeting of minds…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.”

41. In the instant matter, the time difference between buy and sell order was less than a minute and the order quantity and price also matched. Since the facts and circumstances in the instant proceeding are similar to aforementioned cases, in

light of the observations presented in the preceding paragraphs as well as placing reliance on the aforesaid judgements of the Hon'ble SAT and Hon'ble Supreme Court of India, I find that Group Entities including Noticee deliberately entered into synchronised trades repetitively and in significant volume with an intention to create artificial volume in the scrip of KTL during the IP, thereby abusing the trading system.

42. In view of the foregoing, I find that Noticee, by indulging in synchronised trades repetitively and significantly in the scrip of KTL with other connected entities had created artificial volume in the scrip of KTL and thereby has violated Regulations 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) and (g) of PFUTP Regulations.

43. I observe from the material available on record that during the IP, Group Entities had significantly and consistently placed buy/sell orders in the scrip of KTL at a price more than the LTP. The details of price contribution through their trades executed beyond LTP by Group Entities including Noticee are tabulated below:

Name of the buyer.	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. = 0		% of positive LTP to market positive LTP
	Net LTP (in `)	Sum of Quantity	No of trades	LTP impact (in `)	QTY traded	No of trades	LTP impact (in `)	QTY traded	No of trades	QTY traded	No of trades	
Dhananjay Kumar	4.90	244,000	52	15.10	136,000	27	-10.20	88,000	20	20,000	5	6.36
Amratbhai Chaturdas Patel	1.65	88,000	17	2.05	72,000	13	-0.40	12,000	3	4,000	1	0.86
Narendrabhai Shivabhai Parmar	5.15	24,000	6	5.25	20,000	5	-0.10	4,000	1	0	0	2.21
Sandipkumar Prakashbhai Prajapati	4.75	108,000	26	5.55	92,000	22	-0.80	12,000	3	4,000	1	2.34
Savan Keshavlal Prajapati	2.30	64,000	15	2.70	36,000	9	-0.40	24,000	5	4,000	1	1.14
Total (Group-3 entities / Noticees)	**18.75**	**528,000**	**116**	**30.65**	**356,000**	**76**	**-11.90**	**140,000**	**32**	**32,000**	**8**	**12.92**
Total - Market	**130.05**	**2,456,000**	**507**	**237.25**	**868,000**	**185**	**-107.20**	**556,000**	**107**	**1,032,000**	**215**	**100.00**

44. I note from the table above that Group Entities, by trading in 3,56,000 shares of KTL at a price more than the LTP, had contributed to rise in the price of the scrip of KTL by Rs. 30.65 (12.92% of total market positive LTP) and had contributed Rs. 18.75 to net LTP. Considering the trading activities of Noticee alone, I note that Noticee, by trading in 2,44,000 shares of KTL, had contributed Rs 4.90 to net LTP. I also note that Noticee, as a buyer, had contributed Rs 15.10 to positive LTP (6.36% of total market positive LTP) through 27 trades.

45. I also note that Group Entities including Noticee by trading amongst themselves had contributed to increase in the LTP of scrip of KTL. The details of such price rise through LTP variance executed among the Group entities, are as given below:

Seller ⇨	Amratbhai Chaturdas Patel		Dhananjay Kumar		Narendrabhai Shivabhai Parmar		Sandipkumar Prakashbhai Prajapati		Savan Keshavlal Prajapati		Total by trading among themselves		Trading with others		Total	
Buyer ⇩	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()	No.of trades	LTP ()
Dhananjay kumar	12	11.80	-	-	-	-	2	0.90	4	0.25	18	12.95	9	2.15	27	15.10
Sandipkumar Prakashbhai Prajapati	-	-	8	2.70	-	-	-	-	8	1.75	16	4.45	6	1.1	22	5.55
Narendrabhai Shivabhai Parmar	-	-	2	4.10	-	-	1	0.50	-	-	3	4.60	2	0.65	5	5.25
Savan Keshavlal Prajapati	-	-	5	2.25	-	-	2	0.30	-	-	7	2.55	2	0.15	9	2.70
Amratbhai Chaturdas Patel	-	-	8	1.60	1	0.10	0	-	-	-	9	1.70	4	0.35	13	2.05
Grand Total	12	11.80	23	10.65	1	0.10	5	1.70	12	2.00	53	26.25	23	4.4	76	30.65

46. I observe from the table above that Group Entities by trading among themselves repeatedly in 53 instances had contributed Rs. 26.25 to LTP which is 11.06% of market positive LTP. Further, considering the trading of Noticee alone, I note that Noticee by trading with other connected entities the group on 18 instances had contributed Rs 12.95 to LTP. To cite an instance, I note that Noticee had traded

with Mr. Amratbhai Chaturdas Patel as seller in 12 instances had contributed to total positive LTP difference / contribution of Rs 11.80. I also note that among Group entities, Noticee had made highest contribution to net LTP during the Investigation Period.

47. From available records, I find that are certain instances wherein the buy orders at a price more than LTP were placed before the sell orders which itself suggests that the same were so placed to raise the price of the scrip. I find that generally no buyer would prefer to purchase shares at the price more than LTP if they have to book profit in these transactions. I am of the view that such consistent trading at a price higher than LTP by Group Entities including Noticee, as brought out in preceding paragraphs, does not have any economic rationale and was done only for manipulation of price in the scrip of KTL. I find that such repetitive trading at a price higher than LTP was done with malafide intention to artificially rise the price of the scrip of KTL. In this context, I note that Hon'ble SAT in its Order, Shri Tarunkumar Brahmbhatt vs. SEBI, has held as under:

"……..From the trades executed by the appellants which has been depicted in detail in the impugned order we notice that the appellants placed buy orders above the LTP and that some of the trades were the first trades of the day. It is common sense that when an investor buys he would like to buy a scrip at the lowest possible price and when he wants to sell he would like to get the highest possible price. Why should a person/ investor buy a share at a higher price than what is available on the stock exchange at a lower price unless there is a motive. In the instant case, the trading pattern of the appellants clearly indicates that they were placing buy orders above the LTP which led to market contribution to the positive LTP and also created a new high price(NHP). This trading pattern clearly indicates that increasing the price of the scrip was for the benefit of the promoters and promoter

related entities of the company as they would gain by the rise in the price of the scrip"

48. I would also like to place reliance on the decision of Hon'ble SAT in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI, wherein Hon'ble SAT held 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 Noticee's trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors. 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".*

49. I observe from the material available on record that during the IP, Group Entities had created NHP, the details of NHP contribution by Group entities during the Investigation Period is tabulated below:

Entity Name	**NHP (`)**	**No. of Trades**	**Trade Qty**	**% of total mkt NHP (` 130.05)**
Dhananjay Kumar	8.65	8	40,000	6.65
Narendrabhai Shivabhai Parmar	2.60	3	12,000	2.00
Savan Keshavlal Prajapati	1.45	5	20,000	1.11
Amratbhai Chaturdas Patel	1.40	5	24,000	1.08
Sandipkumar Prakashbhai Prajapati	1.20	7	28,000	0.92

Total	**15.30**	**28**	**124,000**	**11.76**

50. I note from above table that Group entities had contributed Rs.15.30 to NHP (11.76% of total market NHP) in total 28 trades. Considering the trading activities of Noticee alone, I note that Noticee had contributed Rs 8.65 to NHP (6.65% of total market NHP) through 8 trades for 40,000 shares. I observe from the material on record that amongst the group entities, Noticee had made the highest contribution to the market NHP.

51. I note from the available records that Group entities by trading among themselves had contributed Rs. 14.95 to total market NHP. The details of such trading amongst themselves in creating NHP are given below:

Seller →	Amratbhai Chaturdas Patel		Dhananjay Kumar		Narendrabhai Shivabhai Parmar		Sandipkumar Prakashbhai Prajapati		Savan Keshavlal Prajapati		Total by trading among themselves		Trading with others		Total	
Buyer ↓	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades	NHP	No.of trades
Amratbhai Chaturdas Patel	0	0	1.3	4	0.1	1	0	0	0	0	1.4	5	0	0	1.4	5
Dhananjay Kumar	8.2	5	0	0	0	0	0	0	0.1	2	8.3	7	0.35	1	8.65	8
Narendrabhai Shivabhai Parmar	0	0	2.1	2	0	0	0.5	1	0	0	2.6	3	0	0	2.6	3
Sandipkumar Prakashbhai Prajapati	0	0	0.75	3	0	0			0.45	4	1.2	7	0	0	1.2	7
Savan Keshavlal Prajapati	0	0	1.15	3	0	0	0.3	2	0	0	1.45	5	0	0	1.45	5
Grand Total	**8.2**	**5**	**5.3**	**12**	**0.1**	**1**	**0.8**	**3**	**0.55**	**6**	**14.95**	**27**	**0.35**	**1**	**15.3**	**28**

52. From the above table, I note that Group entities by trading repeatedly among themselves in 27 instances had contributed significantly to market NHP. I also note that Noticee as a buyer had traded repeatedly with other entities in the group in 7 instances and had contributed to Rs. 8.30 to the NHP. To cite an instance, I note that Noticee had traded with Mr. Amratbhai Chaturdas as buyer, in 5 instances and thereby contributed to NHP to the extent of Rs. 8.20 in the scrip.

53. I find that Group entities including Noticee by trading among themselves repeatedly through NHP had considerably contributed to artificial price rise in the scrip to the extent of Rs. 14.95.

54. I am of the view that such repetitive and significant trading by Group Entities among themselves which resulted in such increase in NHP cannot be mere coincidence and revels the intent of Group Entities including Noticee to manipulate the market.

55. I note from material on record that Group Entities including Noticee had bought/sold shares in KTL by placing First order of the day beyond LTP. The details of the First Trade Analysis for group entities is as given below:-

Date	Buyer Name	Seller Name	Buy Order Time	Sell Order Time	Trade Time	Trade Price	LTP Difference	LTP Percentage	Trade Quantity
06.01.2015	Dhananjay Kumar	Ratanben Bharatkumar Marwadi	10:14:17.4905800	10:13:46.3497070	10:14:17.4905800	77.45	0.20	0.26	4000.00
08.01.2015	Dhananjay Kumar	Krunal Ashokkumar Jethva	10:02:41.6799780	10:02:26.1958600	10:02:41.6799780	84.25	0.35	0.42	4000.00
13.01.2015	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	12:31:21.2957220	12:31:19.9350610	12:31:21.2957220	95.00	0.00	0.00	4000.00

14.01.2015	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	11:28:06.0781840	11:28:05.2227760	11:28:06.0781840	97.00	-1.00	-1.02	4000.00
15.01.2015	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	10:58:16.0989810	10:58:15.2250140	10:58:16.0989810	97.50	0.05	0.05	4000.00
16.01.2015	Dhananjay Kumar	Sandipkumar Prakashbhai Prajapati	10:26:58.5794580	10:26:57.3116180	10:26:58.5794580	96.00	0.00	0.00	4000.00
22.01.2015	Dhananjay Kumar	Sanjeev Kumar	13:12:51.6276390	13:12:47.3525110	13:12:51.6276390	96.50	0.20	0.21	4000.00
30.01.2015	Dhananjay Kumar	Amratbhai Chaturdas Patel	10:40:17.1605810	10:40:16.7210370	10:40:17.1605810	100.00	1.00	1.01	4000.00
04.02.2015	Dhananjay Kumar	Amratbhai Chaturdas Patel	12:05:16.3958840	12:05:16.4184300	12:05:16.4184300	110.00	4.50	4.27	4000.00
06.02.2015	Dhananjay Kumar	Amratbhai Chaturdas Patel	11:09:54.6346580	11:09:53.8788920	11:09:54.6346580	115.00	4.60	4.17	4000.00
							9.90		

56. I note from table above that Noticee contributed to net LTP of Rs. 9.90 through First trades. I also note that Noticee contributed positive LTP of Rs. 9.15 through First trades with connected entities on 7 occasions. Further while trading among themselves, Noticee contributed positive LTP of Rs. 4.50 on February 04, 2015 and Rs. 4.60 on February 06, 2015. Thus, I observe from preceding paragraphs, Group entities including Noticee by trading among themselves repeatedly in a manipulative manner through First Trades had contributed to artificial price rise in the scrip of KTL during Investigation Period.

57. As stated earlier in the Order, Noticee has contended that he was not in any way related to other connected entities. However, as established in preceding paragraphs, Noticee had consistently and repetitively traded with other entities within the Group throughout the investigation period and within Group Entities, Noticee had indulged in highest number of synchronised trades and had made maximum contribution to Market LTP, NHP and First Trade. I also note that Noticee

falls within top ten entities who bought and sold the shares in the scrip of KTL during the Investigation Period. I further note that Noticee had offloaded all the shares of the KTL bought by him during the investigation period itself.

58. I also note from preceding paragraphs Noticee being part of Group Entities by repetitively and significantly trading amongst themselves have contributed significantly to total market LTP, NHP and First Trade Price. In this regard, It is pertinent to highlight that the Hon'ble SAT in the matter of Ketan Parekh v. SEBI (Appeal no. 2 of 2004, Date of Decision-14.07.2006), has held that: "…*Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

59. In light of observations in preceding paragraphs and ratio laid down by Hon'ble SAT in aforementioned decision, I am of view that consistent and significant trading by Noticee in the scrip of KTL with other connected entities as counterparties to the trades over a period of one and half month and which had made positive contribution to LTP, NHP and First Trade has been done only with intention to manipulate market. The aforesaid trading pattern of Noticee with other connected

entities clearly shows that Group entities in collusion among themselves had traded with fraudulent/manipulative intent to create false market in the share of KTL without changing meaningful ownership of shares as their net trading quantity (either total trading or the synchronized trading) was zero. Therefore, I find that Noticee has fraudulently contributed to artificial price rise in the scrip through manipulative First Trades, LTP contribution and NHP contribution and thereby violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) and (e) of PFUTP Regulations.

60. From the analysis / observations made in preceding paragraphs, it is established that Noticee, by being part of the Group entities, had created a false and misleading appearance of trading in the scrip of KTL and artificially raised the volume in the scrip of KTL by way of synchronized trading and had indulged in price manipulation by way of placing orders beyond LTP, placing first order beyond LTP, contributing to NHP etc. in the scrip. Therefore, I am of the considered view that the allegation that Noticee has violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations stands established.

Issue No. II: If yes, whether the failure on the part of Noticee would attract monetary penalty under Section 15HA of the SEBI Act?

61. It has been established in the preceding paragraphs that Noticee has violated Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations.

62. In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had held "*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. A breach of civil obligation which attracts penalty in the nature of fine under the provisions of the Act and the Regulations would immediately attract the levy of penalty irrespective of the fact whether contravention must made by the defaulter with guilty intention or not."

63. Therefore, placing reliance on the aforesaid judgement of Hon'ble Supreme Court, I find that the above violation of Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2)(a), (e) and (g) of PFUTP Regulations by Noticee would attract monetary penalty under Section 15HA of SEBI Act. The text of Section 15HA of SEBI Act is reproduced below:

15HA. Penalty for fraudulent and unfair trade practices.

If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

Issue No. III: What would be the monetary penalty that can be imposed upon Noticee taking into consideration the factors stipulated in Section 15J of the SEBI Act?

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

SEBI Act
Factors to be taken into account by the adjudicating officer.

***Section 15J** - 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 the 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.

65. In view of the charges established, the facts and circumstances of the case, the quantum of penalty would depend on the factors referred in Section 15-J of the SEBI Act, stated as above. In the instant case, I find that, it is not possible from the material on record to quantify the amount of disproportionate gain or unfair advantage resulting from the default of Noticee. I also note that material available on the record does not indicate the amount of specific loss caused to an investor or investor group. I note that material available on record does not indicate the violations of Noticee are repetitive in nature. However, it has been established that Noticee had continuously carried out synchronised trades as well as other manipulative trades in large volumes in the scrip of KTL. I note that Noticee along with other connected entities collectively, by executing series of trades among themselves, have not only created artificial volume in the scrip of the KTL but also manipulated the price of scrip of KTL. I am of view that acts of artificially increasing the price of scrip have potential to mislead and induce genuine investors to trade in the scrip and harm them and, thus, the fundamental tenets of market integrity

get violated with impunity due to such fraudulent acts. Such acts of Noticee, if dealt with lightly, could seriously undermine investors' confidence in the securities market and therefore, would deserve suitable penalty commensurate with such serious violation by him.

ORDER

66. Having considered all the facts and circumstances of the case, the material available on record, and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 20,00,000 (Rupees Twenty Lakh Only) on Noticee viz. Mr. Dhananjay Kumar.

67. I am of the view that the said penalty is commensurate with the lapse/omission on the part of Noticee.

68. Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

69. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD – DRA - II, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	

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

70. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticee.

71. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticee viz. Mr. Dhananjay Kumar and also to SEBI.

Place: Mumbai **SOMA MAJUMDER**
Date: February 22, 2022 **ADJUDICATING OFFICER**