BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/MC/VS/2020-21/8762-8775]

UNDER SECTION 15-I (2) 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

1. **Kapila Vaghela** (PAN AZDPV6862H) having address at 58 Stadium House, Opp. MuniSnanagar, Navrangpura, Ahmedabad, Gujarat 380006
2. **Rajesh Agarwal** (PAN AMXPA5214B) having address at H No. A 8 Near Siddheshwari Temple, Radhswaminagar, Bhatagoan Chowk, Raipur, Chhattisgarh -492001 and 204 La Citadel Flat 30 Nutan Bharat Soc Alkapuri Vadodara, Gujarat
3. **Rameshchandra Chhitubhai Patel** (PAN DOPPP0311M) having address at 9/86 D, Gujarat Refinery Township, Jawahar Nagar, Vadodara ,Gujarat - 391320
4. **Vijay Madhusudanbhai Koshti** (PAN BDJPK7958N) having address at F/52 Purshottam Nagar Subhashbridge, Ahmedabad City Ahmedabad – 380027
5. **Ankit Jagdishbhai Pithava** (PAN BXVPP0489B) having address at 40 New Satya Vihar Society, Nr Dhanajibhaina Kuva, Chandlodia, Ahmedabad, Gujarat – 382481
6. **Rashmikaben S. Desai** (PAN CSXPD2228N) having address at B 303 Silver Arcade Flat Mujnahuda Akota Vadodara, Gujarat – 390020
7. **Pattamal N. Murlidharan** (PAN DDGPP1706N) having address at 20 Baroda Peoples Society Alkapuri, Vadodara, Gujarat 390007
8. **Dilip Sheth** (PAN HCEPS9357D) having address at 26B Kailash Society Waghodia Road Vadodara – 390019

9. **Alpeshkumar Pratapbhai Chaudhari** (PAN- ARPPC9647M) having address at 403 Kashmira Mahadedv ni Chali Junavadaj, Ahmedabad – 380013
10. **Avinash C. Kapur** (PAN- ELOPK1511H) having address at A 302 Yogeshwar Appt Nr Meghdhanush Society, Vansa Road, Vadodara , Gujarat – 390007
11. **Prashant Shantilal Kataria** (PAN-ENLPK4754H) having address at 203 Vidhyakunj Complex, Near New Era School, Makarpura Road, Vadodara, Gujarat – 390010
12. **Lokesh Ramgopal Soni** (PAN- GFLPS6804E) having address at 1259 Second Floor Manek Nagar Society, Opp. Rameshwar Mandir, Nirnaya Nagar Daskroi, Ahmedabad, Gujarat – 382481
13. **Niru Danajibhai Sumera** (PAN-DLTPS7318C)141 having address at Sabarnagar, Near Kashmira Mahadev, Junavadaj, Ahmedabad, Gujarat – 380013
14. **Subhadraben Rameshchandra Shah** (PAN- GKCPS4278A) having address at 74 Shiv Shakti Nagar, Near J.K. Park, Chandlodia Ahmedabad – 380015

in the matter of Vani Commercials Ltd.

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1. Securities and Exchange Board of India (hereinafter be referred to as, the "***SEBI***"), initiated adjudication proceedings under Section 15HA of the Securities and Exchange Board of India Act, 1992 (hereinafter be referred to as, the "***SEBI Act***") for violation of various provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (hereinafter be referred to as, the "PFUTP Regulations") alleged to have been committed by Mr. Kapila Vaghela ("**Noticee No. 1**"), Mr. Rajesh Agarwal ("**Noticee No.2**"), Mr. Rameshchandra Chhitubhai Patel (**Noticee No. 3"**), Mr. Vijay Madhusudanbhai Koshti ("**Noticee No. 4**"), Mr. Ankit Jagdishbhai Pithava ("**Noticee No. 5**"), Ms. Rashmikaben S. Desai ("**Noticee No. 6**"), Mr. Pattamal N. Murlidharan ("**Noticee**

No. 7"), Mr. Dilip Sheth (**"Noticee No. 8"**), Mr. Alpeshkumar Pratapbhai Chaudhari ("**Noticee No. 9**"), Mr. Avinash C. Kapur ("**Noticee No. 10**"), Mr. Prashant Shantilal Kataria ("**Noticee No. 11**"), Mr. Lokesh Ramgopal Soni ("**Noticee No. 12**"), Ms. Niru Danajibhai Sumera ("**Noticee No. 13**") and Ms. Subhadraben Rameshchandra Shah ("**Noticee No. 14**"), (hereinafter together referred to as **"the Noticees")** in the scrip of Vani Commercials Ltd. (**"VCL"** or **"the Company"**) during the the "investigation period" or the "relevant period" between May 26, 2017 and October 30, 2017.

APPOINTMENT OF ADJUDICATING OFFICER

2. The undersigned was appointed as Adjudicating Officer *vide* Order dated April 11, 2019 to inquire into and adjudge under Section 15HA of the SEBI Act, the aforesaid alleged violations in respect of the Noticees.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice No. EAD5/MC/VS/29776/2019 dated November 11, 2019 (hereinafter be referred to as, the **'SCN'**) was served upon the Noticees under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 to show cause as to why an inquiry should not be held and penalty be not imposed against the Noticees under Section 15HA of SEBI Act for the aforesaid alleged violations.

4. The allegations made in the show cause notice, are described below.

    a. SEBI analyzed trades carried out in the scrip of VCL during the period from May 26, 2017 and October 30, 2017, based on a report by BSE that a sell off by the preferential allottees of VCL was observed between June 12 to July

31, 2017 and that connected entities of VCL were observed to be trading in the scrip of the company.

b. Investigation revealed that between May 26, 2017 and October 30, 2017 (hereinafter referred to as “**the investigation period**” or the “**the relevant period**”), the price of the scrip of VCL first increased from an opening price of Rs. 52.80 as on May 26, 2017 to a closing price of Rs. 56.15 on June 16, 2017 (hereinafter referred to as “**Price Rise Patch**” or “**Patch I**”), and subsequently fell from an opening price of Rs. 57.20 on June 19, 2017 to a closing price of Rs. 11.85 on October 30, 2017 (hereinafter referred to as “**Price Fall Patch**” or “**Patch II”)**.

c. The company had made a preferential allotment of 21,00,000 equity shares to 30 entities on June 27, 2014. Six out of the thirty preferential allottees sold 70.3% of their shares during the relevant period and made a profit in the range of Rs. 6,48,084 to Rs. 19,19,625. One of the promoters of the company, viz., Shilpa Bhatia, sold her entire shareholding in VCL during the relevant period.

d. The price movement of the scrip of VCL at BSE, during and after the investigation period is summarized as follows:-

Period	**Dates**		**Opening**	**Closing**	**Low**	**High**	**Total Traded Shares (Average)**
Before Investigation period	Feb 01, 2017 to May 25, 2017	No records available					
During Investigation Period	Patch I- May 26, 2017 to June 16, 2017	Price	52.8	56.15	52.8 (26/05/2017)	56.6 (16/06/2017)	3,98,422 (56,917)
		Vol	20	63972	6 (29/05/2017)	1,25,322 (13/06/2017)	
	Patch II-June 19,2017 to October 31, 2017	Price	57.2	11.85	11.85 (30/10/2017)	57.2 (19/06/2017)	12,60,172 (16,802)
		Vol	62318	610	1 (08/09/2017)	2,39,748 (13/07/2017)	
	November 1,	Price	11.26	6.1	4.57	11.26 (02/11/2017)	1,16,848 (2,434)

After investigation period	2017 to January 31, 2018				(12/01/2018)		
		Vol	500	1020	1 (27/02/2018)	29,576 (12/01/2018)	

e. During the period of investigation period, BSE Sensex moved from 31,028.21 to 33,213.13 registering an increase of 2978.02 points (7.04%). During the same period price of the scrip on BSE moved from Rs. 52.8 to Rs.11.85 registering a decrease of Rs. 40.95 (77.56%).

f. Based on analysis of Unique client code (“UCC”) details, verification of details of common directors from the MCA website, verification of bank statements of entities contributing more than 5% to market positive Last Traded Price (“LTP”), and off-market transfers, 25 entities (hereinafter referred to as **Group entities**) were found to be connected to each other.

g. Details of the connection between the Noticees / Group entities are given in the following table:-

Sl. No.	Name & PAN	Basis of Connection	Basis of Connection
1	Rajesh Agarwal - AMXPA 5214B	• Common mobile number with Dilip Sheth (Entity No. 14), Manoj Shantilal Shah and Deepak Parsharam Salvi viz., 7383913574 and Pattammal N. Murlidharan (Entity No. 6), Parikh Jitendra Bhogilal, Rohini Popatlal Parikh, Vinitkumar Popatlal Parikh and Pradip Jayantilal Mehta viz., 7383913459.	UCC Details
2	Avinash C Kapur - ELOPK 1511H	• Common mobile number with Parikh Jitendra Bhogilal and Vinitkumar Popatlal Parikh, viz., 7383913653 who have common mobile number with Rajesh Agarwal (Entity No. 1) , Pattammal N. Murlidharan (Entity No. 6),Parikh Jitendra Bhogilal , Rohini Popatlal Parikh and Pradip Jayantilal Mehta viz. 7383913459. • Had off-market transactions with Mohanlal Vaghela who has same address as Kapila Vaghela (Entity No. 7). • Had off-market transactions with Sanat Dinesh Munot who has a common mobile numbe with Vinitkumar Popatlal Parikh, Subhadraben Rameshchandra Shah (Entity No. 4) and Mahendra Vadilal Shah (7778049781)	a)UCC Details b)Off market data

3	Ankit Jagdish bhai Pithava-BXVPP 0489B	• Common mobile number with Vijay Madhusudanbhai Koshti (Entity No. 5), viz., 8511362441 • Had Off market transaction with Vijay Madhusudanbhai Koshti (Entity No. 5), Hitesh Premjibhai Gangani (Entity No. 21) and Lokesh Ramgopal Soni (Entity No. 10), Mahendra Vadilal Shah. • Had Off market transaction with Dilip Sheth (Entity No. 14), who has common mobile number with Manoj Shantilal Shah, Rajesh Agarwal (Entity No. 1), Deepak Parsharam Salvi (7383913574) and Kapila Vaghela (Entity No. 7) (9586716905)	a)UCC Details b)Off market data
4	Subhadr aben Ramesh chandra Shah - GKCPS 4278A	• Common mobile number with Hitesh Premjibhai Gangani, Vinitkumar Popatlal Parikh, Rohini Popatlal Parikh and Mohanlal Vaghela, viz., 9512112428. Mohanlal Vaghela has same address as Kapila Vaghela (Entity No. 7). Hitesh Premjibhai Gangani who had off-market transactions with Ankit Jagdishbhai Pithava (Entity No. 3). • Common mobile number with Sanat Dinesh Munot, Vinitkumar Popatlal Parikh and Mahendra Vadilal Shah viz., 7778049781. Vinitkumar Popatlal Parikh and Rohini Popatlal Parikh have a common mobile number with Rajesh Agarwal (Entity No. 1) (7383913459). • Common Address with Mahendra Vadilal Shah viz., 74 Shivshaktih Nagar Chandlodia Ahmedabad Gujarat India	a)UCC Details b)Off market data
5	Vijay Madhus udanbh ai Koshti - BDJPK7 958N	• Common mobile number with Pattammal N. Murlidharan (Entity No. 6), viz., 9512111957, who has common mobile no. with Rajesh Agarwal (Entity No. 1), Parikh Jitendra Bhogilal Rohini Popatlal Parikh, Vinitkumar Popatlal Parikh and Pradip Jayantilal Mehta viz., 7383913459. • Common mobile number with Ankit Jagdishbhai Pithava (Entity No. 3), viz., 8511362441 • Had off-market transactions with Ankit Jagdishbhai Pithava (Entity No. 3)	UCC Details
6	Pattam mal N. Murlidha ran - DDGPP 1706N	• Common mobile number with Rajesh Agarwal (Entity No. 1),Parikh Jitendra Bhogilal, Rohini Popatlal Parikh, Vinitkumar Popatlal Parikh and Pradip Jayantilal Mehta viz., 7383913459. Vinitkumar Popatlal Parikh (7383913459) has common mobile number with Avinash C Kapur (Entity No. 2) (7383913653). Pradip Jayantilal Mehta has common mobile number with Kapila Vaghela (Entity No. 7), Lokesh Ramgopal Soni (Entity No. 10), Shrenik K Jhaveri viz., (9512112086). • Common mobile number with Vijay Madhusadanbhai Koshti (Entity No.5), viz., 9512111957. • Had off-market transactions with Mahendra Vadilal Shah who has common mobile number with Subhadraben Rameshchandra Shah (Entity No. 4) (7778049781) and common address with Subhadraben Rameshchandra Shah (Entity No. 4)	UCC Details
7	Kapila Vaghela - AZDPV 6862H	• Common mobile no. with Dilip Sheth (Entity No. 14) viz., 9586716905 • Common mobile number with Pradip Jayantilal Mehta, Lokesh Ramgopal Soni (Entity No. 10), Shrenik K Jhaveri viz., 9512112086. Shrenik K Jhaveri has same address as Prashant Shantilal Kataria (Entity No. 8)	a)UCC Details b)Off market data

		• Had off-market transactions with Mahendra Vadilal Shah who has common mobile no. with Subhadraben Rameshchandra Shah (Entity No. 4) (7778049781) and common address with Subhadraben Rameshchandra Shah (Entity No. 4) • Had off-market transactions with Parikh Jitendra Bhogilal and Rohini Popatlal Parikh who have a common mobile no. with Rajesh Agarwal (Entity No. 1) (7383913459). • Common Address with Mohanlal Vaghela viz., 58 Stadium House Opp Munisnanagar Navrangpura, Ahmedabad, Gujarat.	
8	Prashant Shantilal Kataria - ENLPK4754H	• Common mobile number with Rashmikaben S Desai (Entity No. 9), viz., 8511893414 • Common address with Shrenik K Jhaveri viz., 203-Vidhyakunj Complex Nr New Era School Makarpura Road Vadodara Gujarat India	UCC Details
9	Rashmikaben S Desai-CSXPD2228N	• Common mobile number with Prashant Shantilal Kataria (Entity No. 8), viz., 8511893414	UCC Details
10	Lokesh Ramgopal Soni-GFLPS6804E	• Common mobile number with Pradip Jayantilal Mehta (Entity No. 20), Kapila Vaghela (Entity No. 7), Shrenik K Jhaveri (Entity No. 25), viz., 9512112086. • Had off-market transactions with Ankit Jagdishbhai Pithava (Entity No. 3)	UCC Details
11	Rameshchandra Chhitubhai Patel - DOPPP0311M	• Common mobile number with Manoj Shantilal Shah (Entity No. 16), Deepak Parsharam Salvi (Entity No. 15), Niru Danajibhai Sumera (Entity No. 12) and Alpeshkumar Pratapbhai Chaudhari (Entity No. 13), viz., 7283998848. Deepak Parsharam Salvi (Entity No. 15) and Manoj Shantilal Shah (Entity No. 16) have a common mobile no. with Rajesh Agarwal (Entity No. 1), viz., 7383913574	UCC Details
12	Niru Danajibhai Sumera-DLTPS7318C	• Common mobile number with Rameshchandra Chhitubhai Patel (Entity No. 11),Deepak Parsharam Salvi, Manoj Shantilal Shah, viz., 7283998848. Deepak Parsharam Salvi and Manoj Shantilal Shah have a common mobile no. with Rajesh Agarwal viz., 7383913574	UCC Details
13	Alpeshkumar Pratapbhai Chaudhari - ARPPC9647M	• Common mobile number with Rameshchandra Chhitubhai Patel (Entity No. 11),Deepak Parsharam Salvi (Entity No. 15), Niru Danajibhai Sumera (Entity No. 12), Manoj Shantilal Shah (Entity No. 16), viz., 7283998848. Deepak Parsharam Salvi (Entity No. 15) and Manoj Shantilal Shah (Entity No. 16) have a common mobile no. with Rajesh Agarwal (Entity No. 1), viz., 7383913574	UCC Details
14	Dilip Sheth-HCEPS9357D	• Common mobile number with Manoj Shantilal Shah, Rajesh Agarwal (Entity No. 1) and Deepak Parsharam Salvi, viz., 7383913574. Deepak Parsharam Salvi and Manoj Shantilal Shah have a common mobile no. with Rajesh Agarwal (Entity No. 1), viz., 7383913574 • Common mobile no. with Kapila Vaghela (Entity No. 7) viz., 9586716905	a)UCC Details b)Off market data

		• Had off-market transactions with Ankit Jagdishbhai Pithava (Entity No. 3)	
15	Deepak Parsharam Salvi - GFDPS 9384R	• Common mobile number with Dilip Sheth (Entity No. 14), Manoj Shantilal Shah and Rajesh Agarwal (Entity No. 1), viz., 7383913574 • Common mobile number with Rameshchandra Chhitubhai Patel (Entity No. 11),Niru Danajibhai Sumera (Entity No. 12), Manoj Shantilal Shah, Alpeshkumar Pratapbhai Chaudhari (Entity No. 13), viz., 7283998848. • Common mobile number with Mahendra Vadilal Shah, Vinitkumar Popatlal Parikh and Manoj Shantilal Shah viz., 7779082715	UCC Details
16	Manoj Shantilal Shah- FMBPS 4372H	• Common mobile number with Dilip Sheth (Entity No. 14), Rajesh Agarwal (Entity No. 1) and Deepak Parsharam Salvi, viz., 7383913574 • Common mobile no. with Vinitkumar Popatlal Parikh, Manoj Shantilal Shah and Mahendra Vadilal Shah, viz., 7779082715 • Common mobile number with Rameshchandra Chhitubhai Patel (Entity No. 11),Deepak Parsharam Salvi, Niru Danajibhai Sumera (Entity No. 12), Manoj Shantilal Shah Alpeshkumar Pratapbhai Chaudhari (Entity No. 13), viz., 7283998848.	UCC Details
17	Parikh Jitendra Bhogilal - DEYPP 9464L	• Common mobile no. with Pattammal N. Murlidharan (Entity No. 6),Rajesh Agarwal (Entity No. 1), Rohini Popatlal Parikh (Entity No. 18), Vinitkumar Popatlal Parikh and Pradip Jayantilal Mehta, viz., 7383913459. • Common mobile number with Avinash C Kapur (Entity No. 2) and Vinitkumar Popatlal Parikh, viz., 7383913653 • Had Off market transaction with Kapila Vaghela (Entity No. 7)	a)UCC Details b)Off market data
18	Rohini Popatlal Parikh- CYSPP 9743H	• Common mobile no. with Pattammal N. Murlidharan (Entity No. 6),Rajesh Agarwal (Entity No. 1), Parikh Jitendra Bhogilal, Vinitkumar Popatlal Parikh and Pradip Jayantilal Mehta, viz., 7383913459. • Common mobile no. with Hitesh Premjibhai Gangani, Mohanlal Vaghela, Vinitkumar Popatlal Parikh and Subhadraben Rameshchandra Shah (Entity No. 4), viz., 9512112428 • Had Off market transaction with Kapila Vaghela (Entity No. 7)	a)UCC Details b)Off market data
19	Vinitkumar Popatlal Parikh- CYNPP 0545E	• Common mobile no. with Pattammal N. Murlidharan (Entity No. 6),Rajesh Agarwal (Entity No. 1), Parikh Jitendra Bhogilal, Rohini Popatlal Parikh and Pradip Jayantilal Mehta viz., 7383913459. • Common mobile number with Avinash C Kapur (Entity No. 2) and Parikh Jitendra Bhogilal viz., 7383913653 • Common mobile number with Hitesh Premjibhai Gangani,Rohini Popatlal Parikh, Subhadraben Rameshchandra Shah (Entity No. 4) and Mohanlal Vaghela viz., 9512112428. • Common mobile number with Sanat Dinesh Munot and Subhadraben Rameshchandra Shah (Entity No. 4) and Mahendra Vadilal Shah viz., 7778049781 Has common mobile no. with Manoj Shantilal Shah, Deepak Parsharam Salvi and Mahendra Vadilal Shah viz., 7779082715	UCC Details

20	Pradip Jayantilal Mehta - CXDPM 3499M	• Common mobile no. with Pattammal N. Murlidharan (Entity No. 6),Rajesh Agarwal (Entity No. 1), Parikh Jitendra Bhogilal Rohini Popatlal Parikh and Vinitkumar Popatlal Parikh viz., 7383913459. • Common mobile number with Kapila Vaghela (Entity No. 7), Lokesh Ramgopal Soni (Entity No. 10), Shrenik K Jhaveri viz., 9512112086.	UCC Details
21	Hitesh Premjibhai Gangani - AIWPG 6264E	• Common mobile number with Subhadraben Rameshchandra Shah (Entity No. 4), Vinitkumar Popatlal Parikh Rohini Popatlal Parikh and Mohanlal Vaghela viz., 9512112428. Vinitkumar Popatlal Parikh (Entity No. 19) and Rohini Popatlal Parikh have a common mobile number with Rajesh Agarwal (Entity No. 1) (7383913459). • Had off-market transactions with Ankit Jagdishbhai Pithava (Entity No. 3)	UCC Details
22	Mohanlal Vaghela - AYWPV 7463Q	• Common mobile number with Hitesh Premjibhai Gangani, Vinitkumar Popatlal Parikh, Rohini Popatlal Parikh and Subhadraben Rameshchandra Shah (Entity No. 4), viz., 9512112428. Vinitkumar Popatlal Parikh and Rohini Popatlal Parikh have a common mobile number with Rajesh Agarwal (Entity No. 1) (7383913459). • Common Address with Kapila Vaghela (Entity No. 7), viz., 58 Stadium House Opp Munisnanagar Navrangpura, Ahmedabad, Gujarat.	UCC Details
23	Sanat Dinesh Munot-CLLPM 8415M	• Common mobile number with Vinitkumar Popatlal Parikh, Subhadraben Rameshchandra Shah (Entity No. 4) and Mahendra Vadilal Shah viz., 7778049781. Vinitkumar Popatlal Parikh has common mobile no. with Rajesh Agarwal (Entity No. 1), Parikh Jitendra Bhogilal , Rohini Popatlal Parikh , and Pradip Jayantilal Mehta viz., 7383913459.	UCC Details
24	Mahendra Vadilal Shah - GLWPS 8277L	• Common mobile number with Sanat Dinesh Munot and Subhadraben Rameshchandra Shah (Entity No. 4) and Vinitkumar Popatlal Parikh viz., 7778049781 • Common mobile no. with Manoj Shantilal Shah , Deepak Parsharam Salvi and Vinitkumar Popatlal Parikh viz., 7779082715. Deepak Parsharam Salvi and Manoj Shantilal Shah have a common mobile no. with Rajesh Agarwal (Entity No. 1), viz., 7383913574 • Common Address with Subhadraben Rameshchandra Shah (Entity No. 4), viz., 74 Shivshaktih Nagar Chandlodia Ahmedabad Gujarat India 382481 • Had off market transaction with Kapila Vaghela (Entity No. 7), Ankit Jagdishbhai Pithava (Entity No. 3) and Pattammal N. Murlidharan (Entity No. 6).	UCC Details
25	Shrenik K Jhaveri - BFJPJ8 646A	• Common mobile number with Pradip Jayantilal Mehta , Kapila Vaghela (Entity No. 7), Lokesh Soni, viz., 9512112086. • Common address with Prashant Shantilal Kataria (Entity No. 8), viz., 203-Vidhyakunj Complex Nr New Era School Makarpura Road, Vadodara Gujarat India	UCC Details

Synchronised trades by Group entities

h. Investigation revealed that following Group entities had carried out synchronised trades amongst each other to the extent of the figures in the following table:-

Group entities synchronized trade details:

Gross Buy Qty of Group Entities	Gross Sell Qty of Group Entities	Total Traded Qty within the group entities	Sync Traded Qty by group entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of total mkt.vol.	Sum of LTP contribution through Sync Trades
864204	864204	855211	672262	79%	40.53%	5.05

i. From the above table it is observed that entities of Group, through synchronized trades among themselves, contributed a significant 40.53% to market volume.

j. The details of the synchronised trades among group entities during the investigation period, were enclosed with the SCN. From the aforesaid details of synchronized trades amongst Group entities it was alleged that thirteen Group entities viz. Noticee Nos. 1-13, by entering into synchronised trades, contributed to creation of artificial volume in the scrip of VCL during the investigation period, allegedly violating Section 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (g) of the PFUTP Regulations.

Circular trades executed amongst Group entities

k. It was also observed that fourteen Group entities, viz. Noticee Nos. 1-14, executed circular trades among themselves at BSE which allegedly resulted in creation of artificial volume in the market in the scrip of VCL during the investigation period, in the following manner:-

Sr. No.	Exchange	Total traded qty among the group entities	Circular quantity	% of circular qty to market volume	Total no. of trades
1	BSE	855211	766545	46.22%	299

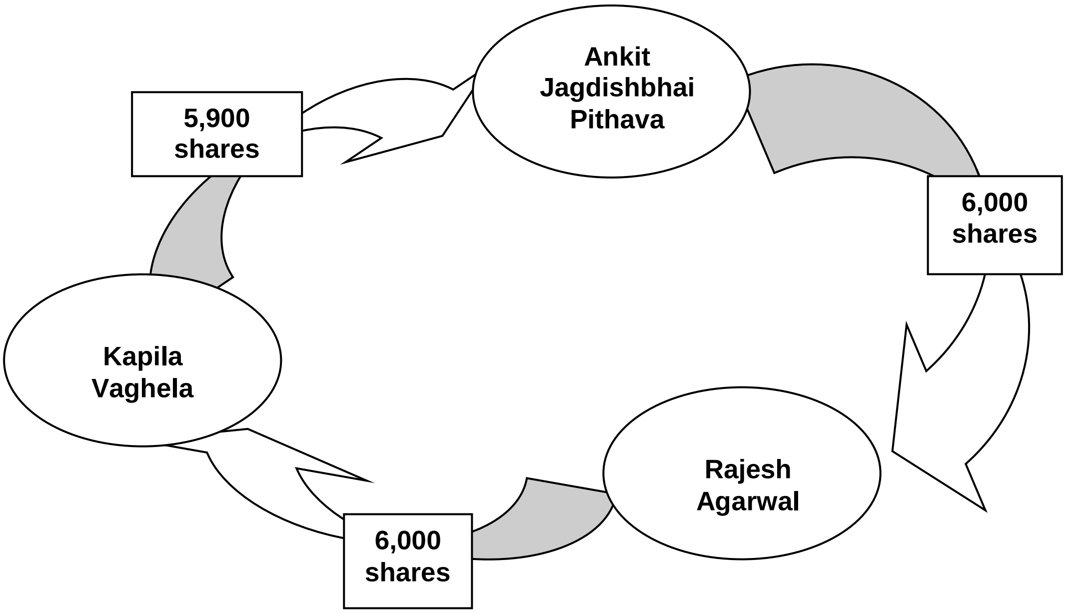
l. Further details related to the said circular trades carried out by Noticee Nos. 1-14 are summarized below:-

		BSE					
		Buy Side			Sell Side		
Sr. No.	Particulars	Qty of circular trade	% of Circular trade Vol. to Mkt. Vol.	No. of Trades	Qty of circular trade	% of Circular trade Vol. to Mkt. Vol.	No. of Trades
1	Rameshchandra Chhitubhai Patel	15667	0.94	18	15667	0.94	18
2	Rajesh Agarwal	56403	3.40	20	56403	3.40	27
3	Kapila Vaghela	43069	2.60	22	43069	2.60	17
4	Vijay Madhusudanbhai Koshti	105253	6.35	25	105253	6.35	29
5	Ankit Jagdishbhai Pithava	5900	0.36	3	5900	0.36	2
6	Avinash C Kapur	129146	7.79	34	129146	7.79	46
7	Prashant Shantilal Kataria	125145	7.55	47	125145	7.55	43
8	Niru Danajibhai Sumera	6667	0.40	1	6667	0.40	2
9	Rashmikaben S Desai	56593	3.41	34	56593	3.41	26
10	Dilip Sheth	96885	5.84	33	96885	5.84	34
11	Pattammal N. Murlidharan	35583	2.15	19	35583	2.15	22
12	Lokesh Ramgopal Soni	52917	3.19	18	52917	3.19	20
13	Alpeshkumar Pratapbhai Chaudhari	30650	1.85	23	30650	1.85	11
14	Subhadraben Rameshchandra Shah	6667	0.40	2	6667	0.40	2
	Grand Total	**766545**	**46.22**	**299**	**766545**	**46.22**	**299**

m. For instance, circular trades carried out by Noticee No. 1(i.e. Kapila Vaghela), Noticee No. 2 (i.e. Rajesh Agarwal) and Noticee No. 5 (i.e. Ankit Jagdishbhai Pithava) on June 16, 2017 on BSE are depicted in the following table:-

Date	Buyer Client Name	Seller Client Name	Total Traded Qty.	Total No. of Trades
16.06.2017	Rajesh Agarwal	Ankit Jagdishbhai Pithava	6000	2
16.06.2017	Ankit Jagdishbhai Pithava	Kapila Vaghela	5900	3
16.06.2017	Kapila Vaghela	Rajesh Agarwal	6000	1

A pictorial representation of the above transactions carried out on June 16, 2017 on BSE are as follows:-



n. Repetition of large number of such trades by the group entities while trading with each other, indicates that the trades were not a matter of chance or co-incidence. The details of such trades amongst the Group entities (Noticee Nos. 1-14) were placed as Annexure 3 of the SCN**.**

o. In view of the above, it was alleged that the Noticee Nos. 1-14 by indulging in circular trades repeatedly during the investigation period contributed to artificial volumes in the scrip of VCL, allegedly violating Section 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (g) of the PFUTP Regulations.

Contribution of buy trades of Noticee Nos. 1-5 to positive LTP in the scrip of VCL

p. Investigation revealed that out of 179 trades executed in the scrip of VCL during the investigation period by five Group entities viz. Noticee Nos. 1-5 as buyers, 47 trades did not create any LTP, 64 trades contributed to negative LTP of Rs. -8.45 and 68 trades contributed to positive LTP of Rs. 12.30.

q. The abovesaid buy trades of Noticee Nos. 1-5 which affected the LTP of the scrip of VCL are summarised below:-

		All trades			Positive LTP trades			Negative LTP trades			Zero LTP trades		
Sr. No.	Client Name	Sum of LTP diff	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	LTP impact	Traded Qty	No. Of Trades	Traded Qty	No. Of Trades	%Ltp
1	Kapila Vaghela	2.60	62355	71	6.95	30262	25	-4.35	24778	26	7315	20	14.25%
2	Rajesh Agarwal	1.60	56836	41	3.20	30752	15	-1.60	23317	16	2767	10	6.56%
3	Rameshchandra Chhitubhai Patel	0.55	32007	54	2.00	13802	27	-1.45	12750	12	5455	15	4.10%
4	Ankit Jagdishbhai Pithava	-0.25	6667	5	0.00	0	0	-0.25	6666	4	1	1	0.00%
5	Vijay Madhusudanbhai Koshti	-0.65	31502	8	0.15	5000	1	-0.80	25502	6	1000	1	0.31%
	Total	**3.85**	**189367**	**179**	**12.30**	**79816**	**68**	**-8.45**	**93013**	**64**	**16538**	**47**	**25.22%**
	Market total	**3.67**	**398422**	**1429**	**48.77**	**106453**	**223**	**-45.10**	**121645**	**244**	**170324**	**962**	**100.00%**

r. The said entities i.e. Noticee Nos. 1-5 contributed Rs.3.85 to net LTP and Rs.12.30 to positive LTP (25.22% in 68 positive LTP trades). As seen from the Table, entities listed at S. Nos. 1 to 3 contributed to net positive LTP and entities listed at S. Nos. 4 and 5 contributed to net negative LTP. The Group entities listed at S. Nos. 1 to 3 contributed Rs. 4.75 (24.91%) to the total market positive LTP, which is substantial. Further, Noticee Nos. 1-3 contributed Rs. 12.15 (24.91% of total market positive LTP) i.e. these 3 entities contributed substantially to positive LTP. Further details of the positive LTP contributing trades of Noticee Nos. 1-5 are presented in the following table:-

Seller Name→ / Buyer Name↓	Kapila Vaghela	Vijay Madhusudanbhai Koshti	Ankit Jagdishbhai Pithava	Rameshchandra Chhitubhai Patel	Rajesh Agarwal	**Total LTP as buyer (No. of Trades)**
Kapila Vaghela		0.55(2)		1.4(7)	0.30(3)	2.25(12)
Rajesh Agarwal	0.80(2)	0.70(4)	0.05(1)	1.65(8)		3.20(15)
Rameshchandra Chhitubhai Patel	0.45 (9)				1.55 (18)	2.00(27)
Total LTP as Seller (No. of Trades)	**1.25(11)**	**1.25(6)**	**0.05(1)**	**3.05(15)**	**1.85(21)**	**7.45(54)**

s. In view of the above, it was alleged that Noticee Nos. 1-5 contributed an amount of Rs.7.45 to positive LTP (15.28% of market positive LTP), by trading among themselves, and thus manipulated the price of the scrip of VCL during the investigation period, allegedly violating Section 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (e) of the PFUTP Regulations.

<u>Contribution of buy trades of Noticee Nos. 1-3 to New High Price in the scrip of VCL</u>

t. During Patch I of the investigation period, the price of the scrip of Vani Commercials Ltd. opened at Rs.52.8 on May 26, 2017 and reached the high price of Rs.56.6 on June 16, 2017, thereby registering a NHP of Rs. 3.80.

u. The summary of trades by the Noticee Nos.1-3 as buyers contributing to NHP during Patch I is given in the following table:-

Buyer Name	Qty	No. of Trades	NHP Diff (Rs)	% of NHP Diff to total Mkt NHP Diff
Rajesh Agarwal	10000	1	0.40	10.53%
Kapila Vaghela	1000	1	0.25	6.58%
Total	**11000**	**2**	**0.65**	**17.11%**
Market total	**11912**	**8**	**3.80**	**100.00%**

v. From the above table, it was observed that the total New High Price ("NHP") difference in the scrip of VCL was Rs. 3.80, out of which an NHP difference of Rs. 0.65 (i.e. 17.11% of total market NHP) was contributed by Noticee Nos. 1 and 2. Also, the counterparties to their trades are Group entities viz. Noticee No.1 and Noticee No. 3.

w. In view of the above, it was alleged that Noticee Nos. 1-3 contributed to NHP in the scrip of VCL, and thus manipulated the price of the scrip of VCL during the investigation period, allegedly violating Section 12A (a), (b) and (c) of SEBI Act, 1992 and Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (e) of the PFUTP Regulations.

5. The SCN could not be served through Speed Post Acknowledgement Due upon the Noticees 1, 5, 6, 7, 10, 12 and 14 at the addresses available on record for the reason stated in IndiaPost tracking records that the addressees "could not be located" or "had left without instructions". Service of SCN was successfully completed by SPAD upon the remaining Noticees. Further, service of SCN by e-mail was completed in respect of all the Noticees on 11.11.2019 on the email addresses as provided by them in their KYC forms for their demat account opened with CDSL and NSDL.

6. Noticees 9 and 13 responded to the SCN vide letters dated 28.11.2019 requesting for time to furnish details, and informing that they had asked their stock broker to provide them with details such as a copy of KYC and details of their trades in the scrip of VCL.

7. Further, vide e-mail dated 27.11.2019, Noticee 2 submitted that the address "204 LA citadel Flat no, 30 Nutan Bharat Soc Alkapuri Vadodara" and the e-mail id's

rajeshagarwal1919@gmail.com, agrlrjsh@gmail.com mentioned in the letter does not belong to him and are not known to him. It was further submitted that all the other 13 persons/Noticees/Group Entities mentioned in the SCN were not known to him nor was he familiar with them. Noticee 2 also stated that the mobile numbers mentioned as a basis of connection are not known to him and he was not familiar with it, and he never had any mobile number “7383913574”. Noticee 2 also submitted that he had never ever traded in any type of securities related to VCL, and that he had not carried out any trades on the dates alleged in the SCN. Noticee 2 also submitted his demat account statement for FY 2017-18. It was submitted that the SCN had been issued to him on mistaken facts.

8. No response to the SCN was received from any of the other Noticees.

9. Hearing Notices dated March 4, 2020 were served upon Noticees No. 1-14 by e-mail, granting opportunity of hearing on April 17 and 20, 2020. However, no reply was received from any of the Noticees in response to the said Hearing Notices.

10. Subsequently, vide Hearing Notices dated July 6, 2020 served upon the Noticees vide e-mails dated July 6, 2020, the said Noticees were granted another opportunity of hearing on July 28, 2020 by videoconferencing through WebEx in view of the lockdown imposed on account of the Covid19 pandemic. The said e-mail were duly served on the respective Noticees. Vide another e-mail dated July 28, 2020 the Noticees were requested to confirm attendance of hearing on the said date. However, no response to the Hearing Notices was received from any of the Noticees.

11. I note that valid email delivery of SCN has been made to the Noticees at the email addresses as provided by them in their KYC forms for opening demat accounts with CDSL.

12. In view of the above, I am satisfied that the SCN has been duly served upon the Noticees. I note that it was stated in the SCN that a reply to the SCN should be received within 14 days from the date of receipt of the SCN, failing which it will be presumed that the Noticee has no reply to submit and the matter would be decided further on the basis of material available on record. I am satisfied that the principles of natural justice have been complied with in serving the SCN and Hearing Notices upon the Noticees, and none of the Noticees except Noticee 2 have replied to the allegations levelled against them in the SCN.

13. I find it relevant at this point to refer to the order of Hon'ble SAT in the matter of *Dave Harihar Kiritbhai v. Securities and Exchange Board of India* (Appeal No. 181 of 2014 dated December 19, 2014), wherein, it observed, "…*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."*

14. Accordingly, I hereby proceed to decide the case on its merits, *ex parte* and on the basis of material on record.

CONSIDERATION OF ISSUES

15. The issues arising for consideration in the instant proceedings before me are:-

Issue No.I. **Whether the following provisions were violated by the Noticees**

a. Section 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and 4 (1), (2) (a) and (g) of the PFUTP Regulations 2003 by Noticees No. 1-14?
b. Section 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and 4 (1), (2) (a) and (e) by Noticee Nos. 1-5?

Issue No.II. **If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?**

Issue No.III. **If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15 J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?**

Issue No. I. **Whether Section 12A (a), (b) and (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and 4 (1), (2) (a) and (g) of the PFUTP Regulations 2003 were violated by Noticees No. 1-14??**

16. The main allegation in the case is of creation of artificial volumes in the scrip of VCL by the Noticees 1 to 14 by indulging in synchronised trades and circular trades. As the Noticees have not responded to the SCN except Notice 2, I have examined the trade log, the analysis and the material on record regarding connections between the Noticees.

17. From the trade log, I note that the trading volume in the scrip at the start of the investigation period on May 26, 2017 was 20 shares. On May 29, 2017 the volume traded was just 6 shares. The number of shares shot up to 66463 shares on June 12, 2017. Between May 29, 2017 and June 12, 2017 there was no trading in the scrip. One 13th, 14th, 15th and 16th June, the trade volume recorded shot up to 125322, 92217, 50422 and 63972 respectively. Trading volumes remained high only for about a month till end of July 2017 after which the volumes fell to below 10,000 shares. The average daily traded volume from May 26, 2017 till end July 2017 was 47627 shares. From August - October 2017, the average daily traded volume was only 853 shares.

18. I have examined the synchronized trades occurring in the trade log i.e. trades where the time gap between buy order and sell order is less than one minute. It is pertinent to note that all the synchronized trades by the Noticees 1 to 14 occurred between June 12, 2017 and July 27, 2017 i.e. the period when the scrip showed high trading volumes. These trades contributed to 40.53% of the total trades during the investigation period i.e. May to October 2017.

19. Investigation has brought out that the trades were not only synchronized, but were also circular in nature, with 46.22% of the total market volume during investigation period resulting from the circular trades, as shown by table below:

	BSE					
	Buy Side			**Sell Side**		
Particulars	**Qty of circular trade**	**% of Circular trade Vol. to Mkt. Vol.**	**No. of Trades**	**Qty of circular trade**	**% of Circular trade Vol. to Mkt. Vol.**	**No. of Trades**
Rameshchandra Chhitubhai Patel	15667	0.94	18	15667	0.94	18
Rajesh Agarwal	56403	3.40	20	56403	3.40	27
Kapila Vaghela	43069	2.60	22	43069	2.60	17
Vijay Madhusudanbhai Koshti	105253	6.35	25	105253	6.35	29
Ankit Jagdishbhai Pithava	5900	0.36	3	5900	0.36	2
Avinash C Kapur	129146	7.79	34	129146	7.79	46
Prashant Shantilal Kataria	125145	7.55	47	125145	7.55	43
Niru Danajibhai Sumera	6667	0.40	1	6667	0.40	2

Particulars	BSE					
	Buy Side			**Sell Side**		
	Qty of circular trade	**% of Circular trade Vol. to Mkt. Vol.**	**No. of Trades**	**Qty of circular trade**	**% of Circular trade Vol. to Mkt. Vol.**	**No. of Trades**
Rashmikaben S Desai	56593	3.41	34	56593	3.41	26
Dilip Sheth	96885	5.84	33	96885	5.84	34
Pattammal N. Murlidharan	35583	2.15	19	35583	2.15	22
Lokesh Ramgopal Soni	52917	3.19	18	52917	3.19	20
Alpeshkumar Pratapbhai Chaudhari	30650	1.85	23	30650	1.85	11
Subhadraben Rameshchandra Shah	6667	0.40	2	6667	0.40	2
Grand Total	**766545**	**46.22**	**299**	**766545**	**46.22**	**299**

20. From Annexure 2 of the SCN which details the synchronized trades of Noticees No. 1 to 13, it is seen that the said Noticees entered into synchronized trades ranging from a traded quantity of 667 shares (0.04% of market volume) to 47650 shares (2.87% of market volume). In respect of each of Noticees 1 to 13, the synchronized trades constituted a significant proportion (ranging from 4.86% to 100%) of each of their total volumes traded in the said scrip.

21. For example, Noticee 1 synchronised 17 of his buy trades for 11000, 17500 and 12507 shares of VCL with sell trades of Noticees No. 2, 4 and 3 respectively. Thus, buy orders of Noticee 1 were synchronised with the abovesaid Noticees in respect of 41007 shares during the relevant period. While Noticee 1 placed buy orders with a total of 24 persons as counterparty clients during the relevant period, the buy orders placed by Noticee 1 which matched with Noticees No. 2, 4 and 3 (connected to Noticee 1 as per details in Table in para. 10 of the SCN) were synchronized to within a minute.

22. Similarly, as buyer Noticee 2 entered into 23 synchronized trades for 17234, 27336, 6000 and 8500 shares of VCL with Noticees No. 1, 4, 5 and 3 on the sell side, respectively. Thus, Noticee 2 entered into synchronized trades for a total quantity of 59070 shares of VCL.

23. Likewise, Annexure 2 of the SCN shows that as buy client Noticee 3 entered into 21 synchronised trades with Noticees No. 2 and 1, o the sell side for a total traded quantity of 21667 shares. Noticee 4 as buy client entered into 22 synchronised trades with Noticees No. 1,2, 9, 10, 11 and 12 on the sell side, for a total traded quantity of 92086 shares. Noticee 5 as buy client synchronised 1 trade with Noticee 2 for 667 shares. Noticee 6 as buy client entered into 12 synchronised trades with Noticees No. 4, 7, 10, 11 and 12 on the sell side for a traded quantity of 48160 shares. Noticee 7 as buy client entered into 17 synchronised trades with Noticees No. 9, 11 and 12 on the sell side for a traded quantity of 41250 shares of VCL. Noticee 8 as buy client entered into 20 synchronised trades with Noticees No. 4, 10 and 11 on the sell side for a total traded quantity of 82567 shares. Noticee 9 as buy client entered into 7 synchronised trades with Noticee Nos. 4, 7 and 8 on the sell side for a traded quantity of 18150 shares. Noticee 10 as buy client entered into 23 synchronised trades with Noticees No. 2, 4, 6, 8 and 11 on the sell side, for a traded quantity of 113344 shares of VCL. Noticee 11 as buy client entered into 28 synchronised trades with Noticees No. 4, 6, 7, 8, 10 and 13 as sell clients for a traded quantity of 116677 shares. Noticee 12 as buy client entered into 11 synchronised trades with Noticees No. 4, 10 and 11 for a traded quantity of 30950 shares. Noticee 13 as buy client entered into 1 synchronised trade with Noticee 10 as sell client for 6667 shares. Noticee 14 as buy client also entered into 2 synchronised trades with Noticee 12 for 6667 shares.

24. I note from the above that while the individual contribution of each of Noticees 1 to 13 to the artificial volume in the scrip generated by synchronized trades with connected counterparties was not very high (ranging from 0.04% to 2.87% of market volume), it cannot be ignored that as buy and sell clients the said Noticees, who were connected to each other, entered into synchronized trades resulting from orders placed within a few seconds of the order of the connected counterparty

client, and generated artificial volumes in the scrip with trades which were not genuine but entered into at predetermined prices and time.

25. In this regard, Noticee 2 has submitted that one of the addresses “204 LA citadel Flat 30 Nutan Bharat Soc Alkapuri Vadodara Gujarat”, two of the e-mail id’s and one of the mobile numbers attributed to him in the SCN, do not belong to him. Further, he has submitted that he has never traded in the shares of Vani Commercials Ltd. as sought to be evidenced by a demat statement for the relevant Financial Year obtained from HDFC Securities.

26. On perusal of the SCN and the material on record it is noted that both addresses and the contact numbers mentioned as belonging to Noticee 2 are duly recorded in the KYC documentation submitted to NSDL and CDSL by Noticee 2. Additionally an e-mail dated 12.08.2020 sent to HDFC Securities requesting PAN and KYC information corresponding with the Entity ID mentioned in the demat account statement submitted by Noticee 2 in his e-mail dated 27.11.2019, also confirmed that his PAN (AMXPA5214B) and at least one of the addresses (H No. A 8 Near Siddheshwari Temple, Radhaswaminagar, Bhatagoan Chowk, Raipur, Chhattisgarh -492001) in the KYC document with HDFC Securities also corresponds to the details obtained from the depositories NSDL an CDSL.

27. The BSE Trade log for the market during the relevant period which forms the basis of allegations vis-à-vis Noticee 2 states that for the synchronized trades entered into in the scrip of VCL, Noticee 2 had employed the services of Beeline Broking Ltd. An e-mail was sent asking Noticee 2 to confirm his PAN and the mode and exact date of receipt of SCN (to which he has replied using a different e-mail id.), Noticee 2 has not responded. Noticee 2 has also not availed of the hearing opportunity granted to him in the matter.

28. In view of the absence of any supporting evidence for the contention made by Noticee 2, I am unable to accept that he did not trade in the scrip of VCL. The name of the Noticee 2 appears as the client for the impugned trades and thus he cannot escape responsibility for the trades by merely denying that he has never traded in the scrip of VCL.

29. A total of 299 circular trades were executed amongst Noticees 1-14 leading to no ultimate change in beneficial ownership.

30. For example, on 12.06.2017, Noticee 2 through 3 synchronised trades executed almost simultaneously at 9:40:32 9:40:34 and 9:40:34 a.m. bought 5000+250+250 shares at Rs. 53.2 from Noticee 1. Within 30 minutes the same day, Noticee 1 through 2 synchronised trades executed at 10:08:23 and 10:08:24 a.m. then bought 1502 shares from Noticee 2 at Rs. 53.7.

31. Circular trades were entered into between Noticees No 1, 2 and 5 on 16.06.2017, whereby 5900 shares were traded in a manner as to ultimately not change beneficial ownership of the said shares. The shares were bought from Rajesh Agarwal/Noticee 2 by Noticee1, and then Noticee 1 sold the said shares to Noticee 5 who then sold the shares back to Noticee 2 from whom they had first been bought earlier during the same day.

32. Likewise, on 15.06.2017, Noticee 1 bought 5000 shares from Noticee 2 in a synchronized trade executed at 9:23:17 a.m. In 6 subsequent trades synchronized with sell orders of Noticee 3 between 9:23:39 a.m. and 9:25.28 a.m. Noticee 2 bought 5000 shares from Noticee 3, while Noticee 3 in turn bought 5000 shares in 5 trades synchronized with sell orders of Noticee 1 himself, between 9:23:48 a.m. and 9:25:17 a.m. Therefore, it is clear that at the end of 2 minutes and 11 seconds of trades synchronized with each other, the 5000 shares sold by Noticee 2 to Noticee1 had come back to Noticee 2 through Noticee 3, who in turn had bought them from Noticee 1.

33. The Noticees are connected to each other through common mobile numbers, off-market transfers and addresses as revealed by Unique Client Code details, bank statements and off-market transfers.

34. The fact that the Noticees are connected to each other when seen together with the large number of synchronized and circular trades carried out between them, which contributed to more than 40% of the total trading volume clearly indicates that the Noticees were acting in collusion to create artificial trading volumes in the scrip during this period. This finding is further strengthened by the fact that when the Noticees stopped engaging in the synchronized and circular trades, the trading volume in the scrip dropped suddenly and the price slowly moved downwards. The price on 27July 2017 had fallen to Rs.42. As the trading volumes fell in August 2017, the price also fell to Rs.19 by end August. Thus, the facts on record clearly indicate that the trading by the Noticees was manipulative in nature, created artificial trading volumes and helped sustain the price levels in an artificial manner.

35. During the investigation period, from May 26, 2017 to June 16, 2017, the price of VCL moved up by Rs.3.35, from Rs. 52.8 to Rs. 56.15. The charge against Noticee Nos. 1-5 is that they together contributed Rs.3.85 to net LTP. Of this, Rs.12.30 was towards positive LTP in 68 positive LTP trades) and Rs. 8.45 was towards negative LTP in 64 trades.

36. Upon going through the trades of Noticee 1 – 5, I find that they engaged in a large number of trades over 5 days i.e.12th-16th June 2017. These trades were part of the synchronized and circular trades mentioned above. The trading by the Noticees resulted in both positive and negative LTP difference.

37. Noticees 1-5 entered into 68 positive LTP contributing trades in respect of 79816 shares, entered into 64 negative LTP contributing trades in respect of 93013

shares and 47 trades in respect of 16538 shares with no contribution to LTP. Noticee 4 and 5 contributed a net negative LTP during this period.

38. Two buy trades of Noticees 1-2 contributed to New High Price where the counterparty was Noticee 3.

39. From their trading pattern till June 16, 2017 involving synchronized as well as circular trades, as noted above, I find that the trading by the Noticees 1-5 sustained the price levels between Rs.53 and 56 during these 4 days in an artificial manner.

40. In view of the above, I find that Noticees 1-14 violated Section 12A (a), (b), (c) of the SEBI Act and Regulations 3 (a), (b), (c) and (d) and 4 (1), (2) (a) and (g) of the PFUTP Regulations, and Noticee 1-5 also violated Regulation 4(2) (e) of the PFUTP Regulations.

41. The relevant legal provisions are reproduced below for reference:-

SEBI Act

"*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;"

PFUTP Regulations

"3. Prohibition of certain dealings in securities
No person shall directly or indirectly—(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made 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;

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

ISSUE II. If yes, whether the Noticees are liable for imposition of monetary penalty under Section 15HA of the SEBI Act?

ISSUE III. If yes, what would be the monetary penalty that can be imposed upon the Noticee taking into consideration the factors stipulated in Section 15 J of the SEBI Act read with Rule 5 (2) of the Adjudication Rules?

42. As it has been established that the Noticees 1-14 violated Section 12A (a), (b) and (c) and Regulations 3 (a), (b), (c) and (d), 4 (1), (2) (a) and (g), and Noticees 1-5 also violated Regulation 4(2)(e) of the PFUTP Regulations, the said Noticees are liable for payment of monetary penalty in terms of Section 15HA of the SEBI Act.

43. . Text of the abovesaid Sections 15HA is reproduced below for reference:-

SEBI Act

"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."

44. While determining the quantum of penalty under Section 15HA of the SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:-

SEBI Act

"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."

45. There is no material on record to establish the amount of disproportionate gain or unfair advantage obtained by the Noticees on account of artificial volumes created in the scrip of VCL due to synchronized and circular trades in the instances enumerated earlier. The losses to ordinary investors on account of the fraudulent and pre-meditated trades entered into amongst the Noticees are also not ascertainable on the basis of material on record. The Noticees through their trading sustained artificial volume and price in the scrip for a period of time after which the price fell.

46. Therefore, taking into account the aforesaid factors, and considering the facts and circumstances of the case, I am of the view that a penalty of Rs. 5,00,000/- levied on each of Noticees No. 1 - 14 respectively under Section 15HA will be commensurate with the violations committed by the Noticees.

ORDER

47. After taking into consideration all the facts and circumstances of the case, in exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose the following penalty upon the Noticee Nos. 1-14 as shown in the following table:-

Name of the Noticee	Penalty Provisions and Violations	Penalty Amount
Kapila Vaghela	Under Section 15HA of the SEBI Act for violation of Section 12A (a), (b) and (c) and of Regulations 3 (a), (b), (c) and (d), as well as 4 (1), (2) (a), (e) and (g) of the PFUTP Regulations	Rs. 5,00,000/- (Rs. Five Lakhs only)
Rajesh Agarwal		Rs. 5,00,000/- (Rs. Five Lakhs only)
Rameshchandra Chhitubhai Patel (PAN		Rs. 5,00,000/- (Rs. Five Lakhs only)
Vijay Madhusudanbhai Koshti		Rs. 5,00,000/- (Rs. Five Lakhs only)
Ankit Jagdishbhai Pithava		Rs. 5,00,000/- (Rs. Five Lakhs only)
Rashmikaben S. Desai	Under Section 15HA of the SEBI Act for violation of Section 12A (a), (b) and (c) and of Regulations 3 (a), (b), (c) and (d), as well as 4 (1), (2) (a) and (g) of the PFUTP Regulations	Rs. 5,00,000/- (Rs. Five Lakhs only)
Pattamal N. Murlidharan		Rs. 5,00,000/- (Rs. Five Lakhs only)
Dilip Sheth		Rs. 5,00,000/- (Rs. Five Lakhs only)
Alpeshkumar Pratapbhai Chaudhari		Rs. 5,00,000/- (Rs. Five Lakhs only)
Avinash C. Kapur		Rs. 5,00,000/- (Rs. Five Lakhs only)

Prashant Shantilal Kataria		Rs. 5,00,000/- (Rs. Five Lakhs only)
Lokesh Ramgopal Soni		Rs. 5,00,000/- (Rs. Five Lakhs only)
Niru Danajibhai Sumera		Rs. 5,00,000/- (Rs. Five Lakhs only)
Subhadraben Rameshchandra Shah		Rs. 5,00,000/- (Rs. Five Lakhs only)
Total penalty		**Rs. 70,00,000/- (Seventy Lakhs only)**

48. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through online payment facility available on the SEBI website www.sebi.gov.in on the following path, by clicking on the payment link:-

ENFORCEMENT → Orders → Orders of AO → PAY NOW

49. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid to the Enforcement Department of SEBI. The Noticees shall provide the following details while forwarding DD/ payment information:

    a) Name and PAN of the entity (Noticee)
    b) Name of the case / matter
    c) Purpose of Payment – Payment of penalty under AO proceedings
    d) Bank Name and Account Number
    e) Transaction Number

50. Copies of this Adjudication Order are being sent to the Noticees and also to SEBI in terms of Rule 6 of the Adjudication Rules.

DATE: AUGUST 27, 2020	**MANINDER CHEEMA**
PLACE: MUMBAI	**ADJUDICATING OFFICER**