BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/S./2022-23/22142-22159]

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

In respect of

Noticee No.	Name of the Noticee	PAN
1	**Bhupendra Chinubhai Shah**	AZGPS3670P
2	**Bakimchand Dayalal Shah**	BGRPS4680Q
3	**Gaurang Manubhai Panchal**	ANYPP3084A
4	**Bharat Natwarlal Patel**	AQAPP2516N
5	**Mahendra Vadilal Shah**	GLWPS8277L
6	**Suresh Goel**	ABGPG3943F
7	**Bipinkumar Laxhanbhai Marwadi**	AZAPM5295J
8	**Harishbhai Chimanbhai Shukla**	DWQPS4742N
9	**Praghnaben Bhupendrakumar Shah**	DAHPS3416Q
10	**Rohini Popatlal Parikh**	CYSPP9743H
11	**Rameshji Prahaladji Thakor**	AVQPT5220Q
12	**Deepak Parsharam Salvi**	GFDPS9384R
13	**Hitesh Kumar**	BEPPK2873F
14	**Pravinbhai Harishbhai Vyas**	AGEPV5853C
15	**Jitin Popatlal Parikh**	CYMPP9929D
16	**Harishbhai Naranbhai Vyas**	AVAPV0988P
17	**Hemangini Vinitkumar Parikh**	CYMPP9930J
18	**Nitaben Chandrakant Soni**	EKPPS5766G

(“*hereinafter collectively referred to as Noticees*”)

In the matter of Edynamics Solutions Limited

FACTS OF THE CASE IN BRIEF

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') carried out an investigation in the matter of trading in the scrip of the Edynamics Solutions Limited (hereinafter referred to as '**Company/ESL/Edynamics**') by certain entities, to ascertain any violation of the provisions of the SEBI Act, 1992 (hereinafter referred to as '**SEBI Act**') and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation, 2003 (hereinafter referred to as '**PFUTP Regulations**') during the period March 02, 2017 to October 06, 2017 (hereinafter referred to as '**investigation period/IP'**). The shares of the company are listed on Bombay Stock Exchange Limited (herein after referred to as '**BSE**').

2. During the investigation, SEBI observed that during the month of February 2017, the scrip had traded only on 14 trade days and the average number of shares traded on these 14 trade days was about 900 shares with the closing price in the range of ₹8.72 to ₹10.50. It was further observed that on March 01, 2017, only 6 trades for 52 shares had taken place with the closing price of ₹10.40/- and on March 02, 2017, 302 trades for 3,30,851 shares was executed. On further analysis of trading in the scrip of ESL, SEBI observed that circular trading occurred on four days viz. March 02, 2017, March 03, 2017 April 11, 2017 and April 13, 2017. In view of the above, it was alleged that the Noticees were involved in circular trading in the scrip of the ESL and had violated the provisions of Section 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) (d), Regulations 4(1) and 4(2)(a) & (g) of the PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

3. Vide order dated March 04, 2021, Shri Amit Pradhan was appointed as Adjudicating Officer ('**AO**') under Section 15-I of the SEBI Act and Rule 3 of SEBI (Procedure for Holding Inquiry and imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) read with Section 19 of SEBI Act to inquire into and adjudge under the provisions of Section 15HA of SEBI Act, the aforesaid alleged violations by Noticees. Since Shri Amit Pradhan was transferred to another department of SEBI, the undersigned was appointed as the AO in the said matter by SEBI vide its order dated June 18, 2021.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

4. A common show-cause notice dated March 24, 2021 was issued to Noticees (hereinafter referred to as '**SCN**') under Rule 4 of the Adjudication Rules to show-cause as to why an inquiry should not be initiated against Noticees and penalty, if any, not be imposed upon them under the provisions of Section 15HA of SEBI Act, for the aforesaid violations alleged to have been committed by them.

5. The facts available on record w.r.t the service of SCN and subsequent Hearing Notices as well as the replies received are stated as under:

Noticee No.	**Noticee**	**Details of Service of SCN and further communications with Noticees**
1	Mr. Bhupendra Chinubhai Shah	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served on the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. Vide email dated July 16, 2022, Mrs. Praghnaben Bhupendrakumar Shah, wife of the Noticee, informed about the demise of the Noticee on along with the copy of the death certificate of Noticee.
2	Mr. Bakimchand Dayalal Shah	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served on the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English).

		2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. Vide email dated July 16, 2022, Mr. Rahul B Shah, son of the Noticee, informed about the demise of the Noticee along with the copy of the death certificate of Noticee.
3	Mr. Gaurang Manubhai Panchal	1. SCN was served on the Noticee through SPAD at the last known address. 2. Vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served on the Noticee through digitally signed email. However, Noticee did not appear for the hearing. 3. Therefore, vide hearing notice dated June 29, 2022, Noticee was granted another opportunity of hearing on July 13, 2022 and the same was duly served on the Noticee through digitally signed email. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
4	Mr. Bharat Natwarlal Patel	1. SCN was served on the Noticee through SPAD at the last known address. 2. Vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served on the Noticee through digitally signed email. However, vide email dated June 11, 2022, Noticee informed that he has not received the SCN. Therefore, vide email dated June 13, 2022, a copy of the SCN along with the annexures was forwarded to Noticee. 3. Noticee appeared for the hearing on the scheduled date and vide email dated July 05, 2022, Noticee submitted his reply to SCN.

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5	Mr. Mahendra Vadilal Shah	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
6	Mr. Suresh Goel	1. SCN was served upon the Noticee through SPAD at the last known address. Vide letter dated April 14, 2021, Noticee submitted his reply to SCN. 2. Thereafter, vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served upon the Noticee through SPAD and digitally signed email. 3. Accordingly, Noticee appeared for the hearing on scheduled date and reiterated the earlier submissions made in his reply vide letter dated April 14, 2021.
7	Mr. Bipinkumar Laxhanbhai Marwadi	1. SCN was served upon the Noticee through SPAD at the last known address. 2. Thereafter, vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served upon the Noticee. However, Notice did not appear for the hearing. Thereafter, vide hearing notice dated June 29, 2022, Noticee was granted another

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		opportunity of hearing on July 13, 2022. However, Noticee did not appear for the hearing. 3. Vide email dated August 17, 2022, Noticee forwarded a letter dated August 11, 2022 requesting for an opportunity of inspection of documents and an opportunity of hearing. The request was acceded to and accordingly, inspection of documents was done by Noticee through Authorized Representative (AR) on November 15, 2022. Noticee sought time till November 30, 2022 for filing his reply to the SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 4. Vide email dated November 30, 2022, Noticee submitted his reply to SCN. Noticee attended the hearing on scheduled date through AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission and the same was submitted on December 08, 2022.
8	Mr. Harishbhai Chimanbhai Shukla	1. SCN was served upon the Noticee through SPAD at the last known address. 2. Thereafter, vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served upon the Noticee. However, Notice did not appear for the hearing. Thereafter, vide hearing notice dated June 29, 2022, Noticee was granted another opportunity of hearing on July 13, 2022. However, Noticee did not appear for the hearing. 3. Vide email dated August 17, 2022, Noticee requested for an opportunity of inspection of documents. The request was acceded to and accordingly, inspection of documents was done by Noticee through Authorized Representative (AR) on November 15,

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		2022. Thereafter, Noticee sought time till November 30, 2022 for filing his reply to SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 4. Vide email dated November 30, 2022, Noticee submitted his reply to SCN. Noticee attended the hearing on scheduled date through AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission and the same was submitted on December 08, 2022.
9	Mr. Praghnaben Bhupendrakumar Shah	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. Vide email dated July 16, 2022, Noticee informed that he has not received the SCN. Therefore, vide email dated August 02, 2022, a copy of the SCN was forwarded to Noticee and Noticee was provided time till August 16, 2022 to file his reply to SCN, if any. 4. Vide email dated August 17, 2022, Noticee filed a preliminary submission to SCN and requested for an opportunity for inspection of documents and an opportunity of hearing which was granted. Accordingly, inspection of

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		documents was done by Noticee through Authorized Representative (AR) on November 15, 2022. Thereafter, Noticee sought time till November 30, 2022 for filing his reply to SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 5. Vide email dated November 30, 2022, Noticee submitted his reply to SCN. Noticee attended the hearing on scheduled date through AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission and the same was submitted on the December 08, 2022.
10	Ms. Rohini Popatlal Parikh	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. However, Noticee neither appeared for the hearing nor submitted his reply to the SCN.
11	Mr. Rameshji Prahaladji Thakor	1. SCN was served upon the Noticee through SPAD at the last known address. 2. Thereafter, vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served upon the Noticee. However, Notice did not appear

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		for the hearing. Thereafter, vide hearing notice dated June 29, 2022, Noticee was granted another opportunity of hearing on July 13, 2022. However, Noticee did not appear for the hearing. 3. Vide email dated July 07, 2022, Noticee informed that he has not received the SCN. Therefore, vide email dated July 18, 2022, SCN was sent again to the Noticee and Noticee was given time till August 01, 2022 to file reply to SCN, if any. 4. Vide email dated August 16, 2022, Noticee filed his preliminary submission to SCN and requested for an opportunity of inspection of documents. The request was acceded to and accordingly, inspection of documents was done by Noticee through Authorized Representative (AR) on November 15, 2022. Thereafter, Noticee sought time till November 30, 2022 for filing his reply to SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 5. Vide email dated November 30, 2022, Noticee submitted his reply to SCN. Noticee attended the hearing on scheduled date through AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission and the same was submitted on December 08, 2022.
12	Mr. Deepak Parsharam Salvi	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice

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		cum Hearing Notice which was served upon Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
13	Mr. Hitesh Kumar	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Delhi edition of Times of India (English) and Navbharat Times (Hindi). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 29, 2022 vide Show Cause Notice cum Hearing Notice which was served upon Noticee through newspaper publication on June 21, 2022 in the Delhi edition of Hindustan Times and Qaumi Patrika. 3. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
14	Mr. Pravinbhai Harishbhai Vyas	1. SCN was served upon the Noticee through SPAD at the last known address. 2. Thereafter, vide hearing notice dated May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022 and the same was duly served upon the Noticee. However, Notice did not appear for the hearing. Thereafter, vide hearing notice dated June 29, 2022, Noticee was granted another opportunity of hearing on July 13, 2022. However, Noticee did not appear for the hearing. 3. Vide email dated July 07, 2022, Noticee informed that he has not received the SCN. Therefore, vide email dated July 18, 2022, SCN was sent again to the Noticee and Noticee was given time till August 01, 2022 to file reply to SCN, if any.

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		4. Vide email dated August 16, 2022, Noticee filed his preliminary submission to SCN and requested for an opportunity of inspection of documents. The request was acceded to and accordingly, inspection of documents was done by Noticee through Authorized Representative (AR) on November 15, 2022. Thereafter, Noticee sought time till November 30, 2022 for filing his reply to SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 5. Vide email dated November 30, 2022, Noticee submitted his reply to SCN. Noticee attended the hearing on scheduled date through AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission and the same was submitted by Noticee on December 08, 2022.
15	Mr. Jitin Popatlal Parikh	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
16	Mr. Harishbhai Naranbhai Vyas	1. SCN was served upon the Noticee through SPAD at the last known address. 2. Thereafter, vide hearing notice dated

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		May 31, 2022, an opportunity of hearing was granted to Noticee on June 23, 2022. However, the said hearing notice had returned undelivered. 3. Therefore, vide email hearing notice dated June 29, 2022, another opportunity of hearing was granted to Noticee on July 13, 2022. Yet again, the said hearing notice had returned undelivered. 4. Therefore, another hearing notice dated July 13, 2022, granting an opportunity of hearing to Noticee on July 26, 2022 was served upon the Noticee through affixture at the last known address of the Noticee. 5. Vide email dated July 17, 2022, Mr. Pravin Vyas, son of the Noticee, informed about the demise of the Noticee along with the copy of the death certificate of Noticee.
17	Ms. Hemangini Vinitkumar Parikh	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served upon the Noticee through newspaper publication on June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. However, Noticee neither appeared for the hearing nor submitted his reply to SCN.
18	Mr. Nitaben Chandrakant Soni	1. SCN sent to the Noticee through SPAD was returned undelivered. Therefore, SCN was served upon the Noticee through newspaper publication on June 17, 2021 in June 17, 2021 in Ahmedabad, Gujarat edition of newspapers viz. Gujarat Samachar (Gujarati), Divya Bhaskar (Hindi) and

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		Times of India (English). 2. Thereafter, an opportunity of personal hearing was granted to the Noticee on June 28, 2022 vide Show Cause Notice cum Hearing Notice which was served through newspaper publication on June 08, 2022 in June 21, 2022 in Ahmedabad, Gujarat edition of newspapers viz. Sandesh (Gujarati), Gujrat Vaibhav (Hindi) and Times of India (English). 3. Vide email dated July 16, 2022, Noticee informed that he has not received the SCN. Therefore, vide email dated August 02, 2022, a copy of the SCN was forwarded to Noticee and Noticee was provided time till August 16, 2022 to file his reply to SCN, if any. 4. Vide email dated August 17, 2022, Noticee filed a preliminary submission to SCN and requested for an opportunity for inspection of documents and an opportunity of hearing which was granted. Accordingly, inspection of documents was done by Noticee through Authorized Representative (AR) on November 15, 2022. Thereafter, Noticee sought time till November 30, 2022 for filing reply to SCN. Further, an opportunity of hearing was also granted to the Noticee on November 30, 2022 and the same was informed to the Noticee through minutes of inspection. 5. Vide email dated November 30, 2022, Noticee submitted reply to SCN. Noticee attended the hearing on scheduled date through her AR and sought time for submitting post hearing submission. Accordingly, vide email dated December 01, 2022, Noticee was granted time till December 08, 2022 for filing post hearing submission the same was submitted by Noticee on December 12, 2022.

6. The relevant submissions in the similar replies made by Noticees 7, 8, 9, 11, 14, and 18 vide their letters dated August 11, 2022, August 13, 2022, November 30, 2022, December 08, 2022, December 09, 2022 and December 10, 2022 are as follows:

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i. *"At the outset, the Noticee denies each and every allegation made against the Noticee in the said SCN. Nothing stated in the said SCN shall be deemed to be admitted by the Noticee merely on account of non-traverse, unless the same is specifically admitted in this reply. It is further stated that all the contentions in this reply are without prejudice to each other."*

ii. *"It is extremely necessary to note that, the SCN in the present matter has been issued after unexplainable and fatal delay of 5 years as the alleged trades/transactions pertain to the year 2017. Therefore, it is clear that the said matter suffers from delay and laches and on this ground alone, the present SCN is liable to be disposed. Your Honour's attention is drawn to the recent Order dated March 24, 2022 Appeal No 719 of 2021 in the matter of Yatin Pandya HUF vs SEBI."*

iii. *"In Ashlesh Gunvantbhai Shah vs SEBI on 31.1.2020, there was a delay of 7 years in issuing SCN, the Hon'ble SAT held that :*

   "As a result, without going into the merits of the case, we find that on account of the inordinate delay in the initiation of the proceedings by issuance of a show cause notice, the penalty order cannot be sustained."

iv. *"In Mr. Rakesh Kathotia & Ors. Vs SEBI on 27.5.2019, the Hon'ble SAT held that "It is no doubt true that no period of limitation is prescribed in the Act or the Regulations for issuance of a show cause notice or for completion of the adjudication proceedings. The Supreme Court in Government of India vs, Citedal Fine Pharmaceuticals, Madras and Others, [AIR (1989) SC 1771] held that in the absence of any period of limitation, the authority is required to exercise its powers within a reasonable period. What would be the reasonable period would depend on the facts of each case and that no hard and fast rule can be laid down in this regard as the determination of this question would depend on the facts of each case. This proposition of law has been consistently reiterated by the Supreme Court in Bhavnagar University v. Palitana Sugar Mill (2004) Vol.12 SCC 670, State of Punjab vs. Bhatinda District Coop. Milk P. Union Ltd (2007) Vol.11 SCC 363 and Joint Collector Ranga Reddy Dist. & Anr. Vs. D. Narsing Rao & Ors. (2015) Vol. 3 SCC 695.*

   The Supreme Court recently in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294 held: "There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time, would depend upon the facts *and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc."*

v. *"Ashok Shivlal Rupani vs SEBI there was a delay of 8 years in issuing SCN, the Hon'ble SAT held that :*

"8. In the light of the aforesaid, we are of the opinion that there has been an inordinate delay in the issuance of the show cause notice and for completion of the adjudication proceedings. Since the power to adjudicate has not been exercised within a reasonable period no penalty could have been imposed for the alleged violations."

vi. *"In ICICI Bank Ltd. vs SEBI on 8.7.2020there was a delay of 8 years in issuing SCN, the Hon'ble SAT held that :*

"However, we agree with the contentions of the learned Senior Counsel for the appellant on the inordinate delay in issuing the show cause notice and in passing the impugned order by respondent SEBI The disclosure violations had been noticed by SEBI soon thereafter and a preliminary investigation was carried out and a report was available in the month of August 2012. However, even the show cause notice was issued almost six years thereafter in June 26, 2018."

"34. Laches is a mixed question of fact and law. The facts in the instant case indicate delay in issuing the show cause notice. However, the plea of laches though not raised before the AO was specifically raised in the appeal before this Tribunal. We however, find that undue delay in initiating the proceedings by the respondent by itself causes prejudice and would ultimately attach a stigma pursuant to any adverse order that may be passed."

vii. *"In Parag Sarda vs SEBI, on 12.11.2020, there was a delay of 17 years in issuing SCN, the Hon'ble SAT held that :*

"No legitimate explanation given in the impugned order as to why it took 5 years to issue a show cause notice even after SEBI admittedly came to know of the violation in the year 2014.

An inordinate delay has happened in this matter for initiating proceedings and serving a show cause notice. Therefore, the impugned order suffers from laches and our orders in Sanjay Soni & Ors. (Supra) and Mr. Rakesh Kathotia & Ors. (Supra) squarely applies to the matter"

viii. *"With reference to the above, the Noticee would like to draw your kind attention to the recent order dated February 18, 2022 passed by the Hon'ble Supreme Court*

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in the matter of T. Takano vs SEBI & Anr. (C.A. Nos. 487 – 488 of 2022) by which the Hon'ble Supreme Court has held that not only those documents that have been relied upon but also those documents that have close nexus with the matter have to be provided to the Noticee.

Therefore, it is abundantly clear from the above that BOTH, the material relied upon by the authorities while initiating proceedings as well as those documents that are RELEVANT and have close nexus to the present proceedings must be disclosed and your Honour is kindly requested to reconsider the Noticee request for inspection of the following documents :

a) Date on which the findings of the investigation were put up for the information/knowledge of the Whole Time Member.

b) Copy of the material placed before the Whole Time Member to decide that there were sufficient grounds to enquire into the alleged violations.

c) Details of all the material placed before the WTM on the basis of which he decided to initiate proceedings against the Noticee

d) Date on which investigation report was approved by WTM and the present proceedings were approved.

e) Copy of reasons recorded by the Board, Chairman, Member or the Executive Director that there are reasonable grounds to investigate the affairs of the Noticee in the said matter.

f) Copy of Order of the Board authorizing investigation in the matter.

g) Copy of minutes of Committee of Inter Division Chiefs of SEBI that had considered the investigation report.

h) Dates on which Committee of Inter Division Chiefs of SEBI had considered the findings of the Investigation.

i) Details of loss caused to any investors with respect to the trades in question."

ix. *"It maybe kindly noted that SEBI has admittedly taken a stand in several matters, where it has been held that in cases where trading has not resulted in the creation of any ill-gotten gains and there is no evidence that the trades in question have affected the interest of any investors in any adverse manner, then such offences amount to and are considered trivial and venial offences/violations."*

x. *"With respect to the above, in Long Term Capital Gain cases, where according to SEBI artificial transactions were undertaken resulting in the creation of artificial volume; SEBI's own Information Memorandum on Enforcement Action Policy in*

LTCG cases dated 29th December, 2016 clearly states that, in such LTCG cases pertaining to tax evasion by preferential allottees / beneficiaries would be transferred to the Income Tax Department and SEBI has not even charged the preferential allottees / tax beneficiaries for creation of artificial volume. Please find enclosed a copy of SEBI's own Information Memorandum on Enforcement Action Policy in LTCG cases dated 29th December, 2016."

xi. *"Similarly in illiquid stock options cases, the allegation is of artificial trades resulting in the creation of artificial volume. In these cases SEBI has considered the offence so trivial and venial that it has come out with the SEBI Settlement Scheme, 2022, where such violations are being settled on the basis of number of contracts, as per the table below, even lower than the minimum statutory penalty prescribed by law :*

Sr. No.	Number of Contracts	Settlement Amount
1.	1-5	1,00,000/-
2.	6-50	2,00,000/-
3.	51 and above	5,00,000/- base amount + 10,000 per contract

xii. *"From the above table it is extremely clear that the settlement fee is based purely on the basis of number of contracts in which such reversal trades in options have taken place. Clearly creation of artificial volume in every single/specific contract is a separate offence Therefore, offences in 5 contracts i.e. 5 separate offences is being settled at Rs. 20,000 per individual offence and offences in 50 contracts i.e. 50 separate offences is being settled at Rs. 4,000 per individual offence. It is obvious that this is way below the statutory minimum penalty of Rs.5,00,000/- for Each violation of PFUTP Regulations.*

xiii. *"SEBI has issued administrative warnings to several entities who allegedly had indulged in Synchronized Trades, LTP Contribution and creation of artificial volume. SEBI had issued only administrative warning on the ground that those Noticees did not make any ill-gotten gains."*

xiv. *"It may be kindly noted that in the present matter the charge against the present Noticee is only of alleged creation of artificial volume (volume manipulation) and not LTP Contribution. Further, the SCN does not allege any ill-gotten gains. As* *earlier stated, these trades were entered in the name of the Noticee on the advice of the Noticee's broker and I never, otherwise, dealt in the stock market."*

xv. *A few of such instances of administrative warnings are as follows (Copies enclosed) :*

A. Letter No. IVD/ID1/GPIL/MS/BD/8929/2010 dated June 15 2010 in the name of M/s H J Securities Pvt Ltd.- Investigation in the case of Godawari Power and Ispat Ltd.

B. Letter No. IVD/ID2/PS/BS/GKCL/168144/09 dated June 30, 2009 in the name of Toshit Securities (P) Ltd.- in the scrip of GK Consultants Ltd.

C. Letter bearing no. IVD/ID-3/GR/SGP/SPL/167407/2009 dated June 23, 2009 issued to Shreehari Hira Stock Broking Pvt. Ltd.- Investigation in the case of Shalimar Production Ltd.

D. Letter bearing no. IVD/ID3/GR/JD/POCL/152083/2009 dated January 27, 2009 issued to M/s Arihant Capital Markets Ltd.- Trading in the scrip of Pondy Oxides & chemicals Ltd."

xvi. *"With reference to the above, the Noticee brings to your kind notice the Order no. WTM/SR/IVD/ID-3/20/02/2015 dated February 10, 2015 passed by the WTM Shri. S. Raman, in the scrip of Crazy Infotech Limited. The brief facts of the case were that during the period January 21, 2004 to March 31, 2005, the price of the scrip was in the range from, ` 0.57 to `2.76/- with daily average volume of 16,270 shares and three months prior to the investigation period i.e from January 1, 2005 to March 31, 2005, the price of the scrip was in the range from `1.64 to `2.74/-. However, it was observed that during the investigation period (i.e. from April 1, 2005 to December 31, 2007), price of the scrip increased from `1.99 to reach a high of `268/- on September 28, 2007 and later closed at ` 255.80 on December 31, 2007. After the investigation period, price of the scrip fell sharply to close at `21.5/- on March 27, 2008. The WTM observed the pattern of transactions executed by the connected entities. Those entities had indulged in self trades and also traded in circular/reversal/synchronized/structured pattern, which resulted into artificial volume and price rise in the scrip of Crazy Infotech. Out of the entire 823 connected entities identified by the investigation department, 780 entities were found to have either traded individually on 10 or less number of instances during the 653 days on which the scrip was traded on the exchange (BSE) during the investigation period, or traded on more than 10 instances but bought/sold less than 75,000 shares in market and/or off-market. SEBI issued administrative warning to the aforesaid 780 entities in May 2011, advising the entities to take care in future and to be more*

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vigilant, in the manner they execute trades, so the their trades do not compromise market integrity in any manner."

xvii. *"It maybe kindly appreciated that the present Noticee is an employee and does a private job and barely earns Rs.1,50,000/- per annum.. The Noticee does not indulge in any trading activity by himself. Noticees 9 and 18 are housewives and barely make any earning. Noticee 18 does not indulge in any trading activity by herself. With regard to the same the Noticee would like to furnish copy of her Pass Book of Cananra Bank from which it is extremely clear that the Noticee's Bank account in Cananra Bank is only valued at Rs.7744.37 and copy of her Statement of Account of State Bank of India from which it is extremely clear that the Noticee's Bank account in State Bank of India is only valued at Rs.16.38."*

xviii. *"It maybe noted that the Noticee was merely a name lender and his account was merely a mule account. Since the broker was acting on behalf of the Noticee and most likely other Noticees who have also not traded on their own and have done so through their broker in this matter to carry out in a coordinated manner to create an artificial impression of active trading thus creating artificial volume in the scrip, the present violation should be considered as a single violation and joint and several liability should be imposed, if at all."*

xix. *"With reference to the above, the Noticee would like to draw your kind attention to an extremely similarly placed matter of Viji Finance Ltd., which was a more serious case which had allegation of not only creation of artificial volume but also manipulation and LTP contribution, wherein the Hon'ble AO vide Order dated December 24, 2020 has levied a penalty of only Rs. 15 lakhs which was to be jointly and severally payable by Noticee Nos. 1 to 78 therein, which is barely amounts to a penalty of Rs. 19,230/- per Noticee. Please find enclosed a copy of the Order dated December 24 2020 in the matter of Viji Finance Ltd."*

xx. *"Without prejudice and in addition to what has already been brought on record by me, it is submitted that SEBI Adjudicating Officers have levied joint and several token penalties in PFUTP matters where – i. Connection are alleged among Noticees; ii. Violations are venial and technical only."*

xxi. *"In this regard, the Noticee would like to refer to the order of Adjudicating Officer, Ms Sangeeta Rathod in respect of 42 entities on the matter of Financial Credit & Guarantee Company Ltd ("FCGL") (Order No. ORDER/SR/2020-21/8886-8924/97-138 dated 3rd September, 2020). In this matter, the 42 entities had allegedly, collectively traded amongst themselves to create artificial volumes on of shares during the investigation period and had therefore violated SEBI PFUTP*

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regulations. In para 20.c of the said order, it is stated that "......In light of these case laws I am of a considered opinion that the penalty be imposed jointly and severally as the Noticees are connected and have worked in unison toward the violations established and are collectively responsive for the creation of the artificial volume and therefore collectively liable for the said penalty."

xxii. *"With respect to the above, the present Noticee has after tremendous effort come to understand that the broker / person who was acting on behalf of the Noticee was the same broker / person acting on behalf of some other Noticees being Noticee Nos. 7, 8 9, 11 and 14."*

7. I note that Noticees 7, 8, 9, 11, 14, and 18 in their replies dated August 11, 2022, August 13, 2022, November 30, 2022, December 08, 2022, and December 10, 2022 have contended that relevant documents or information other than the Investigation Report which were essential for the Noticees to understand the charges levelled against them and requested by the said Noticees was not provided to them during inspection. In support of the aforesaid contention, the said Noticees had placed reliance upon the judgement of Hon'ble Supreme Court in the matter of T Takano vs. SEBI (Civil Appeal Nos. 487-488 of 2022; Decided on February 18, 2022). In this regard, I note from records that the inspection of documents in the matter was held on November 15, 2022. The inspection of documents was taken by Adv. Saachi Purohit, Authorised Representative (AR) of the said Noticees. During the course of inspection of documents, the AR was granted all the relevant documents which have a bearing on the adjudication proceedings against the said Noticees which are stated as under:

Sl. No.	Documents
1	Copy of the Investigation Report ('**IR**') (redacted with respect to third party information and internal notings)
2	Annexure 1 to the IR- Copy of Corporate Announcements
3	Annexure 2 to the IR- Copy of Price Volume Data
4	Annexure 3 to the IR- Copy of Counterparty analysis
5	Annexure 4 to the IR- Copy of Bank Statements of Suspected entities
6	Annexure 5 to the IR- Copy of BSE Trade log in the scrip
7	Annexure 6 to the IR- Copy of Email dated May 18, 2020 and Letter dated February 13, 2020 seeking information from suspected entities
8	Annexure 7 to the IR- Copy of Domain information w.r.t. www.gainguru.in
9	Annexure 8 to the IR- Copy of Email dated November 26, 2018 enclosing SMS related information from Quadrant Televentures (earlier known as HFCL Infotel Limted).

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10	Annexure 9 to the IR- Copy of Email dated January 20, 2020 enclosing SMS related information from MTNL.
11	Annexure 10 to the IR- Copy of Letter dated October 10, 2018 enclosing SMS related information from Bharti Airtel Limited.
12	Annexure 11 to the IR- Copy of summons to suspected entity dated January 30, 2020 along with the delivery status from India Post
13	Annexure 12 to the IR- Copy of extracts from the BSE Trade log in the scrip w.r.t. the trades of suspected entity, Rajendra Kumar
14	Annexure 13 to the IR- Copy of extracts from the BSE Trade log in the scrip w.r.t. the trades of suspected entity, Meticulous IT Solutions Private Limited
15	Annexure 14 to the IR- Copy of extracts from the BSE Trade log in the scrip w.r.t. the synchronised trades by suspected entities
16	Annexure 15 to the IR- Copy of Memorandum of Association of suspected entities as obtained from the Registrar of Companies, Ministry of Corporate Affairs
17	Annexure 16 to the IR- Company Master data pertaining to suspected entities along with the Notices of Strike off as obtained from Registrar of Companies, Ministry of Corporate Affairs
18	Annexure 17 to the IR- UCC Details of suspected entities as obtained from BSE
19	Annexure 18 to the IR- Email dated October 29, 2020 enclosing the information provided by Affluence Shares & Stocks Pvt. Ltd.
20	Annexure 19 to the IR- Email dated August 21, 2020 sent to suspected entity seeking information pertaining to trades by suspected entity
21	Annexure 20 to the IR- Letter from the Registrar of Companies, Kolkata ('ROC') dated November 26, 2020 pertaining to suspected entities struck off by ROC.

8. I have perused the judgment of Hon'ble Supreme Court in the matter of T. Takano (Supra) and I note that the relevant documents in the present matter were duly provided to Noticee during the course of instant proceedings which are in line with the principle pronounced in the aforesaid judgement of Hon'ble Supreme Court. It is pertinent to note that the question before the Hon'ble Supreme Court in the aforesaid judgement was whether an investigation report under Regulation 9 of the PFUTP Regulations must be disclosed to the person to whom a notice to show cause is issued, when all the relied upon documents have been furnished to Noticee. In this context, the Apex court has opined at para 39 of the judgement that "*the actual test is whether the material that is required to be disclosed is relevant for the purpose of adjudication*". The Apex Court also relied on test for the standard of 'relevancy' laid down by a four judge Bench of the Hon'ble Supreme Court in Khudiram Das v. State of West Bengal (1975) 2 SCC 81. The test is a two prong test

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where; firstly, the material must have nexus with the order and secondly, the material might have influenced the decision of the authority. The Black's Law Dictionary defines "nexus" as "a connection or link, often a casual one". Since all relevant documents which form the basis for the charges made in the SCN and which have a bearing on the merits of the case were provided to Noticees 7, 8, 9, 11, 14, and 18, I find that the principle pronounced by the Hon'ble Supreme Court in T Takano (*Supra*) has been duly complied with in the instant matter. I also note that during the course of the hearing held on November 30, 2022, the AR of the said Noticees has submitted that the said Noticees did not wish to pursue the request regarding inspection of documents or information other than copies of documents which have already been provided during the aforesaid inspection.

9. The relevant submissions in the reply submitted by Noticee 6 vide letter dated April 14, 2021 are as follows:
    i. *"Here I wish to place on records that I am not at all connected with any of the 17 persons mentioned aforesaid and never met them..."*
    ii. *"The transaction with Edynamics Solutions Limited for 20000 shares was part of it and got executed as per recommendation of my brokers..."*
    iii. *"Penal action of any kind should not be applicable against me as nothing has been committed with a motive of malpractice/fraudulent intentions or insider trading with knowledge."*
    iv. *"You are therefore requested to please arrange to close this Enquiry on me..."*

10. The relevant submissions in the reply submitted by Noticee 4 vide letter dated July 05, 2022 are as follows:
    i. *"As per transaction mentioned in Annexure A, No. of shares traded was 20000, sold at 10.65 and bought at 10.7 resulting into Rs. 1000 gross loss... which is negligible loss..."*
    ii. *"Name on entity mentioned in Annexure B are 36 persons of which from their common address we can verify they are from one family..."*
    iii. *"These are all example of family relation they might be involved in circular trading self, Bharat Natwarlal Patel is not having any relationship with the name of the party mentioned in Annexure B, hence I am not involved in circular trading of Edynamics Solutions Ltd."*

11. Considering the fact that Noticees 3, 5, 10, 12, 13, 15 and 17 have neither filed any reply nor have availed the opportunity of personal hearing despite being granted opportunities

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for the same, I am of the view that principles of natural justice have been complied with but the said Noticees have nothing to submit, and therefore, in terms of rule 4(7) of the Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record.

12. In absence of any response from the aforesaid Noticees to the SCN, I presume that the Noticees have admitted to the charges levelled against them. In this regard, I place reliance on the order of Hon'ble Securities Appellate Tribunal (hereinafter referred to as '**Hon'ble SAT**') in the matter of Classic Credit Ltd. v. SEBI [2007] 76 SCL 51 (SAT - MUM), *inter alia*, held that – *"the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them"*. Similarly, the Hon'ble SAT also, in the case of Sanjay Kumar Tayal & Ors. v. SEBI (in appeal No. 68/2013) decided on February 11, 2014, held that *"...appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices"*. In view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed ex-parte against the Noticees 3, 5, 10, 12, 13, 15 and 17, based on the material available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

13. I have carefully perused the charges levelled against the Noticees, replies filed by Noticees 4, 6, 7, 8, 9, 11, 14, and 18, and other documents/evidence available on record. The issues that arise for consideration in the present case are:

I) Whether Noticees 1-18 have violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations?

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

III) If the answer to the aforesaid issues is in the affirmative, then what should be the quantum of monetary penalty?

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14. The relevant applicable provisions of the SEBI Act and PFUTP Regulations, are reproduced as under:

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

CHAPTER VA
PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. *No person shall directly or indirectly—*

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

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

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

<u>Relevant provisions of PFUTP Regulation:</u>

3. *Prohibition of certain dealings in securities No person shall directly or indirectly—*

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

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(b) to (f) …

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

Issue No. I - Whether Noticees 1-18 have violated Section 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations?

15. Before proceeding with the case on merits, I first deal with the preliminary objection taken by Noticees 7, 8, 9, 11, 14, and 18 that there has been an inordinate delay in the issuance of SCN. In support of their contention, the aforesaid Noticees have relied upon the judgement of Hon'ble SAT in the matters of Ashok Shivlal Rupani vs. SEBI [Order dated August 22, 2019], Ashlesh Gunvantbhai Shah vs. SEBI [Order dated January 31, 2020] and Yatin Pandya HUF vs. SEBI [Order dated March 24, 2022]. In this regard, I note that the investigation in the matter pertained to the period from March 02, 2017 to October 06, 2017 and was initiated on April 22, 2019. The investigation involved analysis of transactions in the scrip of the Company covering complex and detailed trade Analysis, Broker and Client Concentration Analysis and discovery and establishment of connection in respect of multiple suspected entities. The investigation was completed on January 20, 2021 and adjudication proceedings in the matter were approved on the same date. Subsequently, vide Order dated March 04, 2021, the Shri Amit Pradhan was appointed Adjudicating Officer for commencing adjudication proceeding against the Noticees. Thereafter, the SCN in the matter was issued on March 24, 2021. Subsequently vide order dated June 18, 2021, the undersigned was appointed as the Adjudicating Officer in the instant proceeding. Thus, considering the above chronology, I find that SCN in the present proceeding has been issued within a reasonable period of time and there has been no delay in issuance of SCN.

16. At this juncture, I find it pertinent to refer to the observations of the Hon'ble Supreme Court in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari (decided on February 28, 2019) in which it was held that-"*There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What*

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would be reasonable time would depend upon the facts and circumstances of the case..." In this regard, I also place reliance on the judgement of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Girrajkumar Gupta HUF (Appeal No. 424/2019; Decided on August 11, 2021), wherein Hon'ble SAT held that, *"We find that the investigation started in the year 2015 which involved examining several entities in the order logs, trade logs, off market transactions and gathering evidence from the Stock Exchange. The show cause notice was issued in the October, 2017 and accordingly we find that there is no inordinate delay in the initiation of the proceedings. The contention raised is, thus, erroneous and cannot be accepted."*

17. Thus, in view of the above observations and placing reliance on the aforesaid judgments, I find that the instant adjudication proceeding has been initiated within a reasonable period of time. I also note that the facts and circumstances of the present proceedings are not similar to those in the judgments quoted by the aforesaid Noticees because there has been no delay in the initiation of the present proceeding as already stated above. Therefore, I do not find any merit in the contention raised by 7, 8, 9, 11, 14, and 18 that there has been inordinate delay in issuance of SCN.

18. Having dealt with the preliminary objections, I now proceed to deal with the merits of the case in respect of the alleged violations by Noticees.

19. It has been alleged in the SCN that during the IP, Noticees 1 to 18 created a misleading appearance of trading in the scrip of Edynamics through circular and synchronised trades amongst connected entities without intention of change of ownership of security, thereby manipulating the volume of the scrip upwards at BSE. In this regard, from the BSE Price-Volume data pertaining to the scrip of Edynamics, I observe the following movement in the Price and Volume of the said scrip at BSE before, during and after the IP:

TABLE- A

Period	Dates		Volume/ Opening Price on first day of period (₹)	Volume/ Closing price on last day of period (₹)	Lowest volume/ lowest price during the period (₹)	High Price (Volume) during the period (₹)	Avg. no. of (shares) traded daily during the period
Pre-investigation period	Feb. 8 – Mar.1, 2017	Price	9.50	10.40	8.82 (Feb 21, 2017)	10.49 (Feb 14, 2017)	562
		Vol.	1566	52	15 (Feb 22, 2017)	1593 (Feb 14, 2017)	
Patch 1 (1st SMS Patch)	Mar. 2 – May 9, 2017	Price	10.92	14.64	8.97 (Mar 10, 2017)	15.45 (May 09, 2017)	162130
		Vol.	330851	220490	4723 (Mar 10, 2017)	1429590 (Mar 03, 2017)	
Patch 2	May 10 – Sept. 18, 2017	Price	13.91	6.38	5.24 (Jul 11, 2017)	13.91 (May 10, 2017)	10521
		Vol.	16260	1535	10 (Aug 7, 2017)	144165 (May 23, 2017)	

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Patch 3 (2nd SMS Patch)	**Sept. 20 – Oct. 6, 2017**	**Price**	6.38	7.89	6.26(Sep 20, 2017)	7.9 (Oct 06, 2017)	145953
		Vol.	180969	485517	1955 (Sep 29, 2017)	726192 (Oct 05, 2017)	
Post-investigation period	**Oct. 9 – Dec. 21, 2017**	**Price**	7.75	3.61	3.61(Dec 21, 2017)	7.75 (Oct 09, 2017)	1897
		Vol.	13735	2200	2 (Nov 13, 2017)	13735 (Oct 09, 2017)	

20. I note that before the IP, during the month of February 2017, the scrip had traded only on 14 trade days and average number of shares traded on these 14 trade days was about 900 shares with closing price in the range of ₹8.72/- to ₹10.50/-. I further observe that on March 01, 2017, only 6 trades for 52 shares had taken place with the closing price of ₹10.40/- and on March 02, 2017, 302 trades for 3,30,851 shares was executed. Thus, I note that the negligible trading volume in the scrip of Edynamics during the period prior to IP, showed that it was an illiquid scrip.

21. I have perused the Unique Client Code ('**UCC**') details from BSE in respect of the Noticees. From the UCC details, I observe the following connection amongst the Noticees 1 to 18:-

Sl.No	Name of the entity	PAN	Basis of Connection
1	Mahendra Vadilal Shah (Noticee 5)	GLWPS8277L	Common phone number 7779082715.
2	Deepak Parsharam Salvi (Noticee 12)	GFDPS9384R	
3	Gaurang Manubhai Panchal (Noticee 3)	ANYPP3084A	
4	Pravinbhai Harishbhai Vyas (Noticee 14)	AGEPV5853C	Common phone number 9825432947.
5	Bakimcand Dayalal Shah (Noticee 2)	BGRPS4680Q	
6	Bhupendra Chinubhai Shah (Noticee 1)	AZGPS3670P	
7	Hemangini Vinitkumar Parikh (Noticee 17)	CYMPP9930J	Common phone number 9054846761 with Noticee 3.
8	Bharat Natwarlal Patel (Noticee 4)	AQAPP2516N	Trades for high volumes of shares were executed amongst Noticees 1 to 18 on March 02, 2017, March 03, 2017, April 11, 2017 and April 13, 2017 in the illiquid scrip of Edynamics during the IP. On a perusal of the aforesaid trades, the details of which are discussed in subsequent paragraphs, it may not be unreasonable to presume that such trades were a result of prior meeting of minds among Noticees 1 to 18.
9	Suresh Goel (Noticee 6)	ABGPG3943F	
10	Bipinkumar Laxhanbhai Marwadi (Noticee 7)	AZAPM5295J	

11	Harishbhai Chimanbhai Shukla (Noticee 8)	DWQPS4742N	
12	Praghnaben Bhupendrakumar Shah (Noticee 9)	DAHPS3416Q	
13	Rohini Popatlal Parikh (Noticee 10)	CYSPP9743H	
14	Rameshji Prahaladji Thakor (Noticee 11)	AVQPT5220Q	
15	Hitesh Kumar (Noticee 13)	BEPPK2873F	
16	Jitin Popatlal Parikh (Noticee 15)	CYMPP9929D	
17	Harishbhai Naranbhai Vyas (Noticee 16)	AVAPV0988P	
18	Nitaben Chandrakant Soni (Noticee 18)	EKPPS5766G	

22. I have also perused the BSE trade log and order log pertaining to the scrip of Edynamics during the IP. From the perusal of the same, I note that Noticees 1 to 18 had bought and sold 3,89,987 shares among themselves during the IP in 167 trades, on March 02, 2017, March 03, 2017, April 11, 2017 and April 13, 2017. I note that out of the total trading volume of Noticees i.e. 3,89,987 shares, Noticees had traded 317,928 shares on March 02, 2017, April 11, 2017 and April 13, 2017 which was 81% of the Noticees' trading volume. The total trading volume in the scrip during the aforesaid three days was 7,50,714. Thus the trades of the aforesaid Noticees contributed to 42% of the total trading volume in the scrip i.e. 7,50,714 shares during the aforesaid three days. On all the aforesaid four days of trading, the trading volume of Noticees was 3,89,987 shares, which contributed to 17.88% of the total trading volume in the scrip. The aforesaid trading pattern of the Noticees in the illiquid scrip of Edynamics indicates that Noticees 1 to 18 had indulged in trading in significant volume in the said scrip during the IP.

23. At this juncture, I deem it appropriate to refer to the judgement of the Hon'ble Securities Appellate Tribunal (**'Hon'ble SAT'**) in Ketan Parekh vs. SEBI (Appeal No. 2 of 2004; Order dated 14.07.2006) in which circular trades and synchronised trades have been discussed. In the aforesaid judgement, it was held as follows:

"... one of the methods commonly employed by manipulators to create an impression of high trade volumes and rising prices is circular trading. This is how it works: a manipulator

targets a scrip and acquires as much of the floating stock as is necessary to ensure his profits and creates an illusion of high trading volumes at the counter. He indulges in what is called circular trading where a few of them get together and buy and sell large blocks of shares among themselves. The shares are sold to associates at a price higher than what is prevailing in the market who in turn sell them to another associate for even a higher price. All transactions usually cancel out each other and the shares remain within the circle without any genuine trading transaction. This creates an impression that the stock is an actively traded one and sought after and, therefore, such transactions attract those outside the circle to buy the stocks. In other words, the general investing public gets induced to buy such stocks. The manipulators not only increase artificially the trading volumes but also benchmark the price because every trade establishes the price of the scrip. Circular trading is among the easiest ways to increase volumes. Tragically, retail investors and day traders are most vulnerable to such trading as they follow the herd mentality because they lack market intelligence and experience to diagnose such cases and they are usually the ones left holding the parcel when the music stops.

... There are yet another type of transactions which are commonly called synchronised deals. The word 'synchronise' according to the Oxford dictionary means "cause to occur at the same time; be simultaneous". A synchronised trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time...A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

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24. Placing reliance upon the judgement of Hon'ble SAT in Ketan Parekh vs. SEBI (Supra), I note that a synchronised trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time such that the buy and sell order quantity and rate are identical and orders for these transactions are placed within a time gap of one minute, and circular trades are trades comprising large blocks of shares among limited number of entities in a calibrated manner where a few entities get together and buy and sell large blocks of shares among themselves without any genuine trading transaction for creating an impression of high trade volumes and rising prices in a scrip. As held in the aforesaid judgement circular trades create an impression that a scrip is an actively traded one and sought after and, therefore, such transactions attract those outside the circle to buy the stocks.

25. I note that during the course of trading on March 02, 2017 at 10:33:54 hrs, Noticee 1 placed a single sell order for 20,000 shares at ₹10.60/- and immediately thereafter, Noticee 2 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 1

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:33:58	10.6	600	B
10:34:00	10.6	1500	B
10:34:01	10.6	2500	B
10:34:02	10.6	3500	B
10:34:04	10.6	4000	B
10:34:05	10.6	3500	B
10:34:09	10.6	2000	B
10:34:13	10.6	1000	B
10:34:14	10.6	400	B
10:34:17	10.6	1000	B

I observe that 10 trades were executed between Noticees 1 and 2 in relation to the aforesaid orders between 10:33:58 hrs to 10:34:17 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.60/-.

26. I further observe that at 10:34:33 hrs, Noticee 3 placed a single sell order for 20,000 shares at ₹10.55 and immediately thereafter, Noticee 1 placed multiple buy orders for 20,000 shares at ₹10.55 as depicted below:

Table No. 2

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:34:37	10.55	666	B
10:34:38	10.55	855	B

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ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:34:39	10.55	987	B
10:34:40	10.55	874	B
10:34:41	10.55	959	B
10:34:42	10.55	968	B
10:34:43	10.55	987	B
10:34:44	10.55	958	B
10:34:45	10.55	966	B
10:34:46	10.55	957	B
10:34:47	10.55	888	B
10:34:48	10.55	958	B
10:34:50	10.55	984	B
10:34:51	10.55	655	B
10:34:59	10.55	2500	B
10:35:00	10.55	2500	B
10:35:04	10.55	2000	B
10:35:06	10.55	330	B
10:35:07	10.55	8	B

I observe that 19 trades were executed between Noticees 3 and 1 in relation to the aforesaid orders between 10:34:37 hrs to 10:35:07 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.55.

27. I further observe that at 10:35:17 hrs, Noticee 4 placed a single sell order for 20,000 shares at ₹10.65/- and immediately, thereafter, the Noticee 3 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 3

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:35:20	10.65	666	B
10:35:21	10.65	958	B
10:35:22	10.65	874	B
10:35:23	10.65	958	B
10:35:24	10.65	963	B
10:35:25	10.65	958	B
10:35:26	10.65	878	B
10:35:27	10.65	9586	B
10:35:29	10.65	555	B
10:35:30	10.65	745	B
10:35:31	10.65	855	B
10:35:35	10.65	600	B
10:35:38	10.65	400	B
10:35:39	10.65	650	B

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ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:35:41	10.65	354	B

I observe that 15 trades were executed between Noticees 4 and 3 in relation to the aforesaid orders between 10:35:20 hrs to 10:35:41 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.65 raising the LTP rate by ₹0.1/- (0.95%).

28. I observe that at 10:36:25 hrs, Noticee 5 placed a single sell order for 20,000 shares at ₹10.70/- and immediately thereafter, the Noticee 4 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 4

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:36:26	10.88	600	B
10:36:28	10.7	456	B
10:36:30	10.7	465	B
10:36:32	10.7	254	B
10:36:33	10.7	654	B
10:36:34	10.7	741	B
10:36:35	10.7	456	B
10:36:37	10.7	456	B
10:36:38	10.7	654	B
10:36:40	10.7	654	B
10:36:41	10.7	1500	B
10:36:42	10.7	1500	B
10:36:44	10.7	654	B
10:36:46	10.7	258	B
10:36:48	10.7	1524	B
10:36:52	10.7	1541	B
10:36:53	10.7	1325	B
10:36:57	10.7	600	B
10:36:58	10.7	600	B
10:36:59	10.7	600	B
10:37:01	10.7	450	B
10:37:02	10.7	450	B
10:37:06	10.7	1500	B
10:37:10	10.7	600	B
10:37:11	10.7	600	B
10:37:15	10.7	400	B
10:37:17	10.7	500	B
10:37:19	10.7	8	B

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I observe that 28 trades were executed between Noticees 4 and 5 in relation to the aforesaid orders between 10:36:26 hrs to 10:37:19 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.70/- raising the LTP rate by ₹ 0.05/- (0.47%).

29. I further observe that at 10:42:34 hrs, Noticee 6 placed a single sell order for 20,000 shares at ₹10.77/- and immediately thereafter, the Noticee 5 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 5

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:42:38	10.77	654	B
10:42:39	10.77	645	B
10:42:40	10.77	258	B
10:42:41	10.77	654	B
10:42:42	10.77	654	B
10:42:43	10.77	1250	B
10:42:45	10.77	1254	B
10:42:47	10.77	1321	B
10:42:49	10.77	1425	B
10:42:51	10.77	654	B
10:42:51	10.77	258	B
10:42:52	10.77	600	B
10:42:53	10.77	500	B
10:42:54	10.77	500	B
10:42:56	10.77	600	B
10:42:57	10.77	600	B
10:42:58	10.77	400	B
10:42:58	10.77	450	B
10:43:00	10.77	450	B
10:43:01	10.77	450	B
10:43:02	10.77	550	B
10:43:03	10.77	450	B
10:43:04	10.77	450	B
10:43:08	10.77	600	B
10:43:09	10.77	400	B
10:43:10	10.77	600	B
10:43:11	10.77	410	B
10:43:12	10.77	258	B
10:43:14	10.77	300	B
10:43:15	10.77	200	B
10:43:16	10.77	250	B
10:43:17	10.77	260	B
10:43:19	10.77	260	B
10:43:20	10.77	258	B

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ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:43:21	10.77	654	B
10:43:24	10.77	400	B
10:43:25	10.77	123	B

I observe that 37 trades were executed between Noticees 6 and 5 in relation to the aforesaid orders between 10:42:38 hrs to 10:43:25 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.77 raising the LTP rate by ₹0.07/- (0.65%).

30. I further observe that at 11:19:08 hrs, the Noticee 2 placed a single sell order for 20,000 shares at ₹10.41/- and immediately thereafter, the Noticee 6 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 6

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
11:19:11	10.41	5000	B
11:19:12	10.41	3000	B
11:19:14	10.41	2000	B
11:19:17	10.41	5000	B
11:19:19	10.41	2500	B
11:19:20	10.41	2000	B
11:19:22	10.41	260	B
11:19:23	10.41	200	B
11:19:24	10.41	20	B
11:19:25	10.41	15	B
11:19:26	10.41	2	B
11:19:26	10.41	2	B
11:19:27	10.41	1	B

I observe that 13 trades were executed between Noticees 2 and 6, in relation to the aforesaid orders between 11:19:11 hrs to 11:19:27 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.41/-.

31. Therefore, in view of the foregoing and placing reliance on the aforesaid judgement of Hon'ble SAT in the matter of Ketan Parekh vs. SEBI (*Supra*), I observe that at the start of the day on March 02, 2017, Noticees 1 to 6 executed trades for 1,20,000 shares in an illiquid scrip in which the buy and sell order quantity and rate were identical and orders for these transactions were placed within a time gap of one minute. Thus, the aforesaid trades were synchronised trades. The aforesaid synchronised trades were also circular trades as these trades were executed among Noticees 1 to 6 who were connected entities. I note that the trading volume generated by the aforesaid synchronised and circular trades was

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36% of the total trading on March 02, 2017, when on the earlier day just 6 trades for 52 shares had taken place. The details of the trades by the Noticees 1 to 6 are as follows:

Table No. 7

Sr. No.	Buy Client	Buy Order Qty	Sell Client	Sell Order Qty	Traded Quantity Shares
1	Bakimcand Dayalal Shah (Noticee No. 2)	20,000	Bhupendra Chinubhai Shah (Noticee No. 1)	20,000	20,000
2	Bhupendra Chinubhai Shah (Noticee No. 1)	20,000	Gaurang Manubhai Panchal (Noticee No. 3)	20,000	20,000
3	Gaurang Manubhai Panchal (Noticee No. 3)	20,000	Bharat Natwarlal Patel (Noticee No. 4)	20,000	20,000
4	Bharat Natwarlal Patel (Noticee No. 4)	20,000	Mahendra Vadilal Shah (Noticee No. 5)	20,000	20,000
5	Mahendra Vadilal Shah (Noticee No. 5)	20,000	Suresh Goel (Noticee No. 6)	20,000	20,000
6	Suresh Goel (Noticee No. 6)	20,000	Bakimcand Dayalal Shah (Noticee No. 2)	20,000	20,000
		1,20,000		**1,20,000**	**1,20,000**

32. I observe that on March 03, 2017, the scrip had closed at a price of ₹10.87. I observe that the highest trading during the entire investigation period took place on March 03, 2017 (14,29,590 shares), followed by March 14, 2017 (7,33,745 shares). I observe that on March 03, 2017 at around the start of the trade day, at 09:28:12 hrs, Noticee 7 placed a single sell order for 20,000 shares at ₹10.89. I note that immediately thereafter, Noticee 8 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 8

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
9:28:18	10.89	5000	B
9:28:20	10.89	3000	B
9:28:22	10.89	2500	B
9:28:23	10.89	500	B
9:28:27	10.89	4000	B
9:28:29	10.89	3000	B
9:28:32	10.89	1500	B
9:28:34	10.89	250	B
9:28:35	10.89	200	B
9:28:39	10.89	25	B
9:28:40	10.89	20	B
9:28:41	10.89	5	B

I observe that 5 trades were executed between Noticees 7 and 8 in relation to the aforesaid orders between 9:28:18 hrs to 9:28:41 hrs, i.e., within a minute of placing the respective orders for a total of 8,500 shares at the rate of ₹10.89/-. Further, at 9:29:38 hrs i.e. within less than 1 minute, Noticee 7 deleted the balance quantity of 11,500 shares from his sell

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order of 20,000 shares. I am of the view that such coordinated order placement and deletion clearly brings out the meeting of minds between Noticees 7 and 8.

33. I observe that subsequently at 09:29:22 hrs, Noticee 9 placed a single sell order for 20,000 shares at ₹10.88/- and immediately thereafter, the Noticee 7 placed multiple buy orders for 20,000 shares as below:

Table No. 9

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
9:29:28	10.88	2500	B
9:29:29	10.88	5000	B
9:29:30	10.88	2500	B
9:29:31	10.88	8000	B
9:29:32	10.88	2000	B

I observe that trades were executed between Noticees 7 and 9 in relation to the aforesaid orders between 9:29:28 hrs to 9:29:32 hrs, i.e., within a minute of placing the respective orders for a total of 17,530 shares at the rate of ₹10.88/-. Thereafter, the Noticee 7 at 09:29:36 hrs and 09:29:38 hrs i.e. within 6 seconds deleted 2,000 and 470 shares respectively. I am of the view that such coordinated order placement and deletion clearly brings out the meeting of minds between the Noticees 7 and 9.

34. I observe that at 09:30:14 hrs, Noticee 10 placed a single sell order for 20,000 shares at ₹10.87/-. At around the same time, the Noticee 9 placed multiple buy orders for 20,000 shares as below:

Table No. 10

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
9:30:22	10.87	5000	B
9:30:24	10.87	5000	B
9:30:25	10.87	5000	B
9:30:29	10.87	5000	B

I also observe that Noticee 11 placed multiple sell orders for 20,000 shares as below:

Table No. 11

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
9:31:14	10.8	5000	S
9:31:18	10.8	6000	S
9:31:21	10.8	4000	S
9:31:26	10.85	5000	S

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I observe that trades were executed between Noticees 9 and 10 in relation to the aforesaid orders between 9:30:22 hrs to 9:30:29 hrs, i.e., within a minute of placing the respective orders for a total of 6,029 shares at the rate of ₹10.87/-. I also observe that 13,971 shares of buy order of the Noticee 9 matched with sell orders as aforesaid of the Noticee 11 between 9:31:14 hrs to 9:31:26 hrs. I observe that subsequently, at 09:31:08, the Noticee 10 placed a single buy order for 20,000 shares at ₹10.85/-.

35. I further observe that at 09:31:53 hrs, Noticee 8 placed single sell order for 20,000 shares at ₹10.86/- and immediately thereafter, Noticee 11 placed multiple buy orders for 20,000 shares as depicted below:

Table No. 12

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
9:31:59	10.86	3500	B
9:32:00	10.86	3500	B
9:32:01	10.86	3500	B
9:32:02	10.86	3500	B
9:32:05	10.86	4500	B
9:32:07	10.86	1500	B

I observe that trades were executed between Noticees 8 and 11 in relation to the aforesaid orders between 9:31:59 hrs to 9:32:07 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.86/-.

36. Therefore, in view of the foregoing and placing reliance on the aforesaid judgement of Hon'ble SAT in the matter of Ketan Parekh vs. SEBI (*Supra*), I observe that at the start of the day on March 03, 2017, Noticees 7 to 11 executed trades for 72,059 shares in an illiquid scrip in which the buy and sell order quantity and rate were identical and orders for these transactions were placed within a time gap of one minute. Thus, the aforesaid trades were synchronised trades. The aforesaid synchronised trades were also circular trades as these trades were executed among Noticees 7 to 11 who were connected entities. I observe that though the artificial volume generated by such synchronised and circular trades was just 5% of the total trading volume on March 03, 2017, I observe from the trade log that an attempt was made to execute synchronised and circular trades for 1,20,000 shares at the start of the day, which did not materialize as some of the orders placed by Noticees matched buy/sell orders of other parties. The details of the trades by Noticees 7 to 11 on March 03, 2017 are as follows:

Table No. 13

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Sr. No.	Buy Client	Buy Order Qty	Sell Client	Sell Order Qty	Traded Quantity Shares	Client who deleted Shares	Deleted Quantity Shares
1	Mr. Harishbhai Chimanbhai Shukla (Noticee No. 8)	20,000	Mr. Bipinkumar Laxhanbhai Marwadi (Noticee No. 7)	20,000	8,500	Mr. Bipinkumar Laxhanbhai Marwadi (Noticee No. 7)	11,500
2	Mr. Bipinkumar Laxhanbhai Marwadi (Noticee No. 7)	20,000	Ms. Praghnaben Bhupendrakumar Shah (Noticee No. 9)	20,000	17,530	Mr. Bipinkumar Laxhanbhai Marwadi (Noticee No. 7)	2,470
3	Ms. Praghnaben Bhupendrakumar Shah (Noticee No. 9)	20,000	Ms. Rohini Popatlal Parikh (Noticee No. 10)	20,000	6,029		
4	Ms. Praghnaben Bhupendrakumar Shah (Noticee No. 9)	20,000	Mr. Rameshji Prahaladji Thakor (Noticee No. 11)	-20,000	13,971		
5	Ms. Rohini Popatlal Parikh (Noticee No. 10)	20,000	Mr. Rameshji Prahaladji Thakor (Noticee No. 11)	20,000	6,029		
6	Mr. Rameshji Prahaladji Thakor (Noticee No. 11)	20,000	Mr. Harishbhai Chimanbhai Shukla (Noticee No. 8)	20,000	20000		
		1,20,000		**1,20,000**	**72,059**		

37. I observe that on April 11, 2017 at 10:04:45 hrs, Noticee 12 placed single sell order of 20000 shares and immediately thereafter, the Noticee 1 placed multiple buy orders of 20000 shares as depicted below:

Table No. 14

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:04:45	10.67	1241	B
10:04:47	10.67	1265	B
10:04:48	10.67	1321	B
10:04:49	10.67	5000	B
10:04:50	10.67	4500	B
10:04:51	10.67	4500	B
10:05:00	10.67	2173	B

I observe that 7 trades were executed between Noticees 1 and 12 in relation to the aforesaid orders between 10:04:45 hrs to 10:05:00 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.67/-.

38. I observe that at 10:06:05 hrs, Noticee 13 placed single sell order of 20000 shares and immediately thereafter, the Noticee 12 placed multiple buy orders of 20000 shares as below:

Table No. 15

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ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:06:10	10.68	10000	B
10:06:11	10.68	9000	B
10:06:12	10.68	1000	B

I observe that 3 trades were executed between Noticees 13 and 12 in relation to the aforesaid orders between 10:06:10 hrs to 10:06:12 hrs, i.e., within a minute of placing the respective orders for a total of 19,628 shares at the rate of ₹10.68/-.

39. I observe that at 10:07:55 hrs, the Noticee 15 placed single sell order of 15000 and the Noticee 14 at 10:08:03 hrs placed single sell order of 5000 shares, whereas, Noticee 16 placed multiple buy orders of 20000 shares as below:

Table No. 16

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:07:57	10.68	4564	B
10:08:00	10.67	3695	B
10:08:04	10.67	4566	B
10:08:07	10.67	4584	B
10:08:15	10.67	2591	B

I observe that 5 trades were executed between Noticees 15 and 14 in relation to the aforesaid orders between 10:07:57 hrs to 10:08:15 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹10.67/-.

40. I observe that at 10:08:20 hrs, Noticee 16 placed a single sell order of 20000 shares and Noticee 13 placed multiple buy orders of 20000 shares as below:

Table No. 17

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
10:08:24	10.67	6000	B
10:08:25	10.67	4000	B
10:08:27	10.67	5500	B
10:08:29	10.67	4500	B

From the trade log and order log, I observe that 1 sell trade for one share got executed at 10:08:28 hrs between Noticees 16 and Noticee 14 in relation to the aforesaid sell orders placed by Noticee 16 at the rate of ₹ 10.67/-. Thereafter, the aforesaid single share was sold to Noticee 13 by Noticee 14 at 10:08:28 hrs. Subsequently, in respect of aforesaid sell orders placed by Noticee 16, three sell trades were executed between Noticees 16 and 13 between 10:08:24 hrs to 10:08:29 hrs, i.e., within a minute of placing the respective

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orders for a total of 19,999 shares at the rate of ₹ 10.67/-. Thus, in respect of the aforesaid sell orders placed by Noticee 16, 4 sell trades were executed with different order quantity for a total of 20,000 shares between 10:08:24 to 10:08:29 at ₹10.67 within a minute of placing the respective orders.

41. Therefore, in view of the foregoing and placing reliance on the aforesaid judgement of Hon'ble SAT in the matter of Ketan Parekh vs. SEBI (*Supra*), I observe that at the start of the day on April 11, 2017, Noticees 1 and 12 to 16 executed trades for 99,628 shares in an illiquid scrip in which the buy and sell order quantity and rate were identical and orders for these transactions were placed within a time gap of one minute. Thus, the aforesaid trades were synchronised trades. The aforesaid synchronised trades were also circular trades as these trades were executed among Noticees 1 and 12 to 16 who were connected entities. I note that the trading volume generated by the aforesaid synchronised and circular trades was 50.95% of the total trading on April 11, 2017. The details of the trades by Noticees 1 and 12 to 16 on April 11, 2017 are as follows:

Table No. 18

Sl.	Buy Client	Buy Order Qty	Sell Client	Sell Order Qty	Traded Quantity Shares
1	Mr. Hitesh Kumar (Noticee No. 13)	20000	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	20000	19999
2	Mr. Pravinbhai Harishbhai Vyas (Noticee No. 14)	1	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	20000	1
3	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	20000	Mr. Jitin Popatlal Parikh (Noticee No. 15)	15000	15000
4	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	20000	Mr. Pravinbhai Harishbhai Vyas (Noticee No. 14)	5000	5000
5	Mr. Jitin Popatlal Parikh (Noticee No. 15)	15000	Mr. Bhupendra Chinubhai Shah (Noticee No. 1)	20000	15000
6	Mr. Pravinbhai Harishbhai Vyas (Noticee No. 14)	5000	Mr. Bhupendra Chinubhai Shah (Noticee No. 1)	20000	5000
7	Mr. Bhupendra Chinubhai Shah (Noticee No. 1)	20000	Mr.Deepak Parsharam Salvi (Noticee No. 12)	20000	20000
8	Mr.Deepak Parsharam Salvi (Noticee No. 12)	20000	Mr. Hitesh Kumar (Noticee No. 13)	20000	19628
	Total	120001		140000	99628

42. I observe that on April 13, 2017 at 09:18:38 hrs, Noticee 17 placed single sell order of 20000 shares and immediately thereafter, the Noticee 16 placed multiple buy orders of 23300 shares as below:

Table No. 19

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ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
09:18:44	11:01	5000	B
09:18:46	11:04	4000	B
09:18:48	11:04	4000	B
09:18:48	11:04	450	B
09:18:51	11:04	3500	B
09:18:55	11:04	6300	B
09:18:58	11:04	50	B

I observe that 6 trades were executed between Noticees 16 and 17 in relation to the aforesaid orders between 09:18:44 hrs to 09:18:58 hrs, i.e., within a minute of placing the respective orders for a total of 18,300 shares at the rate of ₹11.04/-.

43. I observe that at 09:18:50 hrs, the Noticee 17 placed a single buy order of 20000 shares and immediately thereafter, the Noticee 15 placed multiple sell orders of 20000 shares as under:

Table No. 20

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
09:18:53	11.02	4000	S
09:18:54	11.02	5000	S
09:18:56	11.02	4500	S
09:18:57	11.02	5500	S
09:19:01	11.02	1000	S

I observe that 6 trades were executed between Noticees 15 and 17 in relation to the aforesaid orders between 09:18:53 hrs to 09:19:12 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹11:02/-.

44. I observe that at 09:19:30 hrs, the Noticee 16 placed a single sell order of 20000 shares and immediately thereafter, the Notice No. 14 placed multiple buy orders of 20000 shares as below:

Table No. 21

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
09:19:36	11.03	4800	B
09:19:39	11.03	4200	B
09:19:41	11.03	4300	B
09:19:45	11.03	4700	B
09:19:49	11.03	2000	B

I observe that 5 trades were executed between Noticees 14 and 16 in relation to the aforesaid orders between 09:19:36 hrs to 09:19:49 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹11:03.

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45. I observe that at 09:19:59 hrs, Notice 18 placed a single sell order of 20000 shares and immediately thereafter, Noticee 15, placed multiple buy orders of 20000 shares as below:

Table No. 22

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
09:20:02	11.03	4822	B
09:20:04	11.03	4622	B
09:20:05	11.03	2366	B
09:20:08	11.03	4688	B
09:20:12	11.03	3502	B

I observe that 5 trades were executed between Noticees 18 and 15 in relation to the aforesaid orders between 09:20:02 hrs to 09:20:12 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹11:03.

46. I observe that at 09:20:22 hrs, the Noticee 14, placed a single sell order of 20000 shares and immediately thereafter, the Noticee 18, placed multiple buy orders of 20000 shares as below:

Table No. 23

ORDER TIME (Hrs)	RATE (₹)	QTY	BUY/SELL
09:20:25	11.05	4562	B
09:20:27	11.04	6542	B
09:20:28	11.04	3256	B
09:20:31	11.04	4569	B
09:20:33	11.04	1071	B

I observe that 5 trades were executed between Noticees 14 and 18 in relation to the aforesaid orders between 09:20:25 hrs to 09:20:33 hrs, i.e., within a minute of placing the respective orders for a total of 20,000 shares at the rate of ₹11:03.

47. Therefore, in view of the foregoing and placing reliance on the aforesaid judgement of Hon'ble SAT in the matter of Ketan Parekh vs. SEBI (*Supra*), I observe that at the start of the day on April 13, 2017, Noticees 16, 17, 15, 18, and 14 executed trades for 98,300 shares in an illiquid scrip in which the buy and sell order quantity and rate were identical and orders for these transactions were placed within a time gap of one minute. Thus, the aforesaid trades were synchronised trades. The aforesaid synchronised trades were also circular trades as these trades were executed among Noticees 16, 17, 15, 18, and 14 who were connected entities. I note that the trading volume generated by the aforesaid synchronised and circular trades was 43.81% of the total trading on April 13, 2017. The details of the trades by the Noticee 14 to 18 on April 13, 2017 are as follows:

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Table No. 24

Sl.	Buy Client	Buy Order Qty	Sell Client	Sell Order Qty	Traded Quantity Shares
1	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	23300	Ms. Hemangini Vinitkumar Parikh (Noticee No. 17)	20000	18300
2	Ms. Hemangini Vinitkumar Parikh (Noticee No. 17)	20000	Mr. Jitin Popatlal Parikh (Noticee No. 15)	20000	20000
3	Mr. Jitin Popatlal Parikh (Noticee No. 15)	20000	Ms. Nitaben Chandrakant Soni (Noticee No. 18)	20000	20000
4	Ms. Nitaben Chandrakant Soni (Noticee No. 18)	20000	Mr. Pravinbhai Harishbhai Vyas (Noticee No. 14)	20000	20000
5	Mr. Pravinbhai Harishbhai Vyas (Noticee No. 14)	20000	Mr. Harishbhai Naranbhai Vyas (Noticee No. 16)	20000	20000
	Total	**103300**		**100000**	**98300**

48. From the above analysis of circular trading by the Noticees, I observe as follows:

   a. The Noticees executed circular trades and synchronized trades on March 02, March 03, 2017, April 11, 2017 and April 13, 2017 which generated substantial trading volume of 1,20,000, 72,059, 99,628 and 98,300, shares on the respective days in the scrip of Edynamics.

   b. The total number of shares traded in the scrip of Edynamics on March 02, 2017 March 03, 2017, April 11, 2017 and April 13, 2017 was 3,30,851, 14,29,590, 1,95,522 and 2,24,341, respectively.

   c. Therefore, the percentage of trade volume generated by the aforesaid circular trades and synchronized trades by Noticees on March 02, 2017, March 03, 2017, April 11, 2017 and April 13, 2017 was 36.27%, 5.04%, 50.95% and 43.81% respectively.

49. At this juncture, I find it appropriate to refer to the judgment of Hon'ble SAT in the matter of Sparkline Mercantile Co. Pvt. Ltd. vs. SEBI (Appeal No. 171 of 2011; Order dated January 16, 2012), it was held 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.*

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Therefore, we have no hesitation in upholding the findings recorded by the adjudicating officer in the impugned order." Thus, placing reliance upon the aforesaid judgements and based on a perusal of the aforesaid trades, I find that the aforesaid circular and synchronised trades demonstrate that they were a result of prior meeting of minds among the Noticees. I am of the view that the aforementioned circular and synchronised trades were not a mere coincidence but were the outcome of meeting of minds among the Noticees and a deliberate conduct on the part of the Noticees, which was a part of a common strategy to trade in the scrip without any intention of changing beneficial ownership of shares and thereby manipulate the trading volume of the scrip upwards during the IP at BSE and create a misleading appearance of trading in the scrip of Edynamics.

50. I note that before the IP, during the month of February 2017, the scrip had traded only on 14 trade days and average number of shares traded on these 14 trade days was about 900 shares with closing price in the range of ₹8.72/- to ₹10.50/-. Thus, I note that there was negligible trading volume in the scrip during the period prior to IP, in the scrip of Edynamics which showed that it was an illiquid scrip. I further observe that prior to the IP, on March 01, 2017, only 6 trades for 52 shares had taken place with close price of ₹10.40. However, after the start of IP, i.e., March 02, 2017 onwards, there was a marked increase in the volume of shares traded in the scrip as a result of which 3,30,851 shares of the scrip were traded in the market on the said date. I further note that the average daily trading volume in the scrip increased from mere 562 shares in the pre-IP period to 1,62,130 shares during the IP. This implies that the aforesaid circular and synchronised trades by Noticees led to an increase in the trading volume in the scrip during the IP. Therefore, I am of the view that based on the misleading impression of high liquidity and trading volume in the otherwise illiquid scrip of Edynamics, on account of the aforesaid circular and synchronised trades executed by Noticees, investors were induced into trading in the scrip. At this juncture, I find it pertinent to refer to decision of Hon'ble Supreme Court of India in the matter of SEBI vs. Shri Kanaiyalal Baldevbhai Patel (Civil Appeal No. 2595 of 2013; Decided on September 20, 2017). In the aforementioned judgment, the Hon'ble Supreme Court of India while discussing the ambit of fraud under PFUTP Regulations has held as under:

"*The difference between inducement in criminal law and the wider meaning thereof as in the present case, is that to make inducement an offence the intention behind the representation or misrepresentation of facts must be dishonest whereas in the latter category of cases like the present the element of dishonesty need not be present or proved*

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and established to be present. In the latter category of cases, a mere inference, rather than proof, that the person induced would not have acted in the manner that he did but for the inducement is sufficient. No element of dishonesty or bad faith in the making of the inducement would be required... To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities... The inferential conclusion from the proved and admitted facts, so long the same are reasonable and can be legitimately arrived at on a consideration of the totality of the materials, would be permissible and legally justified."
Thus, placing reliance on the aforesaid judgement, I find that the aforesaid circular and synchronised trades executed by Noticees induced investors to trade in the illiquid scrip of Edynamics which was tantamount to fraud.

51. At this juncture, I find it pertinent to discuss the scope and ambit of PFUTP Regulations. I note that Regulations 3(a)–(d) of the PFUTP Regulations, *inter alia,* prohibit employment of any manipulative/deceptive device, scheme, or artifice to defraud in connection with dealing in securities; engaging in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with dealing in securities. Regulation 4(1) of the PFUTP Regulations provides for prohibition on indulging in fraudulent or unfair trade practices in securities. Regulations 4(2)(a) and (g) of the PFUTP Regulations provide that an act in the course of dealing in securities shall be deemed to be fraudulent or an unfair trade practice if it involves indulging in an act that creates a false or misleading appearance of trading in the securities market or amounts to transaction executed without the intention of performing it or without intention of change of ownership of a security. The common thread through these provisions is that the ingredients of fraud/ manipulation/ unfair trade practices must be satisfied. In this regard, I find it pertinent to note that fraud has been defined in Regulation 2(1)(c) of PFUTP Regulations, which is reproduced hereunder:
"(c) "fraud" includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

(1) a knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

(2) a suggestion as to a fact which is not true by one who does not believe it to be true;

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(3) an active concealment of a fact by a person having knowledge or belief of the fact;

(4) a promise made without any intention of performing it;

(5) a representation made in a reckless and careless manner whether it be true or false;

(6) any such act or omission as any other law specifically declares to be fraudulent,

(7) deceptive behaviour by a person depriving another of informed consent or full participation,

(8) a false statement made without reasonable ground for believing it to be true.

(9) the act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And "fraudulent" shall be construed accordingly."

52. From the aforementioned definition of 'fraud' as given in Regulation 2(1)(c) of PFUTP Regulations, I note that for an act or omission to be considered as fraud under the aforesaid definition, the same has to be done in order to induce another person or his agent to deal in securities. In this respect, I place reliance on the judgement of Hon'ble Supreme Court of India in SEBI and Ors v. Kanaiyalal Baldevbhai Patel (*Supra*), discussed above, where it has been held that inducement is required to constitute 'fraud' under PFUTP Regulations. In this regard, it has been established earlier that the aforesaid circular and synchronised trades executed by Noticees induced investors to trade in the illiquid scrip of Edynamics which was tantamount to fraud.

53. I also find it pertinent to note that in cases of market manipulation or fraud, where direct evidence may not be available, transactions are to be tested for any manipulation based on the conduct of parties and the abnormal nature of transactions and the charge of market manipulation or fraud must be proved on a preponderance of probabilities. At this juncture, I find it pertinent to refer to the judgement of the Hon'ble Supreme Court in the matter of SEBI vs. Kishore R. Ajmera (2016) 6 SCC 368 (Judgment dated February 23, 2016) wherein it was held that, "*While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of*

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probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned… 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…The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned… The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors." I further note the judgement of Hon'ble SAT in the matter of Shri Lakhi Prasad Kheradi vs. SEBI (Appeal No. 232 of 2017; Order dated June 21, 2018) wherein it was held that: "*As held by the Apex Court in the case of SEBI V/s Kishore R. Ajmera reported in (2016) 6 SCC 368, in the absence of direct evidence, by taking into account immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded it is open to an AO to arrive at a reasonable conclusion that the trade executed were manipulated trades. In the facts of the present case, in our opinion, no fault can be found with the decision of the AO that the trades executed by the appellant were manipulative trades and hence, the appellant was guilty of violating the SEBI Act and the PFUTP Regulations.*"

54. In this regard, I note from the replies filed by Noticees 4 and 6 that the said Noticees have denied that they were connected to the other Noticees and have also denied the charges of violation of PFUTP Regulations. However, Noticees 4 and 6 have admitted to the trades executed by them in the scrip of Edynamics. As already established, Noticee 6 had executed circular and synchronised trades with Noticees 2 and 5 on March 02, 2017 which generated a volume of 40,000 shares in the scrip of Edynamics and Noticee 4 had executed circular and synchronised trades with Noticees 5 and 3 on March 02, 2017 which generated a volume of 40,000 shares in the said scrip. As established in earlier part of the order, I find that Noticees 4 and 6 were involved in a common strategy along with other Noticees, viz., executing circular and synchronised trades to manipulate the trading volume in the scrip of Edynamics during the IP. The aforesaid trading pattern demonstrates that there was meeting of minds between Noticees 4 and 6 as well as other Noticees. Therefore, I find the aforesaid contention of Noticees 4 and 6 to be devoid of merit.

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55. I note that in their submissions, Noticees 7, 8, 9, 11, 14, and 18 have not disputed the finding that they are connected entities. I also note that Noticees have admitted to the impugned trades executed by them. However, the said Noticees have contended that in the present matter, the charge against the Noticees was only that of alleged creation of artificial volume (volume manipulation) and not LTP contribution and that the SCN does not allege any ill-gotten gains and thus, no adverse action should be taken against them. I also note that Noticees 7, 8, 9, 11, 14, and 18 have contended that in certain other matters where trading had not resulted in the creation of any ill-gotten gains and had not adversely affected the interest of investors, SEBI has not taken any adverse action and not imposed penalty. In this regard, said Noticees have placed reliance on the Information Memorandum on Enforcement Action Policy in LTCG cases dated 29th December, 2016. The said Noticees have also contended that SEBI has also disposed off SCNs in several self-trade cases where allegation was of artificial creation of volume because there was no allegation of any ill gotten gains or loss caused to any investors. I note that the said Noticees have placed reliance upon some instances of administrative warnings and the Order dated February 10, 2015 passed by the Hon'ble Whole Time Member (WTM), Shri S Raman in the matter of Crazy Infotech Limited. In this regard, I note that the allegations in the matter of Crazy Infotech Limited pertained only to self-trades executed by the Noticees therein. I note that the allegations in the instant matter pertain to circular and synchronised trading by Noticees. Thus, the facts and circumstances in the instant proceeding are entirely different and accordingly, the aforesaid order relied upon by the said Noticees is not applicable to the instant proceedings. The said Noticees have contended for imposition of a lesser penalty, if any, in the instant matter and placed reliance on the Adjudication Orders passed by Ld. Adjudicating Officer in the matter of Viji Finance Limited and in the matter of Financial Credit & Guarantee Company Ltd in which penalties of Rs. 15 lakhs and Rs 18 lakhs were imposed w.r.t. allegations of price manipulation of scrip. I note that the facts and circumstances in the instant matter, are completely different from the adjudication orders quoted by the said Noticees. Thus, I note that the said Noticees have made contradictory submissions quoting certain other orders of SEBI where penalties have been levied by Hon'ble AOs. I note that instant adjudication proceedings have been initiated in terms of SEBI's Order dated March 04, 2021, on the basis of specific facts supporting the allegations of violation of PFUTP Regulations against the aforesaid Noticees. I also note that the instant adjudication proceedings were initiated solely for the examination of the charges in respect of the trades of aforesaid Noticees. Be that as it may, I regard the aforesaid contentions of the said Noticees to be more in nature

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of questioning SEBI's policy regarding enforcement actions in such matters and find these to be outside the purview of the present adjudication proceedings. Therefore, I am not inclined to deal with the aforesaid contention of Noticees 7, 8, 9, 11, 14, and 18.

56. Noticees 7, 8, 9, 11, 14, and 18 have further contended that these trades were entered in the name of the Noticees on the advice of their broker and they were merely name lenders and their accounts were merely mule accounts. Thus, the said Noticees contend that since the broker was acting on behalf of the Noticee and most likely other Noticees who have also not traded on their own and have done so through their broker in this matter to carry out trades in a coordinated manner to create an artificial impression of active trading thus creating artificial volume in the scrip, the present violation should be considered as a single violation and joint and several liability should be imposed, if at all. I note that the aforesaid contentions amount to an admission that the aforesaid circular and synchronised trades were executed by the said Noticees. In this regard, I further note that it is a matter of record that trades in the scrip of Edynamics were executed on the accounts of the aforesaid Noticees. However, the aforesaid Noticees have not submitted any material to establish that their accounts were used as mule accounts for executing trades by other persons or using funds from other persons. In any case, apart from making a mere statement, the said Noticees do not appear to have taken any meaningful legal recourse on their part at the relevant point of the time nor did they try to delve deeper into the nature of these unauthorised transactions in their bank accounts and Demat accounts to identify their source, which in my view, would have been a prudent course of action in that situation. At this juncture, I refer to the judgement of Hon'ble SAT in the matter of Rahul H. Shah vs. SEBI (Appeal No. 83 of 2012 decided on May 11, 2012) in which it had been held that, *"Name lending is a fraudulent activity and requires to be curbed for maintaining the sanctity of the securities market"*. The Hon'ble SAT has also reiterated the said position of law in the matter of Dhananjay Kumar vs. SEBI (Appeal No. 316 of 2022; Decided on June 28, 2022) wherein it was held that, "*These transactions have not been disputed by the appellant except alleging that he was unaware and that the account was fraudulently used by these entities… We find that in this regard the appellant himself stated that he noticed unauthorized transaction in January and February 2015 but did nothing in this regard… No reason has been given as to why he could not initiate any steps earlier. We also find that the alleged transactions have not been disputed by the appellant. The appellant admits that he opened the trading account and in good faith gave the relevant details, blank cheque books to one Mr. Avinash Kumar Rai who allegedly made fraudulent transactions from his saving bank account. Be that as it may, the fact remains that at the*

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end of the day the appellant is responsible for such act." Thus, placing reliance on the aforesaid judgements, I find that name lending is a serious offence which not only threatens the integrity of the market but also adversely affects the interest of investors. Therefore, placing reliance on the aforesaid judgements of Hon'ble SAT, I find that Noticees 7, 8, 9, 11, 14, and 18 themselves were responsible for trades executed on their accounts and the said Noticees cannot be absolved of the responsibility for such trades. In view of the foregoing, I am not inclined to accept the aforesaid contentions of the said Noticees.

57. In this respect, I refer to the judgement of Hon'ble SAT in the matter of M/s Rajesh N. Jhaveri vs. SEBI (Appeal No. 49 of 2012; Order dated April 16, 2012) wherein it was held as follows:
"*The charge is one of synchronization in the scrip of the company during a short interval of 10 days out of 19 days of trade. The adjudicating officer has brought on record the details of the transactions, the trades done by the connected entities, percentage rate of synchronization to the quantity traded and the sample trade logs… The fact remains that the appellant has entered into synchronized trades during the period under investigation… What is relevant is the conduct of the parties in effecting the trades… facts of the case would show that the appellant and the connected entities have placed orders in such a way as to ensure matching of the buy and sell quantity and the price with the same counter parties and the difference in time is zero to a few seconds. In view of the discussion above, we hold that the adjudicating officer has brought on record sufficient material to show that the appellant's wrong doing falls under regulation 4 of the PFUTP Regulations.*"

58. Therefore, based on the foregoing findings, placing reliance on the aforesaid judgements and considering preponderance of probabilities, I find that the Noticees had indulged in a collective strategy of circular and synchronised trades involving substantial quantity of shares in order to mislead and induce investors to trade in the scrip of Edynamics based on a misleading impression of high liquidity and trading volume in the otherwise illiquid scrip of Edynamics, thereby created a misleading appearance of trading in the scrip of Edynamics, which amounts to a fraudulent activity in terms of Regulations 3(a), (b), (c), (d), and Regulations 4(1), and 4(2)(a) and 4(2)(g) of PFUTP Regulations.

59. Having regard to Noticees 1, 2 and 16, I note that vide emails dated July 16, 2022 and July 17, 2022, the representatives of the said Noticees have provided copies of the Death certificates of Noticees 1, 2 and 16, issued by Department of Health & Family Welfare,

Government of Gujarat. The aforesaid death certificates have been verified from the official website of Amdavad Municipal Corporation and Gandhinagar Municipal Corporation, and appear to be in order. On perusal of the death certificates, I note that Noticee 1 has passed away on August 22, 2019, Noticee 2 has passed away on October 13, 2017 and Noticee 16 has expired on January 28, 2022. At this juncture, I find it pertinent to refer to judgement of Hon'ble Supreme Court in the matter of Girijanandini vs. Bijendra Narain (AIR 1967 SC 2110) in which it was held that in case of personal actions, i.e. the actions where the relief sought is personal to the deceased, the right to sue will not survive to or against the representatives and in such cases the maxim actio personalis moritur cum persona (personal action dies with the death of the person) would apply. I also find it pertinent to refer to the judgement of Hon'ble SAT in the matter of Chandravadan J Dalal vs. SEBI (Appeal No. 35/2004; Decided on June 15, 2005) in which it was held that, "*The appeal abates since the appellant during the pendency of the appeal died on 29th November, 2004. The appeal accordingly abates. The penalty imposed on the original appellant being personal in nature also abates.*" In view of the foregoing, I am of the view that the instant adjudication proceedings against the Noticees 1, 2 and 16 are liable to be abated. Accordingly, placing reliance on the aforesaid judgements, I find that the proceedings against the deceased Noticees 1, 2 and 16 stand abated.

60. In view of the foregoing findings, I find that the allegation that Noticees 3 to 15 as well as Noticees 17 & 18 have violated Sections 12A(a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations, stands established.

<u>Issue No. II- Does the violation, if any, attract a monetary penalty under Section 15HA of SEBI Act?</u>

61. It has been established in the foregoing paragraphs that the Noticees 3 to 15 as well as Noticees 17 & 18 have violated Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations. In the context of the above, I refer to the observations of Hon'ble Supreme Court in the matter of Chairman, SEBI vs. Shriram Mutual Fund {[2006] 5 SCC 361} wherein the Hon'ble Court had held 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……*"

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62. Therefore, in view of the foregoing findings and placing reliance on the above judgment of Hon'ble Supreme Court, I find that the aforesaid violations of Sections 12A(a), (b), (c) of SEBI Act, and Regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) and 4(2)(g) of PFUTP Regulations will attract monetary penalty under Section 15HA of SEBI Act. The respective provisions as applicable at the time of the violations are reproduced as under:

Penalty for fraudulent and unfair trade practices

15HA. *If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

Issue No. III - What should be the quantum of monetary penalty?

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

SEBI Act

Factors to be taken into account by the adjudicating officer.

Section 15J *- While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default.

64. In view of the charges as established, the facts and circumstances of the case, the quantum of penalty would depend on the factors listed in Section 15J of SEBI Act. In the instant case, having regard to the factors listed in Section 15J of SEBI Act, it is noted that the material available on record does not demonstrate any quantifiable gain or unfair advantage accrued to Noticees 3 to 15 as well as Noticees 17 & 18 or the extent of loss suffered by the investors as a result of the default. I also observe that there are no other records to show repetitive defaults of a similar nature by said Noticees. However, it has been established that the said Noticees had indulged in circular and synchronised trades

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to manipulate the trading volume and create a misleading appearance of trading in the scrip of Edynamics. I am of the view that such manipulative acts of the said Noticees have the potential to mislead and induce genuine investors to trade in an illiquid scrip and harm them and therefore such acts violate the fundamental tenets of market integrity. Such acts of the said Noticees, if dealt with lightly, could seriously undermine investors' confidence in the securities market and therefore, merit stiff penalty commensurate with such serious violations.

65. At this juncture, I find it pertinent to refer to the judgement of Hon'ble Supreme Court of India in the matter of N. Narayanan vs. SEBI [(2013) 12 SCC 152] in which it was held as follows:

"...if market abuse is not properly curbed, then it would result in defeating the very object and purpose of SEBI Act... Prevention of market abuse and preservation of market integrity is the hallmark of Securities Law...Market manipulation is normally regarded as the "unwarranted" interference in the operation of ordinary market forces of supply and demand and thus undermines the "integrity" and efficiency of the market... Section 12A read with Regulations 3 and 4 of the Regulations 2003 essentially intended to preserve 'market integrity' and to prevent 'Market abuse'."

66. In view of the foregoing findings and placing reliance on the aforesaid judgement, I find that an appropriate penalty should be imposed on the said Noticees, so as to serve as a deterrent against the aforesaid violations, considering the interest of investors and integrity of securities market.

<u>ORDER</u>

67. Having considered all the facts and circumstances of the case, the material available on record, and also the factors mentioned in Section 15J of SEBI Act, as enumerated above, I, in the exercise of the powers conferred upon me under Section 15-I of SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 25,00,000 (Rupees Twenty Five Lakhs Only), jointly and severally on Noticees 3 to 15 as well as Noticees 17 & 18.

68. Noticees 3 to 15 as well as Noticees 17 & 18 shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online

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payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, said Noticees may contact the support at portalhelp@sebi.gov.in.

69. The Noticees 3 to 15 as well as Noticees 17 & 18 shall forward said Demand Draft or the said confirmation of e-payment made in the format as given in the table below which should be sent to "The Division Chief, EFD – DRA - 1, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

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

70. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of SEBI Act for the realisation of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties of Noticees 3 to 15 as well as Noticees 17 & 18.

71. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees and also to SEBI.

Place: Mumbai
Date: December 16, 2022

SOMA MAJUMDER
ADJUDICATING OFFICER