BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO: ORDER/SM/EE/2019-20/3803]

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

In respect of:

Ms. Amita Pradeep Sheth
(For the trades done on behalf of Ms. Hasti Pradeep Sheth)
(PAN No. ALTPP8380N)

In the matter of M/s Aarya Global Shares and Securities Ltd
(formerly Kuvam International Fashions Ltd)-

Facts Of The Case:

1. Pursuant to certain suspicious trading Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation in the scrip of M/s Aarya Global Shares and Securities Ltd (hereinafter referred to as "AGSSL/Company") into the alleged irregularity in the scrip of AGSSL for the period from May 21, 2010 to December 31, 2011 (hereinafter referred to as "Investigation Period/IP") listed on Bombay Stock Exchange Limited (hereinafter referred to as "BSE"). It was observed 16 entities manipulated in the price of the scrip of AGSSL for the period May 21, 2010 to September 22, 2010) by trading among themselves violated the provisions of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (e) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations").

2. Based on the investigation, adjudication proceedings were initiated against the 16 entities. In this regard Adjudication Order dated November 30, 2017 was passed against the 16 entities viz. Ms. Premila Someshwar Joshi, Ms. Sneha M Chavda, Ms. Chetna Vasant Ganatra, Ms. Labhu Amrutlal Gohil, Ms. Sweta Ramesh Rabadiya, Shri Deepak Narshibhai Javiya, Ms. Nila Deepak Javiya, Ms. Taraben Vasant Ganatra, Ms. Indira Bharat Kumar Bhalla, Ms. Walbai Narayan Barot, Ms. Neela Ramesh Padhiya, Vasant Mulji Ganatra (HUF), Ms. Labuben Kantilal Javiya, Shri Ajit Vinod Tank and Ms. Meetal Manish Gohil including Ms. Hasti Pradeep was one of the 16 entities against whom adjudication proceeding was disposed without penalty citing the following:

   "In the entire proceedings Mrs Amita Pradeep Sheth had sent replies on behalf of Ms Hasti Pradeep Sheth. She has claimed that Ms Hasti Pradeep Sheth is a minor. In order to cross check the claim of Mrs Amita Pradeep Sheth, details were sought from M/s Righav Securities Limited (Stock broker through whom Ms Hasti Pradeep Sheth had traded in the scrip AGSSL). It is very interesting to note during the trading in the scrip AGSSL, Ms Hasti Pradeep Sheth was just eight months old. Even today on the date of this order Ms Hasti Pradeep Sheth is still a minor (just above eight years). By stretch of any imagination, it is not possible to visualize that a girl of eight months would be dealing aggressively in a particular scrip. The Stock Broker of Ms Hasti Pradeep Sheth has reported that it was Mrs Amita Pradeep Sheth(mother of Ms Hasti Pradeep

Sheth) who was operating the account. I also note that Mrs. Amita Pradeep Sheth had also traded actively in the scrip of AGSSL during investigation period in her maiden name (Amita Mahendra Parmar) along with her other family members. It appears that due to criteria of contribution to Last Traded Price Variation, her name and family members name was not considered for Adjudication proceedings. Though it is established that trades executed in the name of Ms Hasti Pradeep Sheth were manipulative, however considering the fact that Ms Hasti Pradeep Sheth is a minor, I hereby dispose of the proceedings against her, however SEBI may consider initiating separating proceedings against the person responsible for the trades executed in the name of Ms.Hasti Pradeep Sheth."

3. Based on the findings of the Adjudicating Officer, SEBI conducted analysis from the investigation report for the trades carried out by Ms. Hasti Pradeep Sheth and Amita Pradeep Sheth in her maiden name Amita Mahendra Parmar. In line with the findings of the investigation report, Amita Parmar had not significant contribution to the trading during the IP. In case of Hasti Pradeep Sheth , who is a minor, it was observed based on the KYC during the period from May 21, 2010 to September 22, 2010, Ms. Amita Pradeep Sheth, guardian/mother of Ms. Hasti Pradeep Sheth executed the trades on behalf of Ms. Hasti Pradeep Sheth and contributed to First Trade, Last Traded Price (hereinafter referred to as "LTP") and New High Price (hereinafter referred to as "NHP") and thus have violated the provisions of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (e) of PFUTP Regulations.

4. In this order the violation conducted by Amita for the trades conducted on behalf of Hasti is dealt with. As Adjudication Order on the other connected 15 entities have been passed vide Adjudication Order November 30,2017, so the violation conducted by them is not referred. Wherever, it is required to depict the connection with Noticee then the connected entities reference is made.

<u>Appointment of Adjudicating officer</u>

5. Based on the findings, vide communication order dated October 26, 2018, the undersigned has been appointed in terms of Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) read with section 15-I of SEBI Act to inquire and adjudge under Section 15 HA of SEBI Act, 1992 against Amita Pradeep Sheth (hereinafter referred to as "Amita" for the trades executed on behalf of Ms. Hasti Pradeep Sheth (hereinafter referred to as "Hasti/Noticee") for the aforesaid alleged contravention of provisions of law.

<u>Show Cause Notice, Reply And Personal Hearing:</u>

6. Show cause notice (hereinafter referred to as 'SCN') dated November 20, 2018 was issued to Amita under the provisions of Rule 4 (1) of the Rules as to why an inquiry should not be initiated against her for the trading executed in the name of Hasti and penalty be not imposed under the provisions of Section 15HA of SEBI Act on Amita. SCN was duly delivered to the Amita.

Allegation mentioned in the SCN against Noticee:

7. The allegation is broadly mentioned below:

7.1. In case of the Noticee, it was observed that Amita had sent replies on behalf of the Noticee on earlier proceedings initiated vide show cause notice dated May 10, 2016. She had claimed that

Hasti is minor. In order to cross check the claim of Amita, details were sought from the broker M/s Righav Securities Limited (hereinafter referred to as "Broker"), through whom Noticee had traded in the scrip of AGSSL and it was found that Noticee was minor at time of execution of the trades. disposing the proceedings. The broker vide e-mail dated November 23, 2017 reported that it was Amita who was operating the account. It was also seen from the KYC documents of the trading account of the Noticee that Amita was stated to be the guardian of the Noticee. It was noted that Amita had also traded actively in the scrip of AGSSL during the investigation period in her maiden name (Ms Amita Mahendra Parmar) along with her other family members but since contribution of Ms. Amita Mahendra Parmar was not significant, action was not initiated against her. However, Noticee had contributed significantly in LTP, NHP and First Trade and Amita was responsible for the trades executed in the name of the Noticee. It was therefore alleged that Ms. Amita has violated Regulations 3(a), (b), (c), & (d), 4(1), 4(2)(a) & (e) of PFUTP Regulations

7.2. It was alleged in the SCN that during (Pre-split period) (Price rise)16 entities connected with one another traded among themselves and contributed to positive Last Traded Price Variation (hereinafter referred to as LTP), New High Price (hereinafter referred to as NHP) and First trades increasing the price of the scrip of AGSSL.

7.3. It was observed Hasti had contributed to positive LTP of Rs. 34.70 (Rs. 9.60 as buyer and Rs. 25.10 as seller) by trading among the connected entities A complete copy of the Compact Disc (CD) containing Order log and trade log was enclosed with SCN.

7.4. It was also observed that the entities by trading among themselves had contributed to NHP of Rs. 25.95 in 15 trades which was 22.21% of the total market NHP. It was observed that entities Premila Someshwar Joshi, Sneha M Chavda and Hasti had made significant contribution to NHP of Rs. 13.40 (i.e. 11.47% of the total market NHP).

7.5. Further, it was also observed that during the period, five entities of the group viz. Hasti, Premila Someshwar Joshi, Chetna Vasant Ganatra, Labhu Amrutlal Gohil and Sneha M Chavda had contributed to positive LTP in first trades i.e Rs. 22.10 (14.24% of the total market positive LTP by first trades.

7.6. In view of the above, it was alleged that Hasti has violated the provisions of Regulations 3(a), (b), (c), & (d), 4(1), 4(2)(a) & (e) of PFUTP Regulations.

Personal Hearing:

8. In the interest of natural justice and in terms of Rule 4 (3) of Rules, Amita was given an opportunity of personal hearing on January 28, 2019 vide letter dated January 03, 2019,

9. Amita vide letter dated January 09, 2019 made preliminary submission and sought for inspection of documents:

9.1. Denied all the allegation made against me in the SCN.

9.2. I am an ordinary and lay investor who deals in the stock market in compliance with all relevant provisions of securities law as applicable to me from time to time. Thus I am bit perturbed to have received your aforesaid SCN wherein inter-alia it has been alleged that I have committed "fraud" in securities market.

9.3. I submit that I have dealt in scrip of AGSSL in the normal course of my trading activity and the same was very much within my financial and risk bearing capacity. I had no intention or purpose to manipulate the price while dealing in scrip of AGSSL as alleged.

9.4. I have dealt in the scrip of AGSSL in absolutely fair and transparent manner. I believe that there has been no grievance by an investor, broker, stock exchange or any other agency concerned in the matter.

9.5. The present SCN is issued after a gap of more than 8 years from the date of execution of transactions on behalf of Ms. Hasti Pradeep Sheth (my daughter). No reasons have been mentioned in the present SCN for starting present adjudication proceedings after an unexplained delay of more than 8 years. Pertinently, at the relevant time, no query was raised about the impugned transactions by stock broker, stock exchange or any other agency concerned in the matter. Hence, great prejudice is caused to me to recollect all data/detail/material to furnish my reply since the same is issued after an inordinate delay of more than 8 years.

9.6. Request for inspection of documents and copies thereof:

i. Appointment letter appointing the undersigned as Adjudicating Officer.

ii. *Copy of all correspondence exchanged with M/s Rikhav Securities Ltd other than correspondences mentioned in Annexure of the SCN.*
iii. *Full and complete report of investigation along with Annexures appended in the investigation report.*
iv. *Connection of persons with whom I share common mobile number 9869048432 and connection with other entities for my execution of trades of AGSSL. Additional basis of connection alleged with necessary proofs.*
v. *Transaction executed by 16 entities are furnished. However, no clarification or details or evidence have been furnished as to why SEBI has associated 16 entities together.*
vi. *A copy of the compact disk(CD) containing order log and trade log has been provided but since it is huge voluminous data and even though thorough analysis of the same was carried out by me. I could not derive which trades contributed to LTP.*
vii. *It is alleged that I have contributed to positive LTP with suspected entities. Please provide details of suspected entities and why are they in suspected list and if I am in the list of suspected entities, then why I am included in the said list.*
viii. *Details of complaints received by SEBI and stock exchange in respect of AGSSL and also copy of the statement recorded of all person during the course of investigation conducted by SEBI.*
ix. *Details of persons who have been induced to sell/purchase the share of AGSSL.*
x. *Documents/statement showing ad establishing my intention to manipulate price of AGSSL.*
xi. *Details of alerts/triggers generated by stock exchanges/SEBI w.r.t dealings in scrip of AGSSL.*
xii. *Any other additional documents referred and relied upon by SEBI on the matter.*

10. Amita vide letter dated January 10, 2019 requested for adjournment of the personal hearing on the basis of letter submitted to SEBI seeking inspection of documents.

11. Vide letter dated January 31, 2019, it was informed to Amita that the documents relied upon in the SCN was already annexed in the SCN and connection/relationship of the Noticee with the other entities was also provided in the SCN, additionally, she was also provided a copy of Adjudication Order dated November 30, 2017 to understand the findings of the connection/relationship. The contribution made by the Noticee was also provided in soft copy though entire trade log and order log during the IP was provided along with SCN.

12. Vide letter dated February 15, 2019, Amita was given another opportunity of personal hearing on March 12, 2019. Amita did not appear on the said date and on March 14, 2019, it was granted another opportunity on April 02, 2019.

13. Vide letter dated February 19, 2019, Amita reiterated to the documents requested vide its letter dated January 09, 2019 and which was already provided by SEBI vide letter dated January 31, 2019. Amita again on March 29, 2019 reiterated to the documents sought by her and sought for adjournment of personal hearing scheduled on April 02, 2019 and to grant at least four weeks to file reply after conducting the inspection of documents.

14. Amita was advised vide letter dated April 05, 2019 about making repeated request for the same documents provided and if she requires inspection of documents relied in the SCN then she may conduct inspection of documents and in the same letter she was granted opportunity of personal hearing on May 08, 2019.

15. On April 19, 2019, she sought the date for inspection to be granted after April 27, 2019.

16. On May 02, 2019, on behalf of the Noticee the Authorized Representative (hereinafter referred to as “AR”) conducted the inspection of documents.

17. On May 04, 2019, after the inspection of documents was conducted, Amita was found to reiterate to the documents sought in her letter dated January 09, 2019, February 19, 2019 and March 29, 2019 and she also sought soft copy for details of common mobile numbers shared by the Noticee with other alleged connected entities.

18. Vide letter dated May 27, 2019, she was provided with the soft copy of the common contact details shared by the Noticee with other alleged connected entities. In the same letter she was granted last and final opportunity of personal hearing on June 19, 2019. On the said date Amita did not appear before the undersigned.

<u>Consideration of Issues and Findings:</u>

19. I have carefully perused the charges levelled against the Noticee and the materials/documents available on record. The issues that arise for consideration in the present case are:

Issue I: Whether Noticee had violated Regulations 3 (a), (b),(c) and (d), Regulation 4 (1), and 4 (2) (a) and (e) of PFUTP Regulations?

Issue II: Does the violations, if any, attract monetary penalty under section 15HA of SEBI Act by Noticee;

Issue III: If so, what should be the quantum of monetary penalty?

20. Before proceeding further, I would like to refer to the relevant provisions of PFUTP Regulation

SEBI (PFUTP) Regulations:

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

No person shall directly or indirectly—

(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*
(b) *use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
(c) *employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
(d) *engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) *Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
(2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
(a) *indulging in an act which creates false or misleading appearance of trading in the securities market;*
(e) any act or omission amounting to manipulation of the price of a security;

Findings:

21. I note that Amita was given sufficient opportunity of personal hearing on behalf of Hasti, however, she failed to appear before me.

22. In this regard, I would like to refer to the observations of the Hon'ble Securities Appellate Tribunal (SAT) in the matter of ***Dave Harihar Kirtibhai Vs SEBI (Appeal No. 181 of 214 dated December 19, 2014)***, wherein the Hon'ble SAT observed as under: *"...further, it is being increasingly observed by the Tribunal that many persons/entities do not appear before SEBI (Respondent) to submit reply to SCN or, even worse, do not accept notices/letters of Respondent and when orders are passed ex-parte by Respondent, appear before Tribunal in appeal and claim non-receipt of notice and do not appear and/or submit reply to SCN but claim violation of principles* *of natural justice due to not being provided opportunity to reply to SCN or not provided personal hearing. This leads to unnecessary and avoidable loss of time and resources on part of all concerned and should be eschewed, to say the least. Hence, this case is being decided on basis of material before this Tribunal..."*

23. Therefore, considering that no prejudice has been caused to the Noticee, I am proceeding further in the matter based on the material available on record

24. I have perused the SCN, preliminary submission made by the Noticee to the SCN and other materials available on record. On perusal of the records, following are my observations and findings:

24.1. The submission and contention made by Amita that SCN has been issued after a gap of more than eight years from the date of execution of transactions on behalf Hasti, Here I want to make a note that the Noticee was initially served SCN on May 10, 2016 for which Adjudication Order dated November 30, 2017 was passed disposing the Noticee against the alleged violation for the reason mentioned in the Adjudication Order dated November 30, 2017 which is mentioned at preceding paragraph of this Order. The present proceeding is based on the Adjudicating Order passed and analysis conducted of the trades done by Hasti. The allegation mentioned in the present SCN dated November 20, 2018 remains the same what was alleged in the SCN dated May 10, 2016. I also note that the Amita had replied vide letter dated May 15, 2017 to the previous SCN mentioning that Hasti is minor. I note that Amita was well aware of the proceeding against Hasti and Hasti being a minor, Amita being a guardian/mother who was executing trade on behalf of her daughter, Hasti. I note that it is a settled position of law, under the SEBI Act, there is no limitation on initiation of adjudication proceedings for violation of various provisions of Act and Regulations made thereunder. At this juncture, the observations of Hon'ble Supreme Court of India in the matter of ***State vs. R. Vasanthi Stanley*** reported in AIR 2015 SC 3691 is noteworthy. The Apex Court has held that *"…a serious economic offence or the offences that has the potentiality of creating a dent in the financial health of the institution cannot be quashed on the ground that there is delay in the trial…".* In the present case, Noticee has allegedly indulged in manipulation of price in the scrip of AGSSL which is prohibited under the securities laws and delay in initiating the proceedings itself should not be a ground for discharging the Noticee. Therefore, in view of the above, I do not find any merit to this argument.

24.2. I also note that Amita is making repeated request on behalf of Noticee of the same documents sought despite of giving inspection of documents of all the documents relied upon in the SCN. Noticee also did not appear for the personal hearing, this clearly tantamount to a dilatory tactics to delay the adjudication proceedings.

24.3. In the instant proceeding, allegation against the Noticee and the group entities was for the period May 21, 2010 to September 22, 2010 (hereinafter referred to as "Period"). I note from the record, the investigation has observed the following on the basis of analysis of price rise in the scrip of AGSSL for the said period:

Dates	**Price/ Vol.**	**Opening Price (volume) on first day of the period**	**Closing price (volume) on last day of the period (Rs)**	**Low price (volume) during the period**	**High Price (volume) during the period (Rs)**	**Avg. no. of (shares) traded daily during the period**
21-May-10 to 22-Sep-10	Price	Rs 58.1	Rs. 169.8	Rs.56.8	Rs. 174.95	10,788
	Vol.	3,200	23,192	3,000	33,425	

24.4. It was observed that the price of the scrip opened at Rs. 58.10 reached high of Rs. 174.95 and closed at Rs. 169.80 i.e increase of 192.25% during the period May 21, 2010 to September 22, 2010 (hereinafter referred to as "Period").

24.5. I observe from the records that 16 group entities had traded among themselves. These 16 group entities had contributed to positive LTP, out of these 16 group entities 3 contributed to positive NHP and 5 entities contributed to positive LTP contribution in First Trades during the period. The basis of connection among these 16 group are as under (hereinafter referred to as "group entities"):

Basis of Connection:

25. Based on the records available, the connection among the group entities is as under:

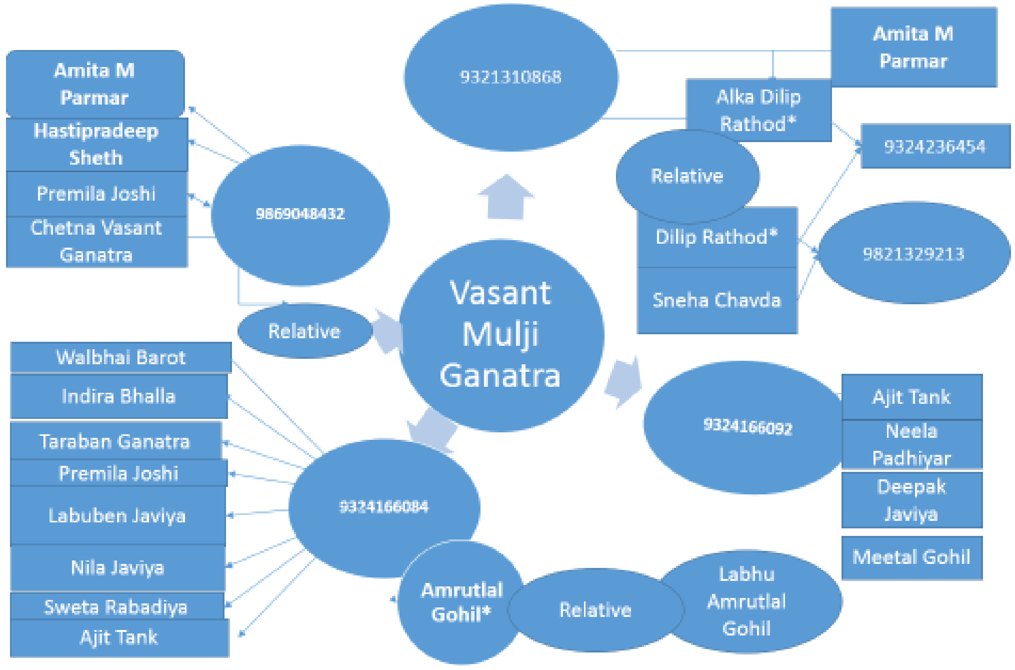
Name of the group entities	Connections
Vasant Mulji Ganatra HUF, Amita Mahendra Parmar (maiden name of Amita Pradeep Sheth	Mobile number: 9321310868
Walbai Narayan Barot, Indira Bharat Kumar Bhalla, Vasant Mulji Ganatra, Taraban Vasant Ganatra, Premila Someshwar Joshi, Labuben Kantilal Javiya, Nila Deepak Javiya, Sweta Ramesh Rabadiya, Ajit Vinod Tank,	Sharing common mobile number: 9324166084
Ajit Vinod Tank, Neela Ramesh Padhiyar, Deepak Narshibhai Javiya, Vasant Mulji Ganatra and Meetal M Gohil	All are sharing common mobile number: 9324166092
Sneha M Chavda. Dilip Govind Rathod	Mobile number: 9821329213
Amrutlal Walji Gohil and Labhu Amrutlal Gohil	Both are having same address: Ramghad Nagar Goshala, Road Near Deva Hotel, Mulund (W), Mumbai, 400 080
Ms. Hasti Pradeep Sheth, Ms. Chetna Vasant Ganatra, , Ms. Premila Someshwar Joshi, Amit Mahendra Parmar	All are sharing common mobile number 9869048432
Alka Dilip Rathod, Amita Mahendra Parmar, Vasant Mulji Ganatra, Vasant Mulji Ganatra (HUF)	9321310868
Alka Dilip Rathod is spouse of Dilip Govind Rathod and she is connected to Ms. Sneha M Chavda as they share common **mobile no. 9821329213**	
Vasant Mulji Ganatra and Chetna Vasant Ganatra share common address	28, Kamal Kunj, Zaver Road, Mulund (West), Mumbai – 400 080

25.1. It is noted that group entities were connected / related through common contact numbers and common address. I note that entities viz. Premila Someshwar Joshi, Sweta Ramesh Rabadiya, Nila Deepak Javiya, Taraben Vasant Ganatra, Indira Bharat Kumar Bhalla, Walbai Narayan Barot, Vasant Mulji Ganatra (HUF) Labuben Kantilal Javiya and Ajit Vinod Tank share common Mobile Number 9324166084 ; connected entities viz. Deepak Narshibhai Javiya, Neela Ramesh Padhiyar, Vasant Mulji Ganatra, Ajit Vinod Tank share common Mobile Number 9324166092; connected entities viz. Premila Someshwar Joshi, Hasti Pradeep Sheth, Chetna Vasant Ganatra and Amit M Parmar share common Mobile Number 9869048432 Ms. Sneha M Chavda share mobile number 9821329213 with Mr. Dilip Govind Rathod who is connected to Ms. Alka Dilip Rathod and who share the mobile number 9321310868 with Amit Mahendra Parmar, Mr. Vasant Mulji Ganatra, Vasant Mulji Ganatra (HUF); connected entities viz. Labhu Amrutlal Gohil share common address with Amrutlal Walji Gohil and Amrutlal Walji Gohil share common Mobile Number 9324166084 with Walbai Narayan Barot, Indira Bharat Kumar Bhalla, Vasant Mulji Ganatra, Taraban Vasant Ganatra, Premila Someshwar

Joshi, Labuben Kantilal Javiya, Nila Deepak Javiya, Sweta Ramesh Rabadiya, Ajit Vinod Tank; connected entities viz. Vasant Mulji Ganatra (HUF) share common address with Chetna Vasant Ganatra.

25.2. In the earlier proceedings Authorised Representative, Ms. Pooja Gupta, who had appeared on behalf of the entities viz Chetna Vasant Ganatra, Vasant Mulji Ganatra and Taraben Ganatra and Ms. Neha Botadra, Authorised Representative who had appeared on behalf of Labhu Amrutlal Gohil and Walbai Narayanan Barot, had accepted the fact that they all are related to each other.

25.3. The connection of the group entities is depicted in the following diagram.



(* The names Amrutlal Gohil, Dilip Rathod, Alka Dilip Rathod and Amita Mahendra Parmar are used to demonstrate the relationship)

25.4. As depicted above, Mr. Vasant Mulji Ganatra (HUF) share common mobile number with several entities. I also note that many entities were trading through common brokers, the details of common brokers is placed below.

Noticee Name	**Broker Name**
Ms. Premila Someshwar Joshi	Mangal Keshav Securities Ltd.
Ms. Chetna Vasant Ganatra	
Shri Walbai Narayan Barot	
Ms. Meetal Manish Gohil	
Ms. Hasti Pradeep Sheth	Rikhav securities Ltd.
Shri Labhu Amrutlal Gohil	
Ms. Indira Bharat Kumar Bhalla	Samruddhi stock brokers Ltd.
Ms. Labuben Kantilal Javiya	
Ms. Sweta Ramesh Rabadiya	Sharekhan Ltd.
Shri Deepak Narshibhai Javiya	
Shri Vasant Ganatara Mulji	
Ms. Sneha M Chavda	

26. Apart from trading among themselves in the scrip AGSSL during the period, wherein, Adjudication Order dated November 30, 2017 was passed in the matter, I note that all 16 entities had also acted in tandem in the proceedings initiated against them i,e, all entities except one had replied to SCN on the same date and had requested for the extension of time to reply the SCN, the initial reply to SCN was dated May 12,2017 and the subsequent replies were dated May 15,2017. It was also interesting to note that the content of their replies were almost similar. The entities who had appeared before me in the earlier proceedings were represented in groups by common Authorised Representatives. I find this was a clear case of acting in concert as the entities were known to each other. It was unlikely that 15 different entities to act together, replied on same dates on all three occasions and with same content. It was also crucial to note that none of the entities have disputed the transactions carried out by them and had not put forth any argument pursuant to allegation levelled in the SCN.

Price manipulation by Hasti:

27. I note from the record and material available before me, I observed the following:

Positive contribution to LTP:

28. I note that SCN alleges that Hasti during the period had contributed positive LTP of total Rs. 34.70 (Rs. 9.60 as a buyer and Rs. 25.10 as seller) by trading among the group entities during the period. The positive LTP contributed by Hasti during the period is as follows:

Buyer Name	All trades			Positive LTP			% of pos. LTP to Total Mkt positive LTP
	LTP (Rs.)	Qty traded	No of Trades	LTP (Rs.)	Qty traded	No of Trades	
Hasti Pradeep Sheth	0.50	24,052	114	51.05	4,581	27	4.83
Market Total	**111.70**	**9,49,346**	**4,459**	**1056.15**	**1,88,560**	**814**	**100**

28.1. I note during the period, Hasti had executed 27 trades and contributed total positive LTP of Rs. 51.05 i.e 4.83% of total market positive LTP.

28.2. The allegation in the SCN that Hasti had with connected entities traded and contributed to positive LTP. The details of the trading of the group entities contributing to positive LTP is given below:.

Seller Name→ / Buyer Name↓	Sneha M Chavda	Meetal Manish Gohil	Nila Deepak Javiya	Deepak Narshibhai Javiya	Chetna Vasant Ganatra	Walbai Narayan Barot	Hasti Pradeep Sheth	Ajit Vinod Tank	Taraban Vasant Ganatra	Premila Someshwar Joshi	Indira Bharat Kumar Bhalla	Labuben Kantilal Javiya	Neela Ramesh Padhiyar	Sweta Ramesh Rabadiya	Labhu Amrutlal Gohil	Vasant Mulji Ganatra HUF	Total LTPV as buyer (No. of Trades)
Sneha M Chavda	-	-	1.00(1)	-	-	-	6.30(1)	-	3.25(2)	-	-	4.70(1)	-	-	-	-	15.25(5)
Meetal Manish Gohil	-	-	-	-	-	-	9.70(2)	-	-	-	0.50(1)	-	3.50(1)	-	-	-	13.70(4)
Nila Deepak Javiya	-	-	-	0.05(1)	-	-	-	1.05(1)	7.75(1)	-	-	-	2.90(1)	1.25(1)	-	0.10(1)	13.10(6)
Deepak Narshibhai Javiya	-	0.50(1)	0.35(1)	-	-	-	6.95(4)	1.50(1)	-	1.60(1)	-	-	-	-	-	-	10.90(8)
Chetna Vasant Ganatra	2.00(2)	-	-	0.80(3)	-	-	-	-	-	-	-	0.05(1)	-	-	7.75(1)	-	10.60(7)
Walbai Narayan Barot	0.45(1)	-	1.15(1)	-	-	-	-	-	-	-	3.00(1)	3.00(1)	-	-	-	2.20(1)	9.80(5)
Hasti Pradeep Sheth	**-**	**-**	**-**	**-**	**0.40(1)**	**-**	**-**	**-**	**0.10(1)**	**8.05(1)**	**1.05(1)**	**-**	**-**	**-**	**-**	**-**	**9.60(4)**
Ajit Vinod Tank	4.00(1)	-	-	0.50(1)	-	3.90(1)	-	-	-	-	-	0.05(1)	-	-	-	0.50(1)	8.95(5)
Taraban Vasant Ganatra	-	4.50(1)	-	-	-	-	-	0.45(2)	-	0.50(1)	-	0.90(1)	-	2.45(2)	-	-	8.80(7)
Premila Someshwar Joshi	-	-	-	-	-	-	-	-	-	-	-	3.90(1)	-	-	-	0.05(1)	3.95(2)
Indira Bharat Kumar Bhalla	0.50(1)	-	-	-	-	-	-	0.75(1)	2.00(1)	-	-	-	-	-	-	-	3.25(3)
Labuben Kantilal Javiya	-	-	-	1.00(1)	-	-	-	0.50(1)	-	-	-	-	-	0.15(1)	-	1.00(1)	2.65(4)
Neela Ramesh Padhiyar	-	-	-	-	-	0.05(1)	1.15(3)	0.05(1)	-	-	1.20(1)	-	-	-	-	-	2.45(6)
Sweta Ramesh Rabadiya	1.00(1)	-	-	-	-	-	0.95(1)	-	-	-	0.50(1)	-	-	-	-	-	2.45(3)
Labhu Amrutlal Gohil	-	-	-	-	2.00(1)	-	-	-	-	-	-	-	-	-	-	-	2.00(1)
Vasant Mulji Ganatra HUF	-	-	0.20(1)	-	-	-	0.05(1)	-	-	-	-	-	-	-	-	-	0.25(2)
Total LTPV as Seller (No. of Trades)	**7.95(6)**	**5.00(2)**	**2.70(4)**	**2.35(6)**	**2.40(2)**	**3.95(2)**	**25.10(12)**	**4.30(7)**	**13.10(5)**	**10.15(3)**	**6.25(5)**	**12.60(6)**	**6.40(2)**	**3.85(4)**	**7.75(1)**	**3.85(5)**	**117.70(72)**

28.3. From the above table, out of the 72 positive LTP trades, I find that the above entities along with Hasti by trading among themselves contributed to positive LTP of Rs. 117.70 which was 11.14% of the market positive LTP, I note that Hasti had contributed positive LTP of Rs. 9.60 as a buyer in 4 trades within the connected group entities, which was 0.91% of the group positive LTP. Further, Hasti has contributed positive LTP of Rs. 25.10 in 12 trades as a seller within the connected group entities, which was 2.38% of the market positive LTP.

Contribution to positive NHP by Hasti:

29. I note that Hasti was alleged to have contributed positive NHP of Rs. 13.40 (i.e 11.47% of the total market NHP) with connected group counterparty Ms. Premila Someshwar Joshi and Sneha M Chavda. The details of the trades contributing to NHP during the period by group entities is as follows:

Buyer Name	Total				Counterparty is group entity			
	Qty	No of Trades	Cont. to NHP	% of total Mkt NHP	Qty	No of Trades	Cont. to NHP	% of total Mkt NHP
Amita Mahendra Parmar	300	3	12.95	11.08	-	-	-	-
Chetna Vasant Ganatra	2,000	3	9.90	8.47	1,000	2	3.90	3.34
Hasti Pradeep Sheth	**25**	**1**	**7.55**	**6.46**	**25**	**1**	**7.55**	**6.46**
Sneha M Chavda	900	3	6.55	5.61	200	1	5.85	5.01
Mehul Devji Chavda	500	2	5.60	4.79	-	-	-	-
chhotlaltalal Dalsukhrai Panchal	100	1	5.35	4.58	-	-	-	-
Nila Deepak Javiya	600	4	4.70	4.02	100	1	0.20	0.17
Neela Ramesh Padhiyar	800	3	3.95	3.38	-	-	-	-
Glory Yesuratnam Meenigula	400	2	3.35	2.87	-	-	-	-
Bhavna J Joshi	100	1	2.75	2.35	-	-	-	-
Dilip Govind Rathod	300	1	2.40	2.05	300	1	2.40	2.05
Pravin Keshavji Tank	400	3	2.05	1.75	-	-	-	-
Walbai Narayan Barot	800	2	1.60	1.37	800	2	1.60	1.37
Amrutlal Walji Gohil	100	1	1.55	1.33	-	-	-	-
Taraban Vasant Ganatra	600	2	1.55	1.33	600	2	1.55	1.33
Ketan Mahendra Parmar	200	2	1.30	1.11	-	-	-	-
Vasant Mulji Ganatra HUF	300	1	1.00	0.86	300	1	1.00	0.86
Vasant Mulji Ganatra	100	1	1.00	0.86	100	1	1.00	0.86
Deepak Narshibhai Javiya	600	4	0.70	0.60	-	-	-	-
Alka Dilip Rathod	400	1	0.65	0.56	400	1	0.65	0.56
Ramnik C Javiya	200	1	0.40	0.34	-	-	-	-
Sweta Ramesh Rabadiya	500	2	0.30	0.26	400	1	0.20	0.17
Ajit Vinod Tank	300	1	0.05	0.04	-	-	-	-
Jatin Gaurishankar Joshi	300	1	0.05	0.04	300	1	0.05	0.04
Total	**10,825**	**46**	**77.25**	**66.11**	**4,525**	**15**	**25.95**	**22.21**
			116.85	**100.00**				

29.1. I note that the group entities by trading among themselves had contributed to positive NHP of Rs. 25.95 in 15 trades which was 22.21% of the total market NHP.

29.2. I note that three group entities viz. Hasti, Premila Someshwar and Sneha M Chavda contributed Rs. 13.40 positive NHP i.e 11.47% of the total market NHP. The trading details of these three group entities are as follows:

TRADE DATE	TRADE ID	TRADE TIME	BUYER NAME	SELLER NAME	TRADE QTY	TRADE RATE	Cont. LTP `	Cont. to NHP
14/09/2010	1001	09.00.21.634603	HASTI PRADEEP SHETH	PREMILASOMESHWARJOSHI	25	169.85	8.05	7.55
17/08/2010	1001	09.02.11.530250	SNEHA M CHAVDA	HASTIPRADEEPSHETH	200	135.75	6.30	5.85

29.3. From the above, I note that Hasti as a buyer had contributed Rs. 7.55 positive NHP i.e 6.46% to the total market NHP and as a seller had contributed Rs. 5.85 positive NHP i.e 5.01% to the total market NHP.

Contribution by Hasti to positive First Trades:

30. I note that the group entities had contributed to positive LTP of Rs. 111.53 in 63 first trades, out of which 42 first trades was traded among the group entities and had contributed to positive LTP of Rs. 52.60 i.e 33.90% to total market positive LTP in first trades. The details of trades contributing to positive LTP in first trades by group entities are as follows:

	Total				Counterparty is group entity			
Buyer Name	No of First Trades	Positive LTP (`)	Net LTP (`)	Cont. to NHP (`)	No of First Trades	Positive LTP (`)	Net LTP (`)	Cont. to NHP (`)
Chetna Vasant Ganatra	4	19.10	16.50	9.40	3	13.10	10.50	3.40
Sneha M Chavda	7	12.55	7.30	5.85	5	9.30	7.85	5.85
Amita Mahendra Parmar	3	10.40	10.40	6.00	-	-	-	-
Nila Deepak Javiya	4	9.25	8.75	4.10	2	0.25	-0.25	0.20
Hasti Pradeep Sheth	1	8.05	8.05	7.55	1	8.05	8.05	7.55
Ketan Mahendra Parmar	2	7.60	7.60	-	-	-	-	-
Mehul Devji Chavda	2	7.45	7.45	5.55	-	-	-	-
Pravin Keshavji Tank	3	7.40	7.40	1.05	2	4.50	4.50	-
Chhotalal Dalsukhrai Panchal	1	5.90	5.90	5.35	-	-	-	-
Premila Someshwar Joshi	3	4.75	1.20	-	3	4.75	1.20	-
Meetal Manish Gohil	2	3.50	2.90	-	2	3.50	2.90	-
Glory Yesuratnam Meenigula	1	3.00	3.00	-	1	3.00	3.00	-
Alka Dilip Rathod	3	2.90	-0.30	-	2	-	-3.20	-
Bhavna J Joshi	1	2.75	2.75	2.75	-	-	-	-
Dilip Govind Rathod	3	2.40	-6.10	2.40	3	2.40	-6.10	2.40
Labhu Amrutlal Gohil	1	2.25	2.25	-	1	2.25	2.25	-
Vasant Mulji Ganatra	3	1.50	-0.45	-	3	1.50	-0.45	-
Amrutlal Walji Gohil	2	0.80	-3.20	-	1	-	-4.00	-
Vasant Mulji Ganatra HUF	1	-	-	-	-	-	-	-
Taraban Vasant Ganatra	1	-	-0.35	-	1	-	-0.35	-
Deepak Narshibhai Javiya	4	-	-11.35	-	4	-	-11.35	-
Ajit Vinod Tank	1	-	-	-	1	-	-	-
Labuben Kantilal Javiya	1	-	-3.00	-	1	-	-3.00	-
Jatin Gaurishankar Joshi	2	-	-1.90	-	-	-	-	-
Indira Bharat Kumar Bhalla	2	-	-2.55	-	2	-	-2.55	-
Sweta Ramesh Rabadiya	2	-	-1.05	-	2	-	-1.05	-
Ramnik C Javiya	1	-	-3.90	-	-	-	-	-
Neela Ramesh Padhiyar	2	-	-3.30	-	2	-	-3.30	-
Group Total	**63**	**111.55**	**54.00**	**50.00**	**42**	**52.60**	**4.65**	**19.40**
Market Total	**88**	**155.20**	**73.30**	**63.40**	-	-	-	-

30.1. I note that Hasti, Premila Someshwar Joshi, Chetna Vasant Ganatra, Labhu Amrutlal Gohil and Sneha M Chavada had contributed significant positive LTP of Rs. 22.10 in first trades (i.e 14.24% of the total market positive LTP by first trades. From the above, I note that Hasti as a buyer had contributed positive LTP of Rs. 8.05 (i.e 5.18% of total market positive LTP by first trades) and as a seller Hasti had contributed positive LTP of Rs. 6.30 i.e 4.06% of total market positive LTP in first trades. The details of the contribution to positive LTP in first trades are as follows:

TRADE DATE	TRADE TIME	BUYER NAME	SELLER NAME	TRADE QTY	TRADE RATE	Cont. to LTP(`)
17/08/2010	09.02.11.530250	SNEHA M CHAVDA	HASTI PRADEEP SHETH	200	135.75	6.30
14/09/2010	09.00.21.634603	HASTI PRADEEP SHETH	PREMILA SOMESHWAR JOSHI	25	169.85	8.05

30.2. Thus, I note that Hasti had contributed along with Sneha M Chava and Premila Someshwar Joshi total positive LTP of Rs. 14.35 (i.e 9.24% of the total market positive LTP) in the First Trade.

31. As noted in the preceding paragraphs, I find that Hasti was acting in connivance with the counterparty connected parties to manipulate the price of the scrip and contributed to positive LTP, First trades and NHP. Such trading cannot be viewed as genuine trades done.

32. I also note that Amita has not furnished any economic rationale for such a trading pattern. Amita has admitted in her preliminary submission that she is regular investor and invest in ordinary course of business and the person having regular exposure to the market cannot be considered as naïve without knowing the consequence of manipulation in the market.

33. In this regards, to find out as to what constitutes an artificial and manipulative traded, I refer to the order of the Hon'ble SAT in the matter of *Ketan Parekh vs SEBI (Appeal No. 2 of 2004 dated 14.07.2006),* it was observed as under:

"............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."

34. I also note that Hasti by buying and selling at higher than LTP and creating positive LTP, undoubtedly have a potential of raising the price of the scrip and the same gives a wrong impression about the price of the scrip in the market based. I find that the price of the scrip and trades executed at higher than LTP results in the price of the scrip going up which may influence the innocent/gullible investors.

35. It is pertinent to refer here the Order of Hon'ble SAT dated March 21, 2014 in the matter of ***Saumil Bhavanagari v/s SEBI*** stating that *"It is amply clear that although the scrip was available at a lower price, the Noticees bought them at a higher price only with a view to give false representation to the general public about the rise in price of the scrip. This was done repeatedly done by the Noticees. Such trades undoubtedly have a potential of raising the price of the scrip by sending a wrong signal to the gullible investors about the activity of price hike in the scrip. ---------------------------. This was done evidently with ulterior motives, because if shares were available for a lesser price, there was no reason to place orders at a price higher than the LTP and if orders at price higher than LTP were placed on account of the financial status of the company then there was no reason to place some orders below LTP."*

36. In light of the above and based on the trading pattern of Hasti in the scrip, it is found that the same was not genuine but was manipulative in nature. The findings that have been gathered from various circumstances leads to the conclusion that Hasti by executing the aforesaid trades had manipulated the price of the scrip and has created a misleading appearance of trading in the scrip. Therefore, I find that Hasti has violated the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2) (a) and (e) of PFUTP Regulations.

37. I note that Amita, being the Guardian of Hasti has executed trades on behalf of Hasti higher than LTP and also contributed to positive LTP, NHP and First Trades in the scrip which are manipulative and misleading in nature. By trading in the scrip with the connected entities at price higher than LTP during the relevant period manipulated the price of the scrip have created a misleading appearance of trading in the scrip of AGSSL. Hence I hold Amita for the trades executed on behalf of Hasti liable for violations of Regulation 3 (a), (b),(c) and (d), Regulation 4 (1), and 4 (2) (a) and (e) of PFUTP Regulations and thus liable for monetary penalty under Section 15HA of SEBI Act which at the time of the violation committed by Hasti, inter-alia reads as follows:

38. 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 twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher."

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

> ***15J** - Factors to be taken into account by the adjudicating officer while adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*
> *(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*
> *(b) the amount of loss caused to an investor or group of investors as a result of the default;*
> *(c) the repetitive nature of the default.*

40. At this juncture, reliance is placed upon the Order of the Hon'ble Supreme Court in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} – *"where the Hon'ble Supreme Court of India held that "In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant….."*

41. The material available on record do not suggest any disproportionate gain or unfair advantage made by Hasti for the amount of loss caused to an investor or group of investors as a result of the default. However, I find that scheme of trading executed by the Hasti along with the connected entities with the intention to create a misleading appearance of trading in the scrip of AGSSL.

<u>ORDER</u>

42. Taking into consideration the nature and gravity of charges established, the facts and circumstances of the case enumerated above, I exercise of the powers conferred upon me under 15-I of the SEBI Act read with Rule 5 of Rules, I hereby impose a monetary penalty of Rs. 5,00,000/- (Rupees Five Lakh) under Section 15HA of SEBI Act for violation of provision Regulations 3 (a), (b),(c) and (d), Regulation 4 (1), and 4 (2) (a) and (e) of PFUTP Regulations on Amita on behalf of the trades executed by Hasti Pradeep Sheth.

43. Amita shall remit / pay the said amount of penalty within 45 days of receipt of this order either of the following way:

43.1. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html

OR

By way of Demand Draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, 43.2. Amita shall forward the said Demand Draft details of penalty as given in the format below to the General Manager (Enforcement Department - DRA- III) of SEBI and also to e-mail id tad@sebi.gov.in:

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

44. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

45. In terms of Rule 6 of the Rules, copy of this order is sent to Ms. Amita Pradeep Sheth on behalf of traded executed by Ms. Hasti Pradeep Sheth (Minor) also to the Securities and Exchange Board of India.

Date: July 31, 2019
Place: Mumbai

SAHIL MALIK
ADJUDICATING OFFICER