ADJUDICATION ORDER NO. EAD-3/AO/JS/VRP/15-22/2018

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

In respect of

Sr. No.	Name of the Entities and PAN No.	Sr. No.	Name of the Entities and PAN No.
1	Chetan Dogra PAN No. ABNPD1798C	5	Jinesh Bhatt PAN No. AKDPB6133C
2	Chetan Dogra HUF PAN No. AACHC5554P	6	Sanjeev Ramesh Malhotra PAN No. AQDPM3057A
3	Naina Sanjeev Malhotra PAN No. AHXPM7262L	7	Hashim Amir Sayed PAN No. ANPPS3213D
4	Tarunkumar Brahmbhatt PAN No. ADSPB2534M	8	Anand Rathi Financial Services Limited PAN No. AAACN3405F

In the matter of Nature Hue Chem Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (**SEBI**) conducted investigation into trading in the scrip of Nature Hue Chem Limited (**The Company)** for the periods October 01, 2009 to March 31, 2010 (**investigation period**). The shares of the company are listed at BSE Limited (**BSE**). Ahmedabad Stock Exchange (**ASE**), Madhya Pradesh Stock Exchange Limited at Indore (**MPSE**) and Jaipur Stock Exchange (**JSE**). However the shares were traded only at BSE.

2. During the period of investigation, BSE Sensex moved from 15,404.94 to 17,711.35 registering an increase of 2306.41 points (14.97%). During the same period, price of the scrip in BSE moved from Rs.15.45 to Rs.50.2 registering an increase of Rs.34.75 (224.92%). The scrip closed at Rs.3.37 in BSE on February 04, 2015.

3. Investigation observed that a group of connected/ related clients entered into transactions with each other and executed synchronized trades, reversal of trades and self-trades leading to creation of false and misleading appearance of trading and hence fraudulently contributed to positive Last Traded Price (**LTP**), New High Price (**NHP**) leading to artificial price rise in the scrip of the company. It was observed that, the entities, Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Hashim Amir Sayed, Anand Rathi Financial Services Limited (**Collectively Noticees**) execute synchronized trades, reversal of trades and self-trades leading to creation of false and misleading appearance of trading and hence fraudulent and contributed to positive LTP, NHP leading to artificial price rise in the scrip of the company. It was therefore alleged that the Noticees violated Regulation 3(a),(b),(c),(d) & 4(1),4(2)(a),(b),(e) & (g) of PFUTP Regulations, 2003. Further, the broker Anand Rathi Financial Services Limited had failed to adhere with the Clause A(2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992, as applicable.

APPOINTMENT OF ADJUDICATING OFFICER

4. An Adjudicating Officer(**AO**) was appointed vide order dated April 24, 2014 under section under Section 19 read with section 15-I of the Securities and Exchange Board of India Act, 1992 (**SEBI Act, 1992**) and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rule, 1995 (**Rules**), to inquire into under Sections 15HA in respect of Noticees Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Hashim Amir Sayed the alleged violations of the provisions of SEBI Act,1992, SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 2003 (**PFUTP Regulation**) and under section 15HB of the SEBI Act, 1992 in respect of Anand Rathi Financial Services Limited the alleged noncompliance of Clause A (2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (**SBSB Regulation, 1992**) in the matter. Consequent to transfer of AO, the proceedings are now continued with in terms of Order dated May 18, 2017.

SHOW CAUSE NOTICE, REPLY AND HEARING

5. A common Show Cause Notice Ref. No. EAD/PJ/VRP/17928/2015, EAD/PJ/VRP/17930/2015, EAD/PJ/VRP/17932/2015, EAD/PJ/VRP/17933/2015, EAD/PJ/VRP/17938/2015, EAD/PJ/VRP/17959/2015, EAD/PJ/VRP/17962/2015, EAD/PJ/VRP/17964/2015, respectively, dated June 30, 2015 (**SCN**) were issued

to the Noticees under rule 4(1) of the Rules to show cause as to why an inquiry should not be held against the Noticees and penalty be not imposed under section 15HA on Noticees Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Hashim Amir Sayed and under section 15HB of the SEBI Act, 1992 on Anand Rathi Financial Services Limited. The Notices in respect of Chetan Dogra, Chetan Dogra HUF, and Hashim Amir Sayed were returned undelivered with a remark 'Moved/ Left'. In respect of the Noticees viz., Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Anand Rathi Financial Services Limited, the SCN were duly delivered.

6. The Noticee Tarunkumar Brahmbhatt has submitted his reply vide letters dated November 09, 2015 and November 20, 2015 and vide letter dated May 10, 2018 which was received on May 09, 2018. The Noticee Jinesh Bhatt had submitted vide letter dated July 23, 2015 and the Noticee Anand Rathi Financial Services Limited has submitted its reply dated August 04, 2015.

7. In order to conduct an inquiry as per Rule 4(3) of the Rules, the Noticees were granted an opportunity of hearing on January 07, 2016 at SEBI, Head Office at Mumbai, vide common hearing notice dated December 15, 2015 to all the Noticees. However none of the Noticees appeared for the hearing.

<u>Communications in respect of Chetan Dogra</u>

8. The SCN was hosted on the SEBI website under "Unserved Notice". In respect of Chetan Dogra an opportunity of hearing was given on January 05, 2016 vide letter dated December 15, 2015 the said letter was affixed on December 19, 2015 at the last known address. Pursuant to transfer of the case to the present AO opportunity of hearing was given on October 11, 2017 vide hearing notice dated September 15, 2017 the said hearing notice were sent through hand delivery and emails. The same Notice sent through hand delivery returned undelivered with a remark "Room Lock" and the notice sent through email bounced undelivered. Another opportunity of hearing was granted on November 13, 2017 vide hearing notice dated October 24, 2017 the said hearing notice was sent through hand delivery or affixture. The said hearing notice sent through hand delivery could not be delivered and it was affixed on October 25, 2017. However the Noticees failed to avail the opportunities granted above.

9. In the interest of justice and in order to conduct an inquiry as per Rule 4(3) of the Rules, the Noticee Chetan Dogra was granted an opportunity of hearing on

January 25, 2018 at SEBI, Head Office, Mumbai, vide newspaper publication on January 12, 2018 in the local newspaper circulated in all Mumbai Editions i.e., Times of India in English language and Dainik Jagran in Hindi language and Maharashtra Times in Marathi language. It was also published in the said newspaper publication that the Noticees shall collect the Show Cause Notices from Enquiry and Adjudication Department-8 (EAD-8), Securities and Exchange Board of India, SEBI Bhavan, C-4 A, G Block, BKC, Bandra (E) Mumbai 400051. It was further published that the said SCN has been published/ uploaded for your ready reference on www.sebi.gov.in under the section Enforcement: Unserved Summons/ Notices' and Noticees are also advised to take note of the same.

Communications in respect of Chetan Dogra HUF

10. The SCN was hosted on the SEBI website under "Unserved Notice". In respect of the Chetan Dogra HUF an opportunity of hearing was given on January 05, 2016 vide letter dated December 15, 2015 the said letter was affixed on December 19, 2015 at the last known address. Pursuant to transfer of the case to the present Adjudicating Officer opportunity of hearing was given on October 11, 2017 vide hearing notice dated September 15, 2017 the said hearing notice was sent through speed post AD at 3 Haryana addresses and 1 Himachal Pradesh addresses and through Hand Delivery at 4 Mumbai addresses and through email. All the hearing notices return undelivered. Another opportunity of hearing was granted on November 13, 2017 vide letter dated October 24, 2017 the said letters was affixed October 25, 2017 at the last known addresses of the Noticee. However the Noticees failed to appear for the hearing.

11. In the interest of justice and in order to conduct an inquiry as per Rule 4(3) of the Rules, the Noticee Chetan Dogra HUF was granted an opportunity of hearing on January 25, 2018 at SEBI, Head Office, Mumbai, vide newspaper publication on January 12, 2018 in the local newspaper circulated in all Mumbai Editions i.e., Times of India in English language and Dainik Jagran in Hindi language and Maharashtra Times in Marathi language. It was also published in the said newspaper publication that the Noticees shall collect the Show Cause Notices from Enquiry and Adjudication Department-8 (EAD-8), Securities and Exchange Board of India, SEBI Bhavan, C-4 A, G Block, BKC, Bandra (E) Mumbai 400051. It was further published that the said SCN has been published/ uploaded for your ready reference on www.sebi.gov.in under the section Enforcement: Unserved Summons/ Notices' and Noticees are also advised to take note of the same.

Communication of Hearing Notice in respect of Hashim Amir Sayed

12. The SCN was hosted on the SEBI website under "Unserved Notice". In respect of the Hashim Amir Sayed, opportunity of hearing were given on January 05, 2016 vide letter dated December 15, 2015 which returned undelivered with a remark 'shifted'. Pursuant to transfer of the case to the present Adjudicating Officer opportunity of hearing was given on October 11, 2017 vide hearing notice dated September 15, 2017 the said hearing notice was sent through speed post and email. The notice sent through speed post returned undelivered with a remark 'Not Known' and the notice sent through email bounced undelivered. Another opportunity of hearing was granted on November 13, 2017 vide letter dated October 24, 2017 the said letters was affixed on October 25, 2017 at the last known addresses of the Noticee. However the Noticees failed to appear for the hearing.

13. In the interest of justice and in order to conduct an inquiry as per Rule 4(3) of the Rules, the Noticee Hashim Amir Sayed was granted an opportunity of hearing on January 25, 2018 at SEBI, Head Office, Mumbai, vide newspaper publication on January 12, 2018 in the local newspaper circulated in all Mumbai Editions i.e., Times of India in English language and Dainik Jagran in Hindi language and Maharashtra Times in Marathi language. It was also published in the said newspaper publication that the Noticees shall collect the Show Cause Notices from Enquiry and Adjudication Department-8 (EAD-8), Securities and Exchange Board of India, SEBI Bhavan, C-4 A, G Block, BKC, Bandra (E) Mumbai 400051. It was further published that the said SCN has been published/ uploaded for your ready reference on www.sebi.gov.in under the section Enforcement: Unserved Summons/ Notices' and Noticees are also advised to take note of the same.

Communication of Hearing Notice in respect of Naina Malhotra & Sanjeev Malhotra

14. In respect of Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra an opportunity of hearing was given on January 5, 2016 vide letter dated December 15, 2015. The Noticee Naina Sanjeev Malhotra had authorized one Mayur More to appear for the hearing.

15. Mr. Mayur More appeared before the erstwhile Adjudicating Officer on January 07, 2016, wherein he submitted that he was not aware of the facts of the case and thus not able to represent the case.

16. Pursuant to transfer of the case to the present Adjudicating Officer, opportunity of hearing was granted on October 11, 2017 vide hearing notice dated September 15, 2017. The said hearing notice was duly delivered. However, the Noticee failed

to appear for the hearing. Another opportunity of hearing was granted on November 13, 2017 vide hearing notice dated on October 24, 2017. Noticee failed to appear for the hearing. Another opportunity of hearing was granted on December 14, 2017 vide hearing notice dated November 23, 2017.

17. An Authorised Representative (AR) claiming to represent the Noticees Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra vide email dated November 13, 2017 sought adjournment in the matter. No authority letter was presented to show that he was representative of the Noticees. Another opportunity of personal hearing was provided vide email dated January 17, 2018 on January 29, 2018. The Noticees vide email dated January 29, 2018 requested two days time and the same was granted to them. Vide email dated January 29, 2018 final opportunity of hearing was granted to the Noticees on February 01, 2018.

18. On February 01, 2018 for the first time since initiation of the proceedings Sanjeev Ramesh Malhotra and Naina Sanjeev Malhotra along with the Noticee Ami Kapasi appeared for the hearing on February 01, 2018. During the hearing Sanjeev Ramesh Malhotra and Naina Sanjeev Malhotra explained that Ami Kapasi had no role to play in the entire trading in the matter and was merely an employee and all actions of Ami Kapasi were at the behest of Sanjeev Ramesh Malhotra and Naina Sanjeev Malhotra and that they bear full responsibility for her dealings in the matter.

19. During the course of hearing the Noticees requested for another copy of the Show Cause Notice – though the same was already delivered to them earlier in the proceedings and requested for ten days' time to submit their reply to the SCN i.e. by February 14, 2018.

20. On the eve of the due date, the Noticees vide email dated February 13, 2018 requested for some more time to submit their reply. The said request was acceded to vide email dated February 14, 2018 by stating that in case the reply is not filed by February 20, 2018 the proceeding shall continue based on the material available on record. The Noticee Sanjeev Malhotra and Naina Sanjeev Malhotra again vide email dated February 22, 2018 submitted that they will submit the reply by March 10, 2018. This extended time was again granted to the entities. However well past the time granted to the entities, the reply from the entities is yet to be filed. No reply has come in even as on the date of the passing of this order. Thus it is concluded that enough opportunities have been provided to Sanjeev Malhotra and Naina Sanjeev Malhotra and that these proceedings are being concluded

based on submissions made oral and written and other material available on records.

Communication of Hearing Notice in respect of Tarunkumar Brahmbhatt

21. In respect of Tarunkumar Brahmbhatt opportunity of personal hearing was given on January 05, 2016 vide hearing notice dated December 15, 2015 the said letter was duly delivered to the Noticee, however, the Noticee failed to appear for the hearing. Records show that authorized representative appeared before the erstwhile Adjudicating Officer on January 07, 2016 on behalf the Noticee and reiterated the submission made vide reply dated November 19, 2015 and sought copy of the Annexure-4 enclosed to the SCN and other details sought vide reply dated November 19, 2015 and submitted that further submission would be provided after receiving the information.

22. The Noticee submitted additional submissions vide letter dated March 09, 2016. Pursuant to the transfer of these proceedings, another opportunity was given on October 11, 2017 vide hearing notice dated September 15, 2017 the Noticee vide letter dated September 30, 2017 and October 06, 2017 again sought certain documents. The information/ details sought vide email dated October 06, 2015 were provided to the Noticee vide email dated October 12, 2017. Pursuant to the same another opportunity of hearing was granted on November 13, 2017 vide hearing notice dated October 24, 2017. The Noticee vide email dated November 11, 2017 submitted that they would not be able to attend the hearing scheduled on November 13, 2017 and sought another date for hearing. A final opportunity of hearing was granted to the Noticee on December 06, 2017 vide letter dated November 15, 2017, however the Noticee failed to appear for the hearing. The AR while appearing as AR in another matter before the AO for a hearing on May 09, 2018 mentioned that they have brought with them additional submissions in the present matter, which on their request was accepted.

Communications in respect of Jinesh Bhatt

23. In respect of Jinesh Bhatt opportunity of personal hearing was granted on January 5, 2016 vide hearing notice dated December 15, 2015 the said letter was duly delivered to the Noticee. However, the Noticee failed to appear for the hearing. Pursuant to transfer of the case to the present Adjudicating Officer, opportunity of personal hearing was granted on October 11, 2017 vide notice dated September 15, 2017 the said notice was duly delivered. The Noticee vide letter dated

September 25, 2017 confirmed that he would appear for the hearing on October 11, 2017, however, the noticee failed to appear for the hearing. Meanwhile the Noticee vide email dated October 10, 2017 in late afternoon requested extension of one day the same was acceded to. The Noticee appeared on October 12, 2017 and reiterated the submission made vide letter dated July 23, 2015 and December 19, 2015.

Communications in respect of Anand Rathi Financial Services Limited

24. In respect of Anand Rathi Financial Services Limited an opportunity of personal hearing was given on January 05, 2016 vide letter dated December 15, 2015 the said letter was duly delivered to the Noticee. The Noticee vide email dated January 05, 2016 requested to adjourn and reschedule it to any further date. Another opportunity of personal hearing was granted on January 11, 2016 vide letter dated January 06, 2016. The AR appeared for the hearing and reiterated the submissions made vide reply dated August 04, 2015 and stated they would like to make further written submissions. The Noticee has submitted the additional submissions vide email dated January 20, 2016. Pursuant to transfer of these proceedings an opportunity of personal hearing was granted on October 11, 2017 vide letter dated September 15, 2017 the ARs appeared for the hearing and reiterated the submissions made vide letter dated August 04, 2015 and submitted that they would like to make further written submissions. The Noticee vide letter dated October 16, 2017 made its additional written submissions.

25. Noticees Chetan Dogra, Chetan Dogra HUF and Hashim Amir Sayed, Naina Sanjeev Malhotra and Sanjeev Ramesh Malhotra, have not submitted their reply to the SCN. Chetan Dogra, Chetan Dogra HUF and Hashim Amir Sayed have not availed the opportunity of personal hearing. It is concluded that these Noticees were provided enough opportunity to submit their reply and be heard in person, and none have availed the same. Hence, compelled to proceed with the matter ex-parte taking into account the facts and material available on record.

26. The Noticees Chetan Dogra, Chetan Dogra HUF and Hashim Amir Sayed, Naina Sanjeev Malhotra and Sanjeev Ramesh Malhotra, have not submitted their reply to the SCN. Hence, the matter is proceed further in terms of Rule 4(7) of Adjudication Rules.

CONSIDERATION OF ISSUES AND FINDING

27. The issues that arise for consideration in the present case are:

I. *Whether the Noticees, Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, and Hashim Amir Sayed are connected among each others?*

II. *Whether the Noticees viz., Chetan Dogra and Chetan Dogra HUF by executing synchronized trades reversal trades and self-trades and Noticees viz., Sanjeev Ramesh Malhotra and Hashim Amir Sayed by executing self-trades indulged in creation of false and misleading appearance of trading in the scrip of the company thereby violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(a) and (g) of SEBI(PFUTP) Regulations, 2003?*

III. *Whether the Noticees viz, Chetan Dogra and Naina Malhotra violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003 by contributing in positive LTP leading to price rise in the scrip?*

IV. *Whether the Noticees viz Tarunkumar and Jinesh Bhatt violated regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003 by contributing to New High Price leading to artificial price rise?*

V. *Whether the Noticee viz Anand Rathi Financial Services Limited failed to exercise due skill and care there by not comply Clause A (2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 by executing self-trades on behalf of Chetan Dogra?*

VI. *The violation if any, on the part of Noticees viz., Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Hashim Amir Sayed thereby liable for penalty under section 15HA of SEBI Act, 1992?*

VII. *The violation if any, on the part of Noticee viz, Anand Rathi Financial Services Limited thereby liable to penalty under section 15 HB of SEBI Act, 1992?*

VIII. *If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?*

FINDINGS

28. On perusal of the material available on record and giving regard to the facts and circumstances of the case and submissions of the Noticees, the findings are given hereunder.

ISSUE I: Whether the Noticees, Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, and Hashim Amir Sayed are connected among each other's?

29. 21 entities comprising the Chetan Dogra Group were identified due to interse connections established based on common addresses and telephone number from KYC documents, off market transfers, bank transactions etc. Out of these seven entities of Chetan Dogra Group had significant trading as compared to other entities within the Chetan Dogra Group. Based on the supporting documents, the connections are as given below:

	Noticee	Basis of Connection
1	Chetan Dogra (ABNPD1798C)	• There were off market transfers of shares of NHCL between Chetan Dogra and Chetan Dogra HUF, Vibhuti Das, Sayed Hashim, Sanjeev Malhotra, Naina Malhotra, Manoj Kumar Kansal and from the promoter of NHCL viz. GK Consultants Ltd., during the IP. Chetan Dogra had financial transactions with Inderpal Dogra.
2	Chetan Dogra HUF (AACHC5554P)	• Chetan Dogra is the Karta of Chetan Dogra HUF and as per the KYC documents with the broker-Anand Rathi, both have common address-801, Tower-1, NRI Complex, Sea Wood estate, Palm Beach Road, Nerul, Navi Mumbai, Maharashtra. • Had financial transactions with Inderpal Dogra
3 4	Sanjeev Malhotra (AQDPM3057A) Naina Sanjeev Malhotra (AHXPM7262L)	• Sanjeev Malhotra is the spouse of Naina Malhotra • As per KYC documents with broker-Motilal Oswal Securities Ltd. for Sanjeev Malhotra and broker-Guiness Securities Ltd. for Naina Malhotra, both these entities have the same address as that of Tarunkumar Brahmbhatt, viz. A-302 Gaurav Geet Co-Op Hsg. Soc. Ltd Gaurav Garden, Mahavir Nagar, Kandivali (W), Mumbai- 400067. • Both have received shares in off-market in NHCL from Chetan Dogra during the investigation period. • There were financial transactions between Naina Malhotra and Ami Kapasi.
5	Ami Kapasi (AYCPK9201H)	• Ami Kapasi received shares in off market in NHCL from Sanjeev Malhotra and the promoter of NHCL viz. GK Consultants Ltd., during the investigation period. • Naina Malhotra was her introducer in her client registration form. • The Loan Agreement (for lending/borrowing of shares) by Ami Kapasi from GK Consultants was executed through Chetan Dogra and was signed by Chetan Dogra.
6	Sayed Hashim (ANPPS3213D)	• Has received shares in off market in NHCL from Chetan Dogra, Chetan Dogra HUF and Sanjeev Malhotra during IP. • There were financial transactions between Chetan Dogra HUF and Sayed Hashim.

	Noticee	Basis of Connection
7 8	Jinesh Bhatt (AKDPB6133C) Tarunkumar Brahmbhatt (ADSPB2534M)	• Jinesh Devendra Bhatt and Tarunkumar Brahmbhatt have Common Contact No.i.e. 28699848. Address is common for Tarunkumar and Sanjeev and Naina Malhotra. • Vide letter dated 17/9/2014, Jinesh Bhatt has informed SEBI that Tarunkumar Brahmbhatt is his friend and vide email dated 19/9/2014, he has informed SEBI that he had met Mr. Chetan Dogra through a common friend Mr. Avinash Magan, approximately 10 years back. • Chetan Dogra transferred shares in the scrip of Urja Global Ltd to Tarunkumar Brahmbhatt & Jinesh Bhatt on 11/09/2010.

30. From the above table it is noted that, the Chetan Dogra Group including above entities were connected with each other and other entities within the group. It is noted that, there were off market transfers of shares of NHCL between Chetan Dogra, CRS Traders & Exporters Pvt Ltd, Sanjeev Malhotra, Sayed Hashim and Ami Virendra Kapasi and from the promoter of NHCL viz. GK Consultants Ltd., during the investigation period and Chetan Dogra had financial transactions with Inderpal Dogra one of the entity within the Chetan Dogra Group.

31. Chetan Dogra is the *Karta* of Chetan Dogra HUF and as per the KYC documents with the broker-Anand Rathi, both have common address and had financial transactions with Inderpal Dogra. It is noted that, Sanjeev Malhotra is spouse of Naina Malhotra. Further, there were financial transactions between Naina Malhotra and Ami Kapasi. It is noted that, Naina Malhotra and Sanjeev Malhotra in the hearing before the Adjudicating Officer mentioned that Ami Kapasi had no role to play in the trading and that she had acted at their behest. It is noted that Ami Kapasi received shares in off market of NHCL from Sanjeev Malhotra and the promoter of NHCL viz. GK Consultants Ltd., during the investigation period. Naina Malhotra was her introducer in her client registration form. Further, the Loan Agreement (for lending/borrowing of shares) by Ami Kapasi from GK Consultants was executed by Chetan Dogra and was signed by Chetan Dogra. It was mentioned by Sanjeev Malhotra and Naina Malhotra in their oral submissions in the hearing on February 01, 2018 that Ami Kapasi had no role to play in the trading in the scrip and that she acted at their behest and that they bear full responsibility for the actions of Ami Kapasi.

32. It is noted that Sayed Hashim had received shares in off market of NHCL from Chetan Dogra, Chetan Dogra HUF and Sanjeev Malhotra during investigation period and there were financial transactions between Chetan Dogra HUF and Sayed Hashim.

33. It is noted that vide letter dated September 17, 2014, Jinesh Bhatt has informed SEBI that Tarunkumar Brahmbhatt was his friend and vide email dated September 19, 2014, he has informed SEBI that he had met Mr. Chetan Dogra through a common friend Mr. Avinash Magan, approximately 10 years back. Further, it is noted that Chetan Dogra transferred shares in the scrip of Urja Global Ltd to Tarunkumar Brahmbhatt & Jinesh Bhatt on September 11, 2010. The connection between Chetan Dogra and Tarunkumar Brahmbhatt & Jinesh Bhatt has not been denied by Tarunkumar Brahmbhatt & Jinesh Bhatt.

34. The Noticee Trarunkumar Brahambhatt vide its reply dated November 20, 2015 had submitted that he is not a part of Sanjeev Malhotra and Chetan Dogra Group and he is wrongly bunched, lumped and connected with the group. It is noted that it was stated in the SCN that Jinesh Devendra Bhatt and Tarunkumar Brahmbhatt have common contact No. i.e. 28699848. Address is common for Tarunkumar and Sanjeev and Naina Malhotra.

35. The Noticee had submitted that his address is B-1203, Gaurav Geet Cop-op Hsg Society the same is verified from the Annexure-4, of the SCN and the said submission is tenable as it does not have common address and contact number with the other entities. This fact is being considered and this cannot be considered for determining connection. However, with respect to connection based on off market trades, Tarun did not offer any explanation despite opportunities granted in hearing and for filing written submissions. Thus it is held that connection exist due to off market trades not only in this scrip but also other scrip that is Urja Global Ltd.

The role of off market transactions in the scrip is vital, as the trading pattern shows that none of the entities had shares prior to trading in the scrip. However, pursuant to off market transfer made by the entities the trading was activated. Further all the share were offloaded by the device of first building volume then trading in a synchronised manner, reversal trades, etc as is being dealt with elsewhere in the order.

36. The trading details of the allegedly connected Noticees is as under:

no.	client name	Gross Buy	Gross Buy % to total Buy vol. (7237598)	Buy within Group	Gross Sell	Gross Sell % to total Sell vol. (7237598)	Sell within Group	Net Volume (Gr Buy–Gr Sell)	% of trades amongst the group to total traded quantity of the client
A	B	D	E	C	G	H	F	I	J=(C+F)/(D+G)

1	Chetan Dogra	1068483	14.76%	710473	1229746	16.99%	811191	-161263	66%
2	Chetan Dogra HUF	600131	8.29%	426946	568882	7.86%	393212	31249	70%
3	Sanjeev Malhotra	201590	2.79%	92603	297616	4.11%	102566	-96026	39%
4	Jinesh Bhatt	181268	2.50%	9668	244002	3.37%	61534	-62734	17%
5	Sayed Hashim	342222	4.73%	180526	122391	1.69%	55564	219831	51%
6	Tarunkumar Brahmbhatt	90741	1.25%	28507	111941	1.55%	27012	-21200	27%
7	Naina Sanjeev Malhotra	83997	1.16%	43694	101723	1.41%	40211	-17726	45%
8	Ami Kapasi	73091	1.01%	25765	48755	0.67%	31073	24336	47%
	Total (Group)	**2641523**	**36.49%**	**1518182**	**2725056**	**37.65%**	**1522363**	**-83533**	**36.2%**

37. It is noted from the above that the Noticees Chetan Dogra group had purchased 2641523 shares (36.49% of market volume) and sold 2725056 shares (37.65% of market volume*)* during the investigation period. The group had executed trades amongst themselves for 19,36,302 shares constituting 26.75% of the market volume. This concerted effort is evident from the fact that the percentage of trades amongst the group to the total traded quantity of the Noticees have trades 36 % amongst themselves. Sanjeev Malhotra, Naina Malhotra themselves and through Ami Kapasi contributed to trading amongst themselves by 39%, 45% and 47% respectively.

38. The Noticees Chetan Dogra, Chetan Dogra HUF, Hashim Amir Sayed, Naina Sanjeev Malhotra and Sanjeev Ramesh Malhotra had not submitted their reply to the SCN.

39. Further, other Noticees viz. Tarunkumar Brahmbhatt & Jinesh Bhatt have not submitted any explanation or refuted the allegation of connection due to off market transfers in this scrip as well as in other scrips, for eg. Chetan Dogra transferred shares in the scrip of Urja Global Ltd to Tarunkumar Brahmbhatt & Jinesh Bhatt on September 11, 2010.

40. Further it is noted from the trading pattern of the Chetan Dogra Group that Chetan Dogra had executed synchronized trades, reversal trades and self-trades leading to creation of false and misleading appearance of trading and hence fraudulently contributed to positive LTP, leading to artificial price rise in the scrip.

41. It is noted from the trading pattern Noticee Naina Malhotra contributed Rs.68.75 (6.99% of total market positive LTP) in 107 trades with a volume of 17,212 shares and her net LTP contribution was Rs.42.6 thereby she had contributed to price rise in the scrip.

42. It is noted from the trading pattern of the Noticee Tarunkumar Brahmbhatt was placing buy orders at prevailing sell order rates which were already at prices higher than existing NHP. He also traded in low volumes and mostly his buy order rates were much higher than the bid rates available. Further he was placing orders for certain trades, inspite of sell volume being available, he had placed orders at higher price band of ask price for executing orders for small quantity of shares thereby contributed Rs.4.5 i.e. 12.94% of the market NHP in 7 trades with total volume of 2765 shares.

43. It is noted from the trading pattern of the Noticee viz Jinesh Bhatt that he had placed buy orders at prevailing sell order rates in 3 trades which were already at prices higher than existing NHP. In 2 trades, he had placed his buy order at a rate higher than the prevailing sell order rate. Further it is noted that though the sellers were offering shares of quantity ranging from 1-5000 shares, he was placing buy orders for shares ranging from 10-1000. It is further noted that the buy order rates were much higher than the bid rates available and Jinesh Bhatt had contributed Rs.3.25 i.e. 9.34% of the market NHP in 11 trades with total volume of 2767 shares thereby the Noticee Jinesh Bhatt had Contributed to New High Price leading to artificial price rise in the scrip.

44. It is noted from the trading pattern of the Noticee viz Sanjeev Ramesh Malhotra and Hashim Amir Sayed that they had executed self-trades leading to creation of false and misleading appearance of trading on the screen.

45. In respect of determining connection of the Noticees through off market transactions, reliance is placed on the judgment of *Hon'ble SAT in the Eaugu Udyog Ltd. Versus Securities and Exchange Board of India in Appeal No. 210 of 2011* decided on *March 29, 2012*

"Para 7. We have heard the learned counsel for the parties who took us through the details of the transactions. There is no dispute regarding off-loading of shares partly by way of off-market dealings and partly by way of secondary market transactions. There is also no dispute regarding the identity of the counter parties in the above transactions.
……..

The presence of same persons as counter parties both in off-market transaction and in secondary market dealings cannot be dismissed as a mere coincidence. The fact remains that the "connected persons" Haresh Soni, Jaiprakash Jain, Sanjay J. Soni, Anil Thakrel and Abhijit Todi were party to synchronized trades.
…….
As already observed, the shares were not trading well at the beginning of the investigation period. Price and volume went up steadily during the investigation period providing a safe and profitable

exit for the appellant. The circumstances in which the price of the scrip rose and the involvement of the appellant establish that the market was deliberately kept afloat by the appellant in connivance with the connected persons. Otherwise, there is no explanation for the presence of identical counter parties in off-market and secondary market dealings though the appellant would take a plea of bonafide market transactions."

46. Further it is pertinent to note that the Hon'ble Supreme Court of India in its Judgment in the matter of *Securities and Exchange Board of India Versus Kishore R. Ajmera* in *Civil Appeal No. 2818 of 2008* decided on *February 23, 2016* wherein it was held that:

"*It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."*

47. In respect of non-submission of the replies by some of the noticees, reliance is placed on the judgment of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others v SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), where it was inter-alia, observed that non submission of reply or non-refutable of the alleged facts by the Noticee are presumption that the Noticee have admitted the charges level against them in the show cause notice.

48. In view of the facts and the legal pronouncements enumerated above, it is concluded that the Noticee Chetan Dogra Group and Chetan Dogra HUF are connected to each other as Chetan Dogra Group is Karta of Chetan Dogra HUF. Further there was off market transaction between Chetan Dogra Naina Sanjeev Malhotra and Sanjeev Ramesh Malhotra (spouse), Ami Kapasi and Hashim Amir Sayed, hence they are connected to each other. Further the Noticee Jinesh Bhatt and Tarunkumar Brahmbhatt were friends and they had met Mr. Chetan Dogra and there were off market transactions in the scrip of Urja Global between Chetan Dogra and Tarunkumar Brahmbhatt. Hence it is concluded that all the Noticees are connected to each other.

ISSUE II: Whether the Noticees viz., Chetan Dogra and Chetan Dogra HUF by executing synchronized trades reversal trades and self-trades and Noticees viz., Sanjeev Ramesh Malhotra and Hashim Amir Sayed by executing self-trades indulged in creation of false and misleading appearance of trading in *the scrip of the company thereby violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(a) and (g) of SEBI(PFUTP) Regulations, 2003?*

49. It is noted from the facts that there were off market transfers from the promoter of the company G K Consultants Ltd. to certain Chetan Dogra Group. The details of such off market transfer of shares from GK Consultants to Chetan Dogra Group entities are given below:

Date	**Off market transfer of shares (Qty.)**		**Shares were further transferred**			**Shares were further transferred**		
			off market			**off market**		
	From	**To**	**From**	**Received on Date**	**Quantity**	**From**	**Received on Date**	**Quantity**
31/12/2009	GK Consultants Ltd.-promoter	Chetan Dogra / 2,00,000	Chetan Dogra to- 1) Sanjeev Malhotra	01/01/2010	50,000	Sanjeev Malhotra to 1) Ami K	05/01/2010	10000
						2)Naina M	05/01/2010	10000
						3)Naina M	08/01/2010	30000
			2) Sayed Hashim	01/01/2010 15/3/2010	21000 4000	-	-	-
			3) Naina Malhotra	05/01/2010	42000	-	-	-
18/01/2010		CRS Traders*/ 1,00,000	CRS traders to Chetan Dogra	19/01/2010	72,000	-	-	-
01/02/2010		Ami Kapasi/ 1,00,000	Ami Kapasi to Sanjeev Malhotra	06/02/2010	80000	Sanjeev Malhotra to Sayed Hashim	08/02/2010	80000
							19/02/2010	20000

50. Given below is the net sell position of the major group Noticees who have received shares in off market transfers and have traded in the stock exchanges and are net sellers during IP:

Investigation Period	**1/1/2010-31/03/2010 (after receipt of shares off market)**			**1/10/2009-31/12/2009 (before receipt of shares off market)**		
Client Name	Gross Buy	Gross Sell	**Net Qty.**	Gross Buy	Gross Sell	**Net Qty.**
CHETAN DOGRA	827240	977371	**-150131**	241243	252375	**-11132**
SANJEEV RAMESH MALHOTRA	200090	296116	**-96026**	1500	1500	**0**
NAINA SANJEEV MALHOTRA	83997	101723	**-17726**			
AMI KAPASI	73091	48755	**24336**			
SAYED HASHIM	342222	122391	**219831**			

51. It is noted from the above tables, during the period October 2009 to December 2009 Chetan Dogra had received 51000 shares in off market from Manoj Kansal. Further during the period from January 2010 to March 2010 he received 2,00,000 shares from G K Consultants Ltd. Further, from his net sell position above, it is noted that he was the net seller for 1,50,131 shares subsequent to receipt of shares in off market. He utilised the shares received from GK Consultants through off market transfers for creating artificial volume in the scrip as he had no shares in his demat account at the beginning of investigation period.

52. Similarly, it is observed that Sanjeev Ramesh Malhotra was net seller of 96,026 shares subsequent to receipt of shares in off market from Chetan Dogra. He utilised the shares received from Group entities through off market transfers for creating artificial volume in the scrip without having shares in his demat account at the beginning of investigation period. Sanjeev Malhotra had a total of 40,000 shares remaining with him.

53. Demat statements of Chetan Dogra, Chetan Dogra HUF, CRS Traders, Ami Kapasi, Sanjeev Malhotra, Sayed Hashim, Naina Malhotra, Jinesh Bhat and Tarunkumar Brahmbhatt which were enclosed with the SCN as Annexure -13 show that at the beginning of the investigation period none of them had any shares of this company in their accounts. They have traded during the investigation period by utilising the shares received in off market transfers from various connected entities mainly from promoter G K Consultant.

54. The Noticees G K Consultants Ltd., Chetan Dogra, CRS Traders & Exporters Pvt Ltd and Sanjeev & Naina Malhotra (Ami Virendra Kapasi), by trading through off market transfer of shares without payment/receipt of consideration have violated Section 16 of SCRA, 1956 read with SEBI Notification G.S.R 219(E) dated March 02, 2000, Section 13 and Section 18 of SCRA, 1956 read with Section 2(i) of SCRA, 1956 for which separate Adjudication Order is passed.

Alleged Synchronized trades executed by *Chetan Dogra and Chetan Dogra HUF*

55. It is noted from the SCN that Chetan Dogra Group had purchased 32,71,689 shares (45.20 of market volume) and sold 33,43,195 shares (46.19% of market volume*)* during the investigation period. The group entities had executed trades amongst themselves for 19,36,302 shares.

56. It is noted that out of 19,36,302 shares traded amongst the Chetan Dogra Group (21 entities), 13 entities had executed synchronized trades for a quantity of 5,28,480 shares during the investigation period which is summarized as under:

Market Volume (one side)	Gross Buy Qty of Suspected Entities	Gross Sell Qty of Suspected Entities	Gross Total	Total Traded Qty among the suspected entities	Sync Traded Qty by suspected entities	Sync Trades as % of total traded Qty among the suspected entities	Sync Trades as % of total market volume	Sum of LTP at sync trades (in Rs.)
A	B	C	D	E	F	G = F/E	H= F/A	I
72,37,598	32,71,689	33,43,195	66,14,884	19,36,302	5,28,480	27.29%	7.30%	0.5

57. From the above, the total synchronized trades by all the entities(13 entities) of the Group constituted 27.29% of the trades amongst Group and 7.30% of total market volume during the investigation period. The synchronized trades of the Group (time difference less than or equal to 60 seconds) is as under:

Difference between buy and sell order in seconds	**Synchronized trades quantity**	**Total no. of synchronized trades**	**% of total synchronized trades**
00:00:01	20500	6	3.88%
00:00:02	41584	9	7.87%
00:00:03	71994	17	13.62%
00:00:04	89951	21	17.02%
00:00:05	34973	11	6.62%
	259002	**64**	**49.01%**
6 to 10 seconds	140713	37	26.63%
11 to 15 seconds	46390	11	8.78%
16 to 20 seconds	38420	6	7.27%
21 to 30 seconds	29484	10	5.58%
31 to 60 seconds	14471	6	2.74%
Grand Total	**528480**	**134**	**100.00%**

It is noted from the above that 49.01% of the total synchronized trades by entities of Chetan Dogra Group took place within five seconds.

58. The entity-wise summary of synchronized trades executed by Chetan Dogra Group is as under:

Sl.no.	**Client Name**	**As a Buyer**				**As a Seller**			
		No. of Buy Orders	**No. of Days**	**No. of Trades**	**Synchroni-zed Qty.**	**No. of Sell Orders**	**No. of Days**	**No. of Trades**	**Synchroni - zed Qty.**
1	CHETAN DOGRA	67	18	68	235259	54	17	55	276345
2	CHETAN DOGRA HUF	53	14	54	230462	58	14	58	194171
3	JINESH BHATT	0	0	0	0	3	1	3	18000
4	SANJEEV MALHOTRA	2	1	2	13464	6	4	6	16566
5	AMI V KAPASI	0	1	0	0	1	1	1	9290
6	NAINA MALHOTRA	3	0	3	12290	6	1	6	115
7	HASHIM AMIR SAYED	2	2	2	9245	1	1	1	9243
8	RAVI P SHARMA	1	1	1	9800	1	1	1	1000
9	BALWANT SINGH BISHT	1	1	1	8810	0	1	0	0

10	INDER PAL DOGRA	2	0	2	6650	0	1	0	0
11	ENAAM SECURITIES	1	1	1	2500	1	0	1	2500
12	TARUNKUMAR BRAHMBHATT	0	1	0	0	1	0	1	1000
13	PATADIA HIREN	0	0	0	0	1	1	1	250
	Grand Total	**132**	**40**	**134**	**5,28,480**	**133**	**43**	**134**	**5,28,480**

59. It is observed from the above that, 13 entities of the Group executed synchronized trades amongst themselves. Further that Chetan Dogra, as a buyer contributed to 44.52% and as a seller contributed to 52.29% of the total synchronized trades of the group. Chetan Dogra HUF, as a buyer contributed to 43.61% and as a seller contributed to 36.74% of the total synchronized trades of the group. Furthermore it is observed that, upon elimination of the synchronized trades of Chetan Dogra and Chetan Dogra HUF with the other entities of the Group (which amounts to 50,725 shares contributing to 9.60% of the synchronized trades of the Group), on 19 days out of total 26 days, Chetan Dogra and Chetan Dogra HUF had executed synchronized trades amongst themselves to the extent of 4,42,756 shares contributing to 83.78% of the synchronized trades of the Group and 6.12% of total market volume during the investigation period.

Alleged Reversal trades executed by *Chetan Dogra and Chetan Dogra HUF*

60. It is noted that, out of 19,36,302 shares traded amongst the Group, 2,00,769 shares were reversal of trades executed on 38 trading days contributing to 10.37% of the trade amongst Group and 2.77% of the market volume. Day-wise details of reversal of trades of the entities were enclosed to the SCN. A summary of entity-wise quantities traded, demonstrating the repetitive nature of reversal trades is given below:

Client Name (A)	Client Name (B)	Sum Of Reversal Qty	No. of Reversal trades	No. of days of Reversal trades	% of Reversal Qty. today mkt vol.
Chetan Dogra Huf	Chetan Dogra	119562	194	15	1.65%
Chetan Dogra	Balwant Singh Bisht	28028	21	4	0.39%
Enaam Securities	Chetan Dogra	16041	16	3	0.22%
Chetan Dogra	Ravi Prakash Sharma	10100	14	2	0.14%
Balwant Singh Bisht	Saroj Dogra	7920	5	1	0.11%
Chetan Dogra	Inder Pal Dogra	5000	3	1	0.07%
Chetan Dogra	Hashim Amir Sayed	5000	2	1	0.07%
Enaam Securities	Chetan Dogra Huf	3800	3	1	0.05%
Chetan Dogra	Jinesh Bhatt	1800	7	2	0.03%
Chetan Dogra Huf	Inder Pal Dogra	1148	6	1	0.02%
Hashim Amir Amhed Sayed	Manoj Kumar Kansal	1000	2	1	0.01%
Chetan Dogra	Naina Malhotra	661	10	2	0.01%
Chetan Dogra Huf	Naina Malhotra	509	11	2	0.01%
Hashim Amir Amhed Sayed	Sanjeev Malhotra	100	11	1	0%
Chetan Dogra	Ami Kapasi	100	4	1	0%
	Total	**200769**	**309**	**38**	**2.77%**

61. From the above table, it is noted that 60% of the total reversal of trades of the Group is amongst Chetan Dogra and Chetan Dogra HUF itself and these entities have repetitively executed reversal trades on 15 days, details of which are as under:

Date	Client Name (A)	Client Name (B)	Qty. B(Sell) to A(Buy)	Qty. A(Sell) to B(Buy)	Reversal Qty.	% of Reversal Qty. to Day	No. of Reversal trades	% of reversal Qty to day mkt volume
31.12.2009	**Chetan Dogra Huf**	**Chetan Dogra**	**15600**	**29562**	**15600**	**52.77**	**30**	**14.00%**
22.01.2010	Chetan Dogra Huf	Chetan Dogra	20110	28065	20110	71.66	22	13.89%
02.02.2010	Chetan Dogra Huf	Chetan Dogra	18029	20132	18029	89.55	13	13.63%
20.01.2010	Chetan Dogra Huf	Chetan Dogra	32513	19550	19550	60.13	20	13.28%
25.01.2010	Chetan Dogra Huf	Chetan Dogra	28190	10000	10000	35.47	15	9.57%
04.02.2010	Chetan Dogra Huf	Chetan Dogra	39000	9994	9994	25.63	14	7.54%
18.01.2010	Chetan Dogra Huf	Chetan Dogra	10000	5000	5000	50.00	4	6.24%
08.02.2010	Chetan Dogra Huf	Chetan Dogra	6525	35000	6525	18.64	9	4.86%
03.02.2010	Chetan Dogra Huf	Chetan Dogra	2497	2500	2497	99.88	5	4.19%
30.12.2009	Chetan Dogra Huf	Chetan Dogra	3599	4801	3599	74.96	2	3.97%
19.01.2010	Chetan Dogra Huf	Chetan Dogra	4000	16200	4000	24.69	10	2.93%
11.01.2010	Chetan Dogra Huf	Chetan Dogra	10000	1450	1450	14.50	3	1.86%
09.02.2010	Chetan Dogra Huf	Chetan Dogra	2662	1600	1600	60.11	23	1.45%
07.01.2010	Chetan Dogra Huf	Chetan Dogra	1595	3300	1595	48.33	2	1.05%
27.01.2010	Chetan Dogra Huf	Chetan Dogra	13	20250	13	0.06	22	0.01%
		Total			**119562**		**194**	

62. It is noted that the Noticees Chetan Dogra and Chetan Dogra HUF had not submitted their replies to the SCN. In respect of non-submission of the replies by some of the noticees, reliance is placed on the judgment of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others v SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), where it was inter-alia, observed that non submission of reply or non-refutable of the alleged facts by the Noticee are presumption that the Noticee have admitted the charges level against them in the show cause notice.

63. Further there is irrefutable information of trading pattern which evidence that the Noticee Chetan Dogra and Chetan Dogra HUF were involved in creation of artificial volume by executing synchronized trades and reversal of trades leading to false and misleading appearance of trading in the scrip without intention to change the ownership which are fraudulent and there is no hesitation in concluding that they have thereby violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(a) and (g) of SEBI(PFUTP) Regulations, 2003

<u>Alleged Self-trades executed by *Chetan Dogra, Chetan Dogra HUF,* Sanjeev Malhotra and Hashim Amir Sayed</u>

64. It is noted that, the Chetan Dogra group had entered into self-trades i.e. where buyer and seller for the same trade are one and the same. A summary of entity-

wise quantities traded, demonstrating the repetitive nature of self-trades is as given below:

				Same Terminal						
Client Name	No. Of Self Trades	No. Of Days	Self Trade Qty.	No. of instances	No. of shares	% of Self Traded Qty. to Market Vol.	Sum of LTP diff. (INR)	Sum of LTP % diff.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Chetan Dogra	167	23	200816	-	-	2.78	6.95	18.07	18.79	16.33
Chetan Dogra Huf	60	12	49753	2	251	0.69	-6	-17.06	8.29	8.75
Sanjeev Malhotra	6	3	25232	-	-	0.35	-0.7	-1.77	12.52	8.48
Hashim Amir Sayed	7	3	19611	2	1367	0.27	-0.85	-4.6	5.73	16.02
Balwantsingh Bisht	1	1	1503	1	1503	0.02	0.4	1.23	0.85	0.74
Jinesh D Bhatt	1	1	50	1	50	0.00	-0.25	-0.94	0.03	0.02
Naina Malhotra	5	3	49	5	49	0.00	-0.85	-2.1	0.06	0.05
Total	**247**	**46**	**297014**	**11**	**3220**	**4.11**	**-1.3**	**-7.17**	**46.26**	**50.38**

65. It is noted from the above that 247 trades for 2, 97,014 shares were self-trades; out of which, 11 self-trades were executed from the same terminal for 3220 shares. Chetan Dogra, Chetan Dogra HUF, Sanjeev Malhotra and Hashim Amir Sayed executed self-trades for the quantity of more than 10,000 shares and 5 or more counts of trades.

66. Further it is noted that 23 trades for 30,055 shares were entered through same stock broker on either side, the details of which are as given below:

					Same Terminal	
Name of the client	**Name of the broker on both buy and sell side**	**No. of days**	**No. of instances**	**Total No. of shares**	**No. of instances**	**No. of shares**
Chetan Dogra	Anand Rathi Financial	3	8	24250	-	-
Chetan Dogra HUF	Anand Rathi Financial	2	5	2835	-	-
Chetan Dogra HUF	R.K.Stock Holding Pvt. Ltd.	1	1	1	1	1
Balwant Bisht	R.K.Stock Holding Pvt. Ltd.	1	1	1503	1	1503
Sayed Hashim Ahmed	R.K.Stock Holding Pvt. Ltd.	1	2	1367	2	1367
Naina Malhotra	Guiness Securities Ltd.	2	3	33	3	33
Naina Malhotra	Joindre Capital Services	1	2	16	2	16
Jinesh Bhatt	A.C.Choksi Share Brokers	1	1	50	1	50
	Total	**12**	**23**	**30055**	**10**	**2970**

67. In the context of self-trades, it is to be appreciated that these are not stand alone self-trades, and they can be considered manipulative in nature as the self-trades are accompanied by synchronised trading, reversal trades, LTP violations, heavy concentrated trading amongst the group entities backed by off market transfers leading to false appearance of increased volume and price in the scrip during the investigation period.

68. Further it is noted that the Noticees Chetan Dogra, Chetan Dogra HUF, Sanjeev Ramesh Malhotra and Hashim Amir Sayed had not submitted their replies to the

SCN. In respect of non-submission of the replies by some of the noticees, reliance is placed on the judgment of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others v SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), where it was inter-alia, observed that non submission of reply or non-refutable of the alleged facts by the Noticee are presumption that the Noticee have admitted the charges level against them in the show cause notice.

69. Reliance is placed on the ratio in the Judgment of *Hon'ble Supreme Court of India in the matter of Securities and Exchange Board of India Versus* Rakhi Trading Private Ltd *in Civil Appeal No. 1969 of 2011* decided on *February 08, 2018* wherein it was held that:

"In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. In a case of similar synchronized trading involving same set of brokers emphasizing that the standard of proof is "preponderance of probability" in paras (26) and (27), in Kishore R. Ajmera case, this Court held as under:-

"26. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion."

70. Further in another judgement, the Hon‟ble SAT in thematter *Sparkline Mercantile Co. Pvt. Ltd.* Vs *SEBI* dated 16.01.2012 held that:

"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. Looking at the details provided in the investigation report, the show cause notice and the findings recorded by the adjudicating officer, we are convinced that the adjudicating officer has brought enough material on record in support of the conclusion that the entities mentioned in the tables above are connected entities and traded among themselves with prior arrangement resulting in creation of artificial volume and distorting the market equilibrium. 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. Therefore, we have no hesitation in upholding the findings recorded by the adjudicating officer in the impugned order."

71. The above evidence and the applicable legal precedents available on records are sufficient to conclude that the Noticees viz., Chetan Dogra, Chetan Dogra HUF were involved in creation of artificial volume by executing synchronized trades and reversal and Noticees viz., Chetan Dogra, Chetan Dogra HUF, Sanjeev Ramesh Malhotra and Hashim Amir Sayed were involved in creation of artificial volume by executing self-trades as above had fraudulently indulged in creating false and misleading appearance of trading in the scrip without intention to change the ownership thereby violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(a) and (g) of SEBI(PFUTP) Regulations, 2003

ISSUE III: Whether the Noticees viz, Chetan Dogra and Naina Malhotra violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003 by contributing in positive LTP leading to price rise in the scrip?

72. The table below depicts the trades executed by the Chetan Dogra Group had prices higher than the Last Traded Price. It is noted from the table that market wide cumulative contribution to the positive and net LTP variation was Rs.983.1 and Re.0.1 respectively, out of which Rs.569 and Rs.161.4 respectively was contributed by the Group as the buyer. The net impact of the trading of Group entities was that they were found to be exerting upward pressure on the price as a buyer, with their net LTP variation of Rs.161.4 as against the market wide net LTP variation of Re.0.1. It is noted that Chetan Dogra, Naina Malhotra had contributed to price rise during the investigation period.

LTP	**NET LTP**			**LTP diff.>0**			**LTP diff.<0**			**LTP diff. = 0**		
Client Name	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**Trade Qty.**	**No. of trades**	**% of total mkt +ve LTP**
Chetan Dogra	67.15	1068483	1643	170.6	309875	394	-103.45	188701	487	569907	762	17.35%
Naina Malhotra	42.6	83997	431	68.75	17212	107	-26.15	8430	182	58355	142	6.99%
Ami Kapasi	16.9	73091	150	32.6	4556	38	-15.7	8723	58	59812	54	3.32%
Jinesh Bhatt	15.55	181268	627	40	48651	162	-24.45	33414	240	99203	225	4.07%
Tarunkumar Brahmbhatt	12.7	90741	251	25.5	20077	74	-12.8	26932	74	43732	103	2.59%
Sanjeev Malhotra	10.7	201590	258	28.1	74175	94	-17.4	20840	60	106575	104	2.86%
Inder Dogra	4.85	109007	100	7.85	20510	26	-3	24955	10	63542	64	0.80%
Sayed Hashim	3.95	342222	480	17.95	49327	94	-14	57064	110	235831	276	1.83%
Vibhuti Das	2.4	70185	60	2.85	29270	20	-0.45	548	4	40367	36	0.29%
Saroj Dogra	1.75	57682	62	4.8	10156	23	-3.05	8914	11	38612	28	0.49%
Bhaskar Rao	0.6	9500	15	0.7	3712	8	-0.1	1264	2	4524	5	0.07%
Enaam Securities	0.45	57058	41	1.85	4725	8	-1.4	1306	4	51027	29	0.19%

LTP	NET LTP			LTP diff.>0			LTP diff.<0			LTP diff. = 0		
Client Name	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**LTP diff (Rs.)**	**Trade Qty.**	**No. of trades**	**Trade Qty.**	**No. of trades**	**% of total mkt +ve LTP**
Krupa Rao	0.2	16300	20	0.65	1600	3	-0.45	4900	2	9800	15	0.07%
Rajeev Kumar	0.15	34000	43	1.15	6062	9	-1	4990	4	22948	30	0.12%
Jyotika Dave	-0.05	8500	2	0	0	0	-0.05	500	1	8000	1	0.00%
Patadia Hiren	-0.3	4100	4	0	0	0	-0.3	1100	2	3000	2	0.00%
Sharad Gupta	-0.3	10000	12	0.15	66	1	-0.45	3500	3	6434	8	0.02%
Balwant Bisht	-1.75	177611	114	6.75	14703	17	-8.5	16007	12	146901	85	0.69%
Chetan Dogra HUF	-4.9	600131	1553	157.95	142535	300	-162.85	216010	734	241586	519	16.07%
Manoj Kansal	-5.35	29323	62	0.8	3570	8	-6.15	13239	24	12514	30	0.08%
Ravi Sharma	-5.9	46900	20	0	0	0	-5.9	25885	7	21015	13	0.00%
Group Total	**161.4**	**3271689**	**5948**	**569**	**760782**	**1386**	**-407.6**	**667222**	**2031**	**1843685**	**2531**	**57.88%**
Total Market	**0.1**	**7237598**	**14472**	**983.1**	**1334374**	**2767**	**-983**	**1341682**	**3787**	**4561542**	**7918**	**100.00%**

73. From the above it is noted that the market wide cumulative contribution to the positive and net LTP variation was Rs.983.1 and Re.0.1 respectively, out of which Rs.569 and Rs.161.4 respectively was contributed by the Group as the buyer. The net impact of the trading of Group entities was that they were found to be exerting upward pressure on the price as a buyer, with their net LTP variation of Rs.161.4 as against the market wide net LTP variation of Re.0.1. It is noted that Chetan Dogra, Naina Malhotra and Chetan Dogra HUF had contributed to price rise during the investigation period, which is explained below:

<u>Alleged Contribution of Chetan Dogra to LTP</u>

Date	Buy Order No.	Name of the Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Qty	Buy Order Qty	Sell Order Qty	Buy Order Price	LTP (Rs.)	Top 5 Bid Price Available (Range)Rs.	Top 5 Ask Price Available (Range)Rs.	Top 5 Ask Vol. Available (Total)	Trade Price
24.11.09	1600003 2023600	J V stock Broking Pvt Ltd	10:37:34	10:14:27	10:37:35	121	15000	121	**42**	2.55	38.2-39	41.35-41.9	12221	41.35
3.12.09	2100002 9007820	S atishaya Securities Private Limited	10:13:08	09:58:47	10:13:09	1000	1000	1000	<u>33.25</u>	2.25	30.25-32	30.25-30.35	2800	33.25
4.1.10	2100006 6038446	Sandeep	14:07:45	09:13:22	14:07:46	50	2000	50	**41**	3.35	37.15- 37.25	40.60– 40.7	1850	40.6
4.1.10	2100006 6038497	Harshad Bhavsar	14:08:30	13:42:02	14:08:31	850	2000	850	<u>40.85</u>	3.6	37.3- 37.4	40.75– 40.90	13850	40.75
6.1.10	1900002 8013800	Rakesh Sharma	09:32:24	09:04:48	09:32:24	50	1455	50	<u>36.7</u>	2.4	nil	36.7-37.2	7250	36.7
2.2.10	1200002 7017235	Chamunda Finstock Private Limited	09:39:50	09:39:16	09:39:50	4	4	1500	**37.75**	2.25	35.45-35.5	35.45	5455	37.75

6.2. 10	1400006 9003544	Mahesh K Kataria	11:17:54	11:17:53	11:17:55	1000	6000	1000	36	2.6	33.20– Rs.34	35.80– 36	8575	35.8
9.2.10	1200006 3010463	Vinod K Gupta	10:12:20	10:12:17	10:12:20	500	2000	500	34.50	2.75	nil	31.60– 34.50	8160	34.35
9.2.10	1200006 2007723	Gupta Sakshi	10:16:36	10:15:29	10:16:36	500	15000	500	**34.9**	2.5	nil	31.6-34.2	11556	34.1

74. From the trading pattern of bid and ask orders of the trades executed by Chetan Dogra at the highest LTP contribution (Rs. 3.6, 3.35, 2.75 etc.) in 9 trades. Further the Noticee Chetan Dogra contributed Rs.170.6 (17.35% of total market positive LTP) in 394 trades with a volume of 3,09,875 shares and his net LTP contribution was Rs.67.15. In 4 trades, he had placed buy orders (highlighted bold in the above table) at rates higher than the prevailing sell order rates and in 5 trades, he had placed buy orders (underlined) at the prevailing sell order rates which were already at prices higher than LTP. It is further noted that his buy order rates were much higher than the bid rates available. While placing his orders, inspite of sell volume being available, he had placed certain orders at highest/more than price band of ask price for executing orders for small quantity of shares

75. It is observed elsewhere in this order that the Noticee Chetan Dogra as a buyer had executed 68 synchronized trades for 2,35,259 shares and as a seller executed 55 synchronized trades for 2,76,345 shares. Further the Noticee Chetan Dogra had executed 194 reversal trades for 1,19,562 shares. Further the Noticee Chetan Dogra had executed 167 self-trades for 2,00,816 shares. Further the Noticee Chetan Dogra had executed 2 trades for 385 shares and contributed Rs. 0.35 shares as NHP.

Alleged Contribution of Naina Sanjeev Malhotra to LTP

76. It is noted from the bid and ask orders of the trades executed by Naina Malhotra at the highest LTP contribution (Rs 2.35, 2.25, 2 etc.) in 15 trades have been analysed and the details are as under:

Date	Buy Order No.	Name of the Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Qty	Buy Order Qty	Sell Order Qty	Buy Order Price	LTP (Rs.)	Top 5 Bid Price Available (Range)Rs	Top 5 Ask Price Available (Range)Rs	Top 5 Ask Vol. Available (Total)	Trade Price
04.01.2010	2300006 4051767	Manoj Kumar Bagoria	14:46:50	14:38:33	14:46:51	1	1	60	39.5	2.35	37.75- 38.5	39.5– 40.80	2910	39.5
04.01.2010	2300006 4055543	Satishaya Securities Pvt. Ltd.	15:18:11	15:01:09	15:18:11	1	1	1300	39.75	1.75	37.15-37.75	39.75-39.95	11858	39.75

Date	Buy Order No.	Name of the Seller	Buy Order Time	Sell Order Time	Trade Time	Trade Qty	Buy Order Qty	Sell Order Qty	Buy Order Price	LTP (Rs.)	Top 5 Bid Price Available (Range)Rs	Top 5 Ask Price Available (Range)Rs	Top 5 Ask Vol. Available (Total)	Trade Price
04.01.2010	2300006 4055624	Satishaya Securities Pvt. Ltd.	15:18:49	15:01:09	15:18:50	1	1	1300	39.75	1.75	37.15-37.75	39.75-39.95	11857	39.75
04.01.2010	2300006 4055723	Satishaya Securities Pvt. Ltd.	15:19:40	15:01:09	15:19:40	1	1	1300	39.75	1.75	37.15-37.75	39.75-39.95	11856	39.75
08.01.2010	1500005 7037504	Sanjay Naresh Agarwal	15:04:05	15:04:01	15:04:06	1	1	47	38.05	1.45	36.15-36.6	38-38.1	13192	38
08.01.2010	1500005 7039484	Ravi Prakash Sharma	15:27:23	14:45:51	15:27:23	1	1	10000	38.1	1.4	36.6-36.85	38.1	9145	38.1
12.01.2010	1700006 6023791	Seema Ramakant Parasrampuria	11:50:35	11:38:11	11:50:35	1	1	500	40.25	1.55	38.7-39.75	40.25-40.8	7014	40.25
12.01.2010	1700006 6035592	Comet Investment Pvt.Ltd.	14:47:08	14:31:16	14:47:08	1	1	1000	39.75	1.5	38-38.2	39.75-40	11046	39.75
12.01.2010	1700006 6035507	Comet Investment Pvt.Ltd.	14:45:48	14:31:16	14:45:48	1	1	1000	39.75	1.45	38-38.25	39.75-40	11047	39.75
12.01.2010	1700006 6026870	Chetan Dogra	12:35:12	11:53:31	12:35:12	1	1	9000	40.1	1.4	38.1-38.7	40.1-40.75	1699	40.1
12.01.2010	1700006 6026912	Mahesh Kumar Kataria	12:35:56	12:35:13	12:35:56	1	1	500	40	1.3	38.1-38.7	40-40.4	2148	40
25.01.2010	1400003 6000127	Satishaya Securities Pvt. Ltd.	09:00:07	09:00:01	09:00:07	10	10	1200	**49.35**	2.25	nil	Rs.48.90	58680	48.9
03.02.2010	1500005 7021529	Chetan Dogra	15:06:51	13:48:25	15:06:51	5	5	10000	38	2	37.7-37.95	38-38.7	34769	38
03.02.2010	1400006 9002390	Yogesh Bhupendra Shah	09:01:36	09:00:52	09:01:37	500	500	2000	38.9	1.8	35.25-35.5	38.9	2000	38.9
04.02.2010	2200006 7012065	Kavita R Sirsalewala	09:33:09	09:33:21	09:33:21	10	10	4725	**37.9**	1.8	35.5-36.25	37.75-38	8704	37.9

77. From the trading pattern of bid and ask orders of the trades executed by Naina Malhotra, it is noted that Naina Malhotra contributed Rs.68.75 (6.99% of total market positive LTP) in 107 trades with a volume of 17,212 shares and her net LTP contribution was Rs.42.6. It was further noted that her buy order rates were higher than the bid rates already available. Further the entity has conspicuously traded in only one share while buying the available sell quantity in eleven instances. In 1 trade, she had placed buy order at a rate (highlighted in bold in the above table) higher than the prevailing sell order rate and in the remaining trades, she had placed buy orders at the prevailing sell order rates which were already at prices higher than LTP. Further, entity has been placing buy order with conspicuous quantity of only one share to establish a new price which shows that

these small orders were placed to influence the price. In fact it is intriguing to note that one single day i.e on January 12, 2010 the entity has executed five trades for only one share. In another instance on January 04, 2010, she has executed four trades for only one share. Further in another instance on January 08, 2010 she has executed two trades for only on share.

78. Further to the above, it is noted elsewhere in this order that the Noticee Naina Malhotra as a buyer had executed 3 synchronized trades for 12,290 shares and as a seller executed 6 synchronized trades for 115 shares. Further the Noticee Naina Malhotra had executed 5 self-trades for 49 shares. Further the Noticee Naina Malhotra had executed 1 trade for 50 shares and contributed Rs.1.15 shares as NHP.

79. It is noted that the Noticees Chetan Dogra and Naina Malhotra have not submitted its reply to the SCN. In respect of non-submission of the replies by some of the noticees, reliance is placed on the judgment of Hon'ble SAT in the matter of *Sanjay Kumar Tayal & Others v SEBI* (Appeal No. 68 of 2013 decided on February 11, 2014), where it was inter-alia, observed that non submission of reply or non-refutable of the alleged facts by the Noticee are presumption that the Noticee have admitted the charges level against them in the show cause notice.

80. However, there is evidence available on records as mentioned above to depict the role played by the Noticees Chetan Dogra and Naina Malhotra in dealing in the scrip without intent to effect transfer of beneficial ownership but intended to operate only as a device to inflate or cause fluctuations in the price of the scrip by contributing to positive LTP leading to artificial price rise in the scrip thereby manipulating the price of the scrip, and thus there is no hesitation in concluding that they have thereby violated Regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003.

ISSUE IV: Whether the Noticees viz Tarunkumar and Jinesh Bhatt violated regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003 by contributing to New High Price(NHP) leading to artificial price rise?

81. It is noted that the price of the scrip opened at Rs.15.45 on October 01, 2009 and reached a high of Rs.50.2 on January 21, 2010 thereby recorded a total price rise of Rs.34.75. Further it was noted that there was contribution in NHP means the difference between new high price established by the trade and previously established high price of the scrip. The client-wise contribution from the Chetan

Dogra Group who had contributed to the NHP during the investigation period as tabulated below:

Buyer Name	LTP diff. (INR)	LTP % diff.	No. of Trades	NHP Qty.	NHP contribution (in Rs.)	NHP Contribution to total NHP(in %)
TARUNKUMAR BRAHMBHATT	6.4	21.08%	7	2765	4.5	12.94%
JINESH BHATT	5.05	17.95%	11	2767	3.25	9.34%
AMI V KAPASI	2.1	4.54%	2	101	1.55	4.46%
NAINA MALHOTRA	1.5	3.12%	1	50	1.15	3.31%
CHETAN DOGRA HUF	2.35	8.04%	5	150	0.45	1.29%
SAROJ DOGRA	0.4	1.34%	4	3100	0.4	1.15%
CHETAN DOGRA	0.5	1.69%	2	385	0.35	1.00%
INDER PAL DOGRA	0.3	0.75%	3	1000	0.2	0.57%
RAJEEV KUMAR	0.15	0.3%	3	1250	0.15	0.42%
VIBHUTI	0.05	0.11%	1	857	0.05	0.14%
KRUPA BHASKAR RAO	0.05	0.12%	1	600	0.05	0.14%
Group Total	**18.85**	**59.04%**	**40**	**13025**	**12.1**	**34.76%**
Grand Total (market)	**45.90**	**160.20%**	**91**	**28105**	**34.75**	**100.00%**

It is noted from the analysis of buying pattern of the entities revealed that out of 91 instances of trades establishing NHP, the Chetan Dogra group appeared as buyers on 40 instances with a cumulative contribution to NHP of Rs.12.1 constituting 34.76% of total price rise during the investigation period which is substantial contribution to price rise.

It was alleged that two entities Tarunkumar Brahmbhatt and Jinesh Bhatt had contributed to NHP in the scrip during the investigation period.

Alleged Contribution of Tarunkumar Brahmbhatt to NHP:

82. It is alleged in the SCN from the bid and ask orders of the trades executed by Tarunkumar at the highest NHP contribution in 5 trades have been analysed and tabulated as under:

Date	Buy Order No.	Name of the seller	Buy Order Time	Sell Order Time	Trade Time	Buy Order Qty	Sell Order Qty	Trade Qty	Buy Order Price	LTP contribution (Rs)	NHP (Rs.)	Top 5 Bid Price Available (Range) Rs.	Top 5 Ask Price Available (Range)Rs.	Top 5 Ask Vol. Available (Total)	Trade Price
18/11/2009	15000054003489	Nirav Rajababu Gandhi	09:57:24	09:57:11	09:57:24	750	450	450	43.9	1.85	1.85	41.05-42.15	43.75-43.9	2810	43.75
19/11/2009	12000057003658	Yashvant Shivaram Jadhav	09:56:11	09:56:08	09:56:11	500	1000	500	44.85	1.7	1	41	44.8-45.2	2511	44.8
17/10/2009	13000026000744	Narendar Kumar Verma	18:16:19	18:15:08	18:16:19	500	350	350	19.4	0.9	0.9	18-18.5	19.4	350	19.4

28/10/2009	11000027 000267	Ramesh B Joshi Huf	09:55:09	09:55:04	09:55:19	1000	1500	800	26.45	0.55	0.55	26.45	26.45	3000	26.45
14/10/2009	1900001 7009691	Gupta Sakshi	10:35:26	10:02:07	10:35:26	500	500	165	17.6	0.1	0.1	16.3	17.5-17.6	13135	17.6

It was alleged from the above trading pattern that, Tarunkumar had contributed Rs.4.5 i.e. 12.94% of the market NHP in 7 trades with total volume of 2765 shares. The counterparties to these trades were scattered. It was alleged that he had placed his buy orders at prevailing sell order rates which were already at prices higher than existing NHP. He also traded in low volumes. It was alleged that his buy order rates were much higher than the bid rates available. Further alleged that while placing his orders for certain trades, inspite of sell volume being available, he had placed orders at higher price band of ask price for executing orders for small quantity of shares.

83. He had placed orders at higher price band of ask price for executing orders for small quantity of shares thereby contributed Rs.4.5 i.e. 12.94% of the market NHP in 7 trades with total volume of 2765 shares. Thus it was alleged the Noticee contributed to New High Price leading to artificial price rise in the scrip thereby violated regulation 3(a), (b), (c), (d) and Reg. 4(1), 4(2)(b) and (e) of SEBI(PFUTP) Regulations, 2003.

84. The Noticees submitted that the alleged group's volume cannot be thrust upon him. The Noticee was a separate entity and cannot be linked connected or related to anyone. Without prejudice to the above, Noticee submitted that the purported consolidated contribution to NHP difference of Rs 4.5 do not meant anything adverse or negative. Such trades could have been the outcome of some entry/exit strategy or erratic trading or value investing, bottom fishing, square off trade etc. Further the quantity of such trades was minuscule, were stray/ erratic trades and may have been carried out in line with dynamic market conditions on as is where is and what is there is basis reflecting on the trading screen at the relevant time.

85. The Noticee sought details of logs on which basis net LTP difference of Rs. 12.7. The order log and trade log was provided to the Noticee vide email dated October 12, 2017. However, the Noticee did not submit and reply/comment on the same till May 08, 2018. The Noticee vide letter received on May 09, 2018 submitted that shares of NHCL traded at upper circuit price of about Rs. 41.9 on October 17, 2009. Next day the seller had placed order at Rs. 43.75. The Noticee based on the available Ask price, keyed-in the order at available market rate i.e. at 43.75.

86. For the NHP on November 19, 2009 the Noticee submitted that, prior to his buy order, the seller had placed sell order at Rs. 44.85 further the Noticee submitted it was evident the top 5 ask prices were between 44.85 - 45.2 and hence the Noticee in his capacity as a buyer matched the seller's rate in order to purchase the shares and hence it cannot be said that the Noticee's purchase trade has contributed to NHP it was seller who has established the NHP.

87. After perusing the order log and trade log it is noted that, the seller had placed sell order for 1000 shares at Rs 44.8 at 09:56:08.49. The Noticee had place buy order for 500 shares at Rs 44.85 at 09:56:10.50, that too when the sell order is pending at a rate of 44.8 the Noticee placed the buy order at 44.85 which is Rs 1.7 more than the LTP and thus the Noticee contributed Rs 1.7 through NHP for the trading done on November 19, 2009.

88. The Noticee has submitted for the NHP on October 17, 2009 that, prior to his buy order the seller had placed order at Rs 19.4 from the table it evident the top 5 ask prices were 19.4 and hence the Noticee in his capacity as a buyer matched the seller's rate in order to purchase the shares and hence it cannot be said that the Noticee's purchased trade has contributed to NHP it was the seller who has established the rate. After perusing the order log and trade log it is noted that, on October 16, 2009 the last traded price was Rs 18.5 at 15:17:51.02. The next day October 17, 2009 being Saturday there was Muhurat trading on the exchange. The seller had placed sell order for 350 shares at Rs 19.4 at 18:15:08.39. The Noticee had place buy order for 500 shares at Rs 19.4 at 18:16:19.58.

89. The Noticee has submitted for the NHP on October 28, 2009 that, prior to his buy order the seller had placed order at Rs 26.45. The Noticee in his capacity as a buyer matched the seller's rate in order to purchase the shares and hence it cannot be said that the Noticee's purchased trade has contributed to NHP it is the seller who has established the rate, the alleged NHP contribution is miniscule and has no significance to the price rise. After perusing the order log and trade log it is noted that, on October 28, 2009 the last traded price was Rs 25.9 at 09:55:19.70 wherein the seller had placed sell order for 200 shares at Rs 25.9 the Noticee has placed buy order for 1000 shares at a price of Rs 26.45 and the trade got executed for 200 shares at Rs 25.09. Immediately, at 09:55:09.746154 the Noticee placed buy order at Rs 26.45 for 1000 shares when the last trade was executed at Rs 25.09.

90. The Noticee has submitted for the NHP on October 14, 2009 that, prior to his buy order the seller had placed order at Rs 17.6. From the table it is evident the top 5 ask prices were between 17.05 – 17.6 and hence the Noticee in his capacity as a

buyer matched the seller's rate in order to purchase the shares and hence it cannot be said that the Noticee's purchased trade has contributed the NHP. It is the seller who has established the rate. The alleged NHP contribution is miniscule and has no significance to the price rise. After perusing the order log and trade log it is noted that, the Noticee has placed buy order for 500 shares at a price of Rs 17.6 at 10:35:26.56 and the sell order for 500 shares at 17.5 was pending at 10:02:07.08 trade got executed for 165 shares at Rs 17.6.

91. Given the submissions of the entity with respect to the trading it is observed that the allegation that the entity has traded in low volumes is not correct as in all the trades in the table above, the entity has either matched the seller quantity or that he has bought more that the sell quantity on offer.

92. While it is noted that the Noticee Tarunkumar as a seller executed 1 synchronized trades for 1,000 shares and this cannot be considered as consequential. There are also no reversal trades alleged against this notice. Further there is no other material in the investigations to suggest that the entity as manipulated the price of the scrip.

93. Thus after taking all of the above under consideration, no adverse finding to show that the Noticee Tarunkumar Brahmbhatt has contributed towards NHP as alleged in the SCN is concluded.

<u>Alleged Contribution of Jinesh Bhatt to NHP:</u>

94. It is alleged in the SCN that from the bid and ask orders of the trades executed by Jinesh Bhatt at the highest NHP contribution in 5 trades have been analyzed and tabulated as under:

Date	**Buy Order No.**	**Name of the seller**	**Buy Order Time**	**Sell Order Time**	**Trade Time**	**Trade Qty**	**Buy Order Qty**	**Sell Order Qty**	**Buy Order Price**	**LTP (Rs.)**	**NHP (Rs.)**	**Top 5 Bid Price Available (Range) Rs.**	**Top 5 Ask Price Available (Range) Rs.**	**Top 5 Ask Vol. Available (Total)**	**Trade Price**
06/11/2009	22000064001793	M.P. Vora Shares & Sec P Ltd	09:55:29	09:55:08	09:55:30	500	500	1500	<u>31.2</u>	1.2	1.2	28.3-30.05	30.95-31.2	1600	30.95
29/10/2009	15000053002698	Piyush Amrutlal Doshi	09:57:02	09:56:06	09:57:02	10	10	5000	<u>27.2</u>	1.6	0.75	25-25.45	27.2-27.45	8811	27.2

30/10/2009	19000028001354	Rekha Ramesh Joshi	09:55:10	9:55:02	09:55:13	100	100	1500	**27.85**	1.3	0.6	25.8	27.8	83400	27.8
13/11/2009	11000031027894	Chimanlal Maneklal Sec Pvt Limited	14:13:23	14:10:2	14:13:23	1	40	1	<u>39.4</u>	0.15	0.15	38.45-39	39.25-39.5	993	39.4
16/11/2009	23000061001774	Chimanlal Maneklal Sec Pvt Limited	09:55:24	09:55:1	09:55:25	1000	1000	1000	**39.95**	0.4	0.2	36.3-39.5	39.9	1300	39.9

It is alleged from the trading pattern of the Noticee that, had contributed Rs.3.25 i.e. 9.34% of the market NHP in 11 trades with total volume of 2767 shares. The counterparties to these trades were scattered. Further, he had placed his buy orders at prevailing sell order rates in 3 trades which were already at prices higher than existing NHP. In 2 trades, he had placed his buy order at a rate (highlighted bold in the above table) higher than the prevailing sell order rate. It is noted that though the sellers were offering shares of quantity ranging from 1-5000 shares, he had placed buy orders for shares ranging from 10-1000. It is noted that his buy order rates were much higher than the bid rates available.

95. The Noticee Jinesh Bhatt contended that, he is in the business of trading and investment in shares in large volumes, he keeps on receiving inputs from friend circle, business circle and /or people connected and /or associated with the stock market. During the course of normal business transactions, he got inputs from different sources concerning shares of Nature Hue Chem Ltd and he was informed that investment in these shares would reap exceedingly good returns and therefore in anticipation of getting sizable return on his investments, he purchased the above shares. However, instead of receiving good return on the investment in the shares he suffered heavy loss on these stocks.

96. It is noted that the Noticee has not indulged in any synchronised trading, no reversal trades. It is mentioned in the SCN that the counterparties to his trades were scattered and that he had traded at the available sell prices in the market at the given point in time, except for two trades. Given the submissions of the entity with respect to the trading it is observed that the allegation that the entity the entity has either matched the seller quantity as well as price on offer.

97. Thus after taking all of the above under consideration, no adverse finding to show that the Noticee Jinesh Bhatt has contributed towards NHP as alleged in the SCN is concluded in respect of this Noticee.

ISSUE V: Whether the Noticee viz AnandRathi Financial Services Limited failed to exercise due skill and care there by not comply Clause A (2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 by executing self-trades on behalf of Chetan Dogra?

98. It is noted that the group had entered into self-trades i.e. where buyer and seller for the same trade are one and the same. A summary of entity-wise quantities traded, demonstrating the repetitive nature of self-trades is as given below:

				Same Terminal						
Client Name	No. Of Self Trades	No. Of Days	Self Trade Qty.	No. of instances	No. of shares	% of Self Traded Qty. to Market Vol.	Sum of LTP diff. (INR)	Sum of LTP % diff.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Chetan Dogra	167	23	200816	-	-	2.78	6.95	18.07	18.79	16.33
Chetan Dogra Huf	60	12	49753	2	251	0.69	-6	-17.06	8.29	8.75
Sanjeev Malhotra	6	3	25232	-	-	0.35	-0.7	-1.77	12.52	8.48
Hashim Amir Sayed	7	3	19611	2	1367	0.27	-0.85	-4.6	5.73	16.02
Balwantsingh Bisht	1	1	1503	1	1503	0.02	0.4	1.23	0.85	0.74
Jinesh D Bhatt	1	1	50	1	50	0.00	-0.25	-0.94	0.03	0.02
Naina Malhotra	5	3	49	5	49	0.00	-0.85	-2.1	0.06	0.05
Total	**247**	**46**	**297014**	**11**	**3220**	**4.11**	**-1.3**	**-7.17**	**46.26**	**50.38**

It is noted that from the above that 247 trades for 2, 97,014 shares were self-trades; out of which, 11 self-trades were executed from the same terminal for 3220 shares. It is noted that Chetan Dogra and Chetan Dogra HUF had executed self-trades for the quantity of more than 10,000 shares and 5 or more counts of trades (repetitive in nature). Further it was noted that 23 trades for 30,055 shares were entered through same stock broker on either side, the details of which are as given below:

					Same Terminal	
Name of the client	**Name of the broker on both buy and sell side**	**No. of days**	**No. of instances**	**Total No. of shares**	**No. of instances**	**No. of shares**
Chetan Dogra	Anand Rathi Financial	3	8	24250	-	-
Chetan Dogra HUF	Anand Rathi Financial	2	5	2835	-	-
Chetan Dogra HUF	R.K.Stock Holding Pvt. Ltd.	1	1	1	1	1
Balwant Bisht	R.K.Stock Holding Pvt. Ltd.	1	1	1503	1	1503
Sayed Hashim Ahmed	R.K.Stock Holding Pvt. Ltd.	1	2	1367	2	1367
Naina Malhotra	Guiness Securities Ltd.	2	3	33	3	33
Naina Malhotra	Joindre Capital Services	1	2	16	2	16
Jinesh Bhatt	A.C.Choksi Share Brokers	1	1	50	1	50
	Total	**12**	**23**	**30055**	**10**	**2970**

99. It is noted from the above table that Anand Rathi Financial Limited was the broker on buy side and sell side, for the self-trades of Chetan Dogra for the quantity of more than 10,000 shares and 5 or more counts of trades which were in repetitive in nature. Investigation vide email dated February 05, 2015, Anand Rathi Financials were requested to offer their comments on the self-trades executed by them on behalf of Chetan Dogra. In reply, vide their email dated February 09, 2015, Anand Rathi Financials have submitted that Chetan Dogra was registered with them since 14th September 2009 as a client through their Sub-broker Ravi Prakash Sharma. Chetan Dogra had dealt through their sub-broker and the transactions done in the scrip were delivery based transaction and that there was not a single settlement ending up in auction for Chetan Dogra. Further that, Anand Rathi Financials had not made any amount of disproportionate gain or unfair advantage, wherever quantifiable, due to trades executed on behalf of Chetan Dogra through the sub-broker.

100. In view of the above it was alleged that the Noticee viz., Anand Rathi Financial Services Limited was the broker on buy side and sell side, for the self-trades of Chetan Dogra for the quantity of 24250 shares on 8 counts of trades which were repetitive in nature and did not adhere with due skill care and diligence thereby violated the provisions of Clause A (2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9(f) of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 by executing self-trades on behalf of Chetan Dogra.

101. The Noticee in its reply dated August 8, 2015 has submitted that in the year 2009-10 their RMS had generated surveillance for this client Chetan Dorga in the scrip "Nature Hue Chem Ltd" and they had sought an explanation from the client. The client in his reply has submitted that he had wrongly executed the trade as he was expecting some position from somewhere else. The Noticee provided the copy of email dated January 18, 2010 sent to Chetan Dogra and reply email dated January 20, 2010 from Chetan Dogra wherein it he has stated that the trades were wrongly ordered by him.

102. Given the above, it is noted that the Noticee had taken steps immediately when the self-trades were executed through their terminal and hence it can be concluded that the Notice acted with due skill care and diligence in the conduct of his business. The submission of the Noticee is tenable and thus accepted and the allegations made out in the show cause notice w.r.t. this noticee is disposed off.

ISSUE VI: The violation if any, on the part of Noticees viz., Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, Tarunkumar Brahmbhatt, Jinesh Bhatt, Hashim Amir Sayed thereby liable for penalty under section 15HA of SEBI Act, 1992?

103. The violation referred at para 63, 71 and 80 on the part of the Noticees viz., Chetan Dogra, Chetan Dogra HUF, Naina Sanjeev Malhotra, Sanjeev Ramesh Malhotra, and Hashim Amir Sayed make them liable for penalty under Sections 15HA of the SEBI Act 1992 and which reads as follows:

> ***15HA.*** ***<u>Penalty for fraudulent and unfair trade practices.-</u>***
> *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.*

104. In this respect theHon'ble Supreme Court of India in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) has also 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…".*

105. In view of the findings at para no. 93 and 97 the Noticees Tarunkumar Brahmbhatt and Jinesh Bhatt are not liable for penalty under Sections 15HA of the SEBI Act 1992

ISSUE VII: The violation if any, on the part of Noticee viz, Anand Rathi Financial Services Limited thereby liable to penalty under section 15 HB of SEBI Act, 1992?

106. The finding referred at para 102 on the part of the Noticee viz., Anand Rathi Financial Services Limited does not make them liable for penalty under Sections 15HB of the SEBI Act 1992.

ISSUE VIII: If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in section 15J of SEBI Act?

Factors to be taken into account by the adjudicating officer.

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.

[1][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.

107. As per Section 15HA of the SEBI Act, 1992 the Noticees are liable to penalty, twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher. Further, under Section 15-I of the SEBI Act, the adjudicating officer has to give due regard to certain factors which have been stated as above while adjudging the quantum of penalty.

108. The material available on record has not quantified the amount of disproportionate gain or unfair advantage, if any, made by the Noticees.

109. The information on records state that the act of the Noticees are repetitive in nature.

110. Given the above, an appropriate penalty is justified to be imposed in the present case

[1] Inserted by Part VIII of Chapter VI of the Finance Act, 2017 vide Gazette Notification No. 7, Extraordinary Prt II Section 1 dated March 31, 2017. This shall come into force from April 26, 2017.

ORDER

111. After taking into consideration all the facts and circumstances of the case, the factors enumerated in section 15J of SEBI Act, 1992, penalty is imposed as under section 15 HA of SEBI Act, 1992 which will be commensurate with the violations:

SR No	Name of the Entity	Penalty in figures	Penalty in words
1	Chetan Dogra	25,00,000/-	Rupees Twenty Five Lakhs Only
2	Chetan Dogra HUF	25,00,000/-	Rupees Twenty Five Lakhs Only
3	Naina Sanjeev Malhotra	15,00,000/-	Rupees Fifteen Lakhs Only
4	Sanjeev Ramesh Malhotra	15,00,000/-	Rupees Fifteen Lakhs Only
5	Hashim Amir Sayed	15,00,000/-	Rupees Fifteen Lakhs Only

112. The above Noticees 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 e-payment facility into Bank Account the details of which are given below;

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

113. The above Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI (EFD-DRA-II). The Format for forwarding details/ confirmations of e-payments made to SEBI shall be in the form as provided At Annexure A of Press Release No. 131/2016 dated August 09, 2016 shown at the SEBI Website which is produced as under;

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)

114. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the all the Noticees and also to the SEBI.

Date: May 30, 2018 **Jeevan Sonparote**
Place: Mumbai **Adjudicating Officer**