BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. :Order/PM/NS/2022-23/16144-16156]

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

In respect of

Noticee No.	Noticee Name	PAN
1	Ms. Jyoti Devi	AJYPD5803B
2	Ms. ReenaVerma	AJXPV3261A
3	Ms. Shweta Goel	AERPG3479C
4	Mr. Rajeev Kumar	AASPK3589N
5	Mr. Akshit Gupta	AXQPG3360G
6	Mr. Panchal Shanti Lal	AYJPP0602N
7	Mr. Motilal Ahuja	ATKPA9288R
8	Ms. Menika	BUQPM7890F
9	Mr. Sanjay Gupta	ALCPG7419G
10	Mr. Divesh Singh	EPBPS0458J
11	Mr. Akash	AQKPA3180F
12	Ms. Monika	BOXPM5309C
13	Mr. Rajesh Kumar	ALKPK3782A

*(hereinafter collectively referred to as "**Noticees**")*

In the matter of trading activities in the scrip of Swan Energy Limited

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BACKGROUND

1. SEBI conducted investigation In the matter of trading activities in the scrip of Swan Energy Limited ((hereinafter referred to as "**the Company"/SWAN**) for the period

January 01, 2015 to March 05, 2015 (hereinafter referred to as "**Investigation Period / IP**") examining the trading activity in the scrip. On the basis of investigation conducted by SEBI, it was inter-alia alleged that 13 Noticees have violated the provisions of regulations 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**").In view of the same, adjudication proceedings was initiated against the 13 entities under Section 15HA of the SEBI Act, 1992 for alleged violations of regulations 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of PFUTP Regulations

APPOINTMENT OF ADJUDICATING OFFICER

2. Initially, Shri Santosh Shukla, Chief General Manager was appointed as the Adjudicating Officer (AO), vide Communiqué dated June 25, 2019 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under the provisions of Section 15HA of the SEBI Act, the alleged violations of the relevant provisions of PFUTP Regulations by the Noticees. Pursuant to the transfer of Shri Amit Pradhan was appointed as the Adjudicating Officer (AO), vide Communiqué dated January 07, 2020. Subsequentely, the undersigned was appointed as the AO in the matter vide Communiqué dated June 21, 2021.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

3. A common show cause notice dated November 16, 2020 (hereinafter referred to as '**SCN'**) was issued, *inter-alia*, to the aforementioned 13 entities in the matter, under the provisions of Rule 4(1) of the Adjudication Rules, to show cause as to

why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under Section 15HA of the SEBI Act for alleged violation of the relevant provisions of law. The allegations in the SCN are as follows.

4. M/s Swan Energy Limited (hereinafter referred to as "the Company") is a company having its shares listed on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange Limited ("NSE"). An investigation was conducted by SEBI regarding trading activity in the scrip of the Company during the period January 01, 2015 to March 05, 2015 (hereinafter referred to as "the investigation period" or "IP") and following was observed:

a. **PRICE VOLUME DATA (Source – BSE website and NSE website):**

The price volume data of the scrip in NSE and BSE for the period before, during and after the investigation period was observed as following:

NSE **Table - 1**

Particulars	**Period**		**Opening Price/volume on first day of the period(₹)**	**Closing price/volume on last day of the period (₹)**	**Low price/volume during the period (₹)**	**High Price/volume during the period (₹)**	**Total shares traded (Avg. no. of shares traded daily during the period)**
Before IP	**01/10/2014 to 31/12/2014**	**Price**	58.05	55.10	53.90 (10/12/2014)	61.50 (23/10/2014)	20348883 (350843)
		Vol.	459670	281389	1,07,724 (23/10/2014)	4,98,488 (20/10/2014)	
During the IP	**01/01/2015 to 05/03/2015** (45 trading days)	**Price**	55.5	54.9	51.5 (07/01/2015)	56.9 (13/01/2015)	11334927 (251887)
		Vol	678	405	173 (03/03/2015)	1081 (07/01/2015)	
After IP		**Price**	55.25	61.3	55	70	28840774

Particulars	Period		Opening Price/volume on first day of the period(₹)	Closing price/volume on last day of the period (₹)	Low price/volume during the period (₹)	High Price/volume during the period (₹)	Total shares traded (Avg. no. of shares traded daily during the period)
	06/03/2015 to 05/06/2015 (61 trading days)		(09/03/2015)		(09/03/2015)	(30/03/2015)	(472800)
		Vol	571 (09/03/2015)	2165	571 (09/03/2015)	6753 (08/05/2015)	

BSE **Table - 2**

Particulars	Period		Opening Price/volume on first day of the period(₹)	Closing price/volume on last day of the period (₹)	Low price/volume during the period (₹)	High Price/volume during the period (₹)	Total shares traded (Avg. no. of shares traded daily during the period)
Before IP	**01/10/2014 to 31/12/2014**	**Price**	59.55	55.00	53.85 (16/12/2014)	61.25 (23/10/2014)	20263601 (349372)
		Vol.	4,74,313	2,65,179	1,01,712 (23/10/2014)	5,34,221 (20/10/2014)	
During the IP	**01/01/2015 to 05/03/2015** (45 trading days)	**Price**	55.5	55.35	53.05 (07/01/2015)	57 (16/01/2015)	10906017 (242356)
		Vol	714	472	313 (04/03/2015)	1727 (07/01/2015)	
After IP	**06/03/2015 to 05/06/2015** (61trading days)	**Price**	55.5 (09/03/2015)	61.3	55 (09/03/2015)	72.95 (26/05/2015)	31727714 (520126)
		Vol	1158 (09/03/2015)	1131	610 (02/06/2015)	7213 (11/03/2015)	

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b. Upon analysis of UCC data, KYC documents, off market transactions, bank statements and MCA data of the entities who were involved in executing synchronized trades in scrip of the Company, following 15 entities were observed to be connected amongst themselves:

Table 3

<table>
<tr><th>S. No.</th><th>PAN</th><th>Name</th><th>Connection Details</th></tr>
<tr><td>1</td><td>BOXPM5309C</td><td>Monika, Noticee No. 12</td><td rowspan="14">• Monika, Menika and Akash have common number 9999888015.
• Monika and Menika have common e-mail: deepakkgrade@gmail.com.
• As per the reply of the broker viz., Maxgrowth Capital Private Limited Akash, Monika and Sanjay Gupta were introduced by same person viz., Deepak Kumar.
• As per the reply of the broker viz., Maxgrowth Capital Private Limited Menika, Pankaj Sharma and Rajkumar Sain were introduced by same person viz., Sujeet Kumar Singh.
• Menika has bank transactions with Akshit Gupta. Account number 2111461787 of Menika with Kotak Mahindra Bank.
• Akash has bank transactions with Akshit Gupta. Account number 01291050187962 of Akash with HDFC.
• Menika has bank transactions with Akshit Gupta. Account number 0627000102437475 of Menika with Punjab National Bank.
• Kumar Rajeev and Shweta Goel have common number 9811148585.
• Shweta Goel, Jyoti Devi and Akshit Gupta have common e-mail id i.e. aksh.gupta.18@gmail.com.
• Jyoti Devi and Akshit Gupta have common address: 11/218,St No. 1C, West Azad Nagar, Krishna Nagar, Delhi – 110051, as per the reply of the broker viz., VNS Finance & Capital Services Ltd.</td></tr>
<tr><td>2</td><td>BUQPM7890F</td><td>Menika, Noticee No. 8</td></tr>
<tr><td>3</td><td>AQKPA3180F</td><td>Akash, Noticee No.11</td></tr>
<tr><td>4</td><td>ALCPG7419G</td><td>Sanjay Gupta, Noticee No. 9</td></tr>
<tr><td>5</td><td>BKJPS9041R</td><td>Rajkumar Sain</td></tr>
<tr><td>6</td><td>CAQPS7413B</td><td>Pankaj Sharma</td></tr>
<tr><td>7</td><td>AASPK3589N</td><td>Rajeev Kumar, Noticee No. 4</td></tr>
<tr><td>8</td><td>AERPG3479C</td><td>Shweta Goel, Noticee No. 3</td></tr>
<tr><td>9</td><td>AJYPD5803B</td><td>Jyoti Devi, Noticee No. 1</td></tr>
<tr><td>10</td><td>AXQPG3360G</td><td>Akshit Gupta, Noticee No. 5</td></tr>
<tr><td>11</td><td>AJXPV3261A</td><td>ReenaVerma, Noticee No. 2</td></tr>
<tr><td>12</td><td>ALKPK3782A</td><td>Rajesh Kumar, Noticee No. 13</td></tr>
<tr><td>13</td><td>AYJPP0602N</td><td>Panchal Shanti Lal, Noticee No. 6</td></tr>
<tr><td>14</td><td>EPBPS0458J</td><td>Divesh Singh, Noticee No. 10</td></tr>
</table>

S. No.	PAN	Name	Connection Details
15	ATKPA9288R	MotiLal Ahuja, Noticee No. 7	• Bank transactions between Jyoti Devi and Akshit Gupta as per bank statement of JyotiDevi bank account number 53000101059796, Canara Bank. • Bank transactions between Kumar Rajeev and Akshit Gupta as per bank statement of Kumar Rajeev bank account number 605310310000463, Bank of India. • Bank transactions between Shweta Goel and Jyoti Devi as per bank statement of Shweta Goel bank account number 413702010007205 – Union Bank of India. • As per the reply of the broker *viz*., Ashlar Securities Pvt. Ltd Akash, ReenaVerma, and Sanjay Gupta were introduced by same person *viz*., Parijat. • ReenaVerma and Panchal Shanti Lal have common telephone number 8505856972. • ReenaVerma and Rajesh Kumar Lal have common telephone number 9212020104. • ReenaVerma and Divesh Singh have common telephone number 9711750159. • Divesh Singh and MotiLal Ahuja have common e-mail id - amangupta2000@in.com

c. The aforesaid 15 entities are referred hereinafter as '*connected entities'*. The copies of the following relied upon documents to show connection amongst the said *connected entities* are enclosed:

d. The top 10 buy and selling clients and their trading detail in the scrip on NSE and BSE during the investigation period is given in the following table:

NSE: **Table 4**

S. No.	Buy Client Name	Gross Buy	% of Gross Buy to Mkt. Vol.	Sell Client Name	Gross Sell	% of Gross Sell to Mkt. Vol.
1	HemangiDipakbhaiJethva	408747	3.61%	HemangiDipakbhaiJethva	408747	3.61%
2	Dhananjay Kumar	353839	3.12%	MahasukhraiHargovindbhai Shah	394341	3.48%
3	MahasukhraiHargovindbhai Shah	349803	3.09%	Dhananjay Kumar	353839	3.12%
4	Jyoti Devi	333769	2.94%	Smithblock Financial Services Private Limited	338768	2.99%
5	BeenaMukesh Shah	322349	2.84%	Jyoti Devi	333769	2.94%
6	RanaKaransinhTapubha	313428	2.77%	BeenaMukesh Shah	322350	2.84%
7	Smithblock Financial Services Private Limited	284492	2.51%	RanaKaransinhTapubha	263500	2.32%
8	TosifYunusbhaiAmroniya	255640	2.26%	SavanKeshavlalPrajapati	248966	2.20%
9	SavanKeshavlalPrajapati	248966	2.20%	TosifYunusbhaiAmroniya	230335	2.03%
10	ReenaVerma	199933	1.76%	Chudasama Prakash R	203661	1.80%
	Total	**3070966**	**27.09%**	**Total**	**3098276**	**27.33%**
	Market Total	**11334927**	**100.00%**	**Market Total**	**11334927**	**100.00%**

BSE: **Table 5**

S. No.	Buy Client Name	Gross Buy	% of Gross Buy to Mkt. Vol.	Sell Client Name	Gross Sell	% of Gross Sell to Mkt. Vol.
1	HemangiDipakbhaijethva	375385	3.44%	HemangiDipakbhaijethva	375385	3.44%
2	MahasukhraiHargovindbhai Shah	346801	3.18%	Quadeye Securities Pvt Ltd	334889	3.07%

3	Quadeye Securities Pvt Ltd	334889	3.07%	Dhananjay Kumar	330172	3.03%
4	Dhananjay Kumar	330172	3.03%	Jyoti Devi	319200	2.93%
5	Jyoti Devi	319200	2.93%	MahasukhraiHargovindbhai Shah	302263	2.77%
6	BeenaMukesh Shah	298400	2.74%	BeenaMukesh Shah	298400	2.74%
7	Shweta Goel	238191	2.18%	RanaNarendrasinhKaransinh	238191	2.18%
8	SavanKeshavlalPrajapati	232213	2.13%	RanaKaransinhTapubha	234002	2.15%
9	ReenaVerma	206943	1.90%	SavanKeshavlalPrajapati	232530	2.13%
10	Smithblock Financial Services Pvt Ltd	204080	1.87%	ReenaVerma	232213	2.13%
	Total top 10	**2886274**	**26.46%**	**Total top 10**	**2897245**	**26.57%**
	Market Total	**10906017**	**100.00%**	**Market Total**	**10906017**	**100.00%**

e. It was observed that on NSE, top 10 clients on buy side contributed to 27.09% of the market volume and on sell side contributed to 27.33% of the market volume. On BSE, top 10 clients on buy side contributed to 26.46% of the market volume and on sell side contributed to 26.57% of the market volume.

f. The market volume in the scrip of the Company on NSE during the inspection period was 1,13,34,927 shares and there were 356 buyers and 452 sellers. The details of the trading of the aforesaid *connected entities* in the scrip of the Company on NSE during the inspection period is as follows:

NSE **Table 6**

S. NO.	NAME	Gross Buy	Gross Sell	Net Trade	Gross Buy % to market volume	Gross Sell % to market volume
1	Jyoti Devi	333769	333769	0	2.94%	2.94%
2	ReenaVerma	199933	199933	0	1.76%	1.76%

S. NO.	NAME	Gross Buy	Gross Sell	Net Trade	Gross Buy % to market volume	Gross Sell % to market volume
3	Shweta Goel	199586	199586	0	1.76%	1.76%
4	MotiLal Ahuja	189968	189968	0	1.68%	1.68%
5	Rajeev Kumar	179810	179810	0	1.59%	1.59%
6	Akshit Gupta	136498	136498	0	1.20%	1.20%
7	Divesh Singh	123068	123068	0	1.09%	1.09%
8	Panchal Shanti Lal	104048	104048	0	0.92%	0.92%
9	Akash	101819	101819	0	0.90%	0.90%
10	Rajesh Kumar	100944	100944	0	0.89%	0.89%
11	Menika	90113	90113	0	0.80%	0.80%
12	Sanjay Gupta	86483	86483	0	0.76%	0.76%
13	Monika	37716	37716	0	0.33%	0.33%
14	Pankaj Sharma	12500	12500	0	0.11%	0.11%
Group Total		**1896255**	**1896255**	**0**	**16.73%**	**16.73%**

g. It was observed that on NSE, the aforementioned *connected entities* have contributed to 16.73% to market volume on both buy side and sell side.

h. The market volume in the scrip of the Company on BSE during the inspection period was 1,09,06,017 shares and there were 297 buyers and 350 sellers. The details of the trading of the said *connected entities* in the scrip of the Company on BSE during the inspection period is as follows:

BSE **Table 7**

S. NO.	NAME	Gross Buy	Gross Sell	Net Trade	Gross Buy % to market volume	Gross Sell % to market volume
1	Jyoti Devi	319200	319200	0	2.93%	2.93%
2	Shweta Goel	238191	238191	0	2.18%	2.18%
3	ReenaVerma	206943	206943	0	1.90%	1.90%
4	Rajeev Kumar	193954	193954	0	1.78%	1.78%
5	MotiLal Ahuja	173489	173489	0	1.59%	1.59%
6	Divesh Singh	124196	124196	0	1.14%	1.14%
7	Akash	113943	113943	0	1.04%	1.04%
8	Shanti Lal Panchal	110693	110693	0	1.01%	1.01%
9	Rajesh Kumar	97473	97473	0	0.89%	0.89%
10	Sanjay Gupta	96865	96865	0	0.89%	0.89%
11	Monika	81345	81345	0	0.75%	0.75%
12	Menika	79580	79580	0	0.73%	0.73%
13	Akshit Gupta	18451	18451	0	0.17%	0.17%
14	Raj Kumar Sain	13900	13900	0	0.13%	0.13%
Group Total		**1868223**	**1868223**	**0**	**17.13%**	**17.13%**

i. It was observed that on BSE, the said *connected entities* had contributed to 17.13% to market volume on both buy side and sell side.

5. The synchronized trades are the trades where the buy and sell order quantity and rate were identical and orders for these transactions were placed in a time gap of within one minute. Analysis of synchronized trades of the said *connected entities* in the scrip of the Company during the investigation period was carried out separately for NSE and BSE. The details of same are as follows:

Table 8

Gross Buy Qty of connected entities	Gross Sell Qty of connected entities	Total traded qty among connected entities	Synchronized traded qty by connected entities	Sync Trades as % of total traded qty among the connected entities	Sync Trades as % of Total market volume	Sum of LTP at Sync Trades
NSE						
1896255	1896255	1502643	1389701	92.48%	12.26%	2.00
BSE						
1868223	1868223	1441550	1336593	92.72%	12.26%	0.15

i. It was observed that the said *connected entities* have executed synchronized trades that contributed 12.26% to market volume on NSE and BSE, which was substantial.

ii. Out of the said *connected entities*, 13 entities, who had executed synchronized trades in the scrip of the Company on NSE/BSE during the investigation period are as follows:

NSE: **Table 9**

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
1	Jyoti Devi	218225	109	230912	107	449113	215	32.32%
2	ReenaVerma	151110	255	156465	259	307571	511	22.13%
3	Shweta Goel	153459	67	148930	69	302389	136	21.76%
4	MotiLal Ahuja	123850	245	122465	240	246308	483	17.72%
5	Rajeev Kumar	119617	48	119511	49	239128	97	17.21%
6	Akshit Gupta	105115	42	97973	39	203088	81	14.61%

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
7	Panchal Shanti Lal	91553	153	92277	156	183780	308	13.22%
8	Divesh Singh	94418	310	86595	303	180788	594	13.01%
9	Menika	76081	80	84008	96	160089	176	11.52%
10	Rajesh Kumar	77206	355	80335	360	157497	699	11.33%
11	Sanjay Gupta	80548	93	73238	77	153786	170	11.07%
12	Akash	62946	62	61658	59	124604	121	8.97%
13	Monika	35573	44	35334	49	70907	93	5.10%
Grand Total		**1389701**	**1863**	**1389701**	**1863**	**2779048**	**1863**	**100.00%**

BSE: **Table10**

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
1	Jyoti Devi	209214	153	207820	141	417034	294	31.20%
2	ReenaVerma	164783	308	164253	302	329021	595	24.62%
3	Shweta Goel	157106	102	155855	109	312961	211	23.41%

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
4	Rajeev Kumar	136728	74	142311	82	279039	156	20.88%
5	MotiLal Ahuja	118740	260	115878	255	234601	498	17.55%
6	Panchal Shanti Lal	101267	209	97624	197	198891	406	14.88%
7	Divesh Singh	83486	302	90965	328	172017	176	12.87%
8	Akash	86978	91	85039	85	174440	619	13.05%
9	Sanjay Gupta	82521	98	85890	90	168411	188	12.60%
10	Monika	72680	85	72212	92	144892	177	10.84%
11	Menika	71825	77	69474	84	141299	161	10.57%
12	Rajesh Kumar	44086	260	43642	257	87714	503	6.56%
13	Akshit Gupta	7179	15	5630	12	12809	27	0.96%
Grand Total		**1336593**	**2034**	**1336593**	**2034**	**2673129**	**4011**	**100.00%**

iii. It was observed that the synchronized trades were executed by aforesaid 13 *connected entities* in a repeated manner on NSE and BSE and same cannot be said to be mere co-incidence. Such a pattern of synchronized trades among aforesaid 13 *connected entities* in the scrip of the Company on NSE and BSE during the investigation period indicates that there was no change in beneficial ownership and such non-genuine trades among said 13 *connected entities* created misleading appearance of trading in the scrip of the Company. Details of the synchronized trades executed by the aforesaid 13 *connected entities* on NSE

6. Reversal trades have been classified as those trades in which an entity reverses the shares bought or sold with a subsequent sell or buy with the same counterparty during the same day. Details of reversal trades executed by aforesaid 13 *connected entities* on NSE and BSE during the investigation period is shown as follows:

NSE: **Table 11**

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Shweta Goel	Jyoti Devi	85594	85687	85281	170562	95	17
Sanjay Gupta	Menika	84115	84331	83463	166926	212	12
Jyoti Devi	Akshit Gupta	78363	76814	76150	152300	74	13
Rajeev Kumar	Jyoti Devi	69281	68996	68848	137696	64	16
ReenaVerma	Motilal Ahuja	61196	61488	61164	122328	218	7
Rajesh Kumar	Motilal Ahuja	48950	48871	48371	96742	241	5
ReenaVerma	Panchal ShantiLlal	43399	44205	43398	86796	157	7
ReenaVerma	Divesh Singh	45152	43201	43191	86382	108	4
Rajeev Kumar	Shweta Goel	38098	37561	37011	74022	29	9
Akash	Monika	36410	36342	35332	70664	102	7
Panchal Shanti Lal	Divesh Singh	35178	34858	34683	69366	101	4
Shweta Goel	Akshit Gupta	33923	32910	32233	64466	26	8
Rajesh Kumar	Divesh Singh	21558	21049	21039	42078	440	4
Motilal Ahuja	Panchal Shanti Lal	19826	19688	19669	39338	71	2

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Rajeev Kumar	Akash	15000	15000	15000	30000	9	3
ReenaVerma	Rajesh Kumar	15003	14953	14953	29906	79	2
Jyoti Devi	Akash	7500	7479	7479	14958	9	1
Akash	Menika.	4927	4861	4861	9722	13	1
Rajeev Kumar	Akshit Gupta	4950	4163	4163	8326	4	1
Rajesh Kumar	Panchal Shanti Lal	1844	1844	1844	3688	16	1
Jyoti Devi	Rajesh Kumar	1	144	1	2	2	1
TOTAL		**750268**	**744445**	**738134**	**1476268**	**2070**	

i. It was observed that the aforesaid 13 *connected entities* have executed 2070 reversal trades in the scrip of the Company on NSE during the investigation period and the reversal trade quantity was 7,38,134 shares. The artificial volume generated through execution of such reversal trades was 1476268 shares which was 13.02% of total market volume during the investigation period.

ii. The entity wise details of reversal trades executed by aforesaid 13 *connected entities* on NSE during the investigation period is shown in table below:

NSE: **Table 12**

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
1	Jyoti Devi	237759	475518	244	4.20%
2	ReenaVerma	162706	325412	562	2.87%
3	Shweta Goel	154525	309050	150	2.73%
4	Motilal Ahuja	129204	258408	530	2.28%
5	Rajeev Kumar	125022	250044	106	2.21%
6	Akshit Gupta	112546	225092	104	1.99%
7	Panchal Shanti Lal	99594	199188	345	1.76%

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
8	Divesh Singh	98913	197826	649	1.75%
9	Menika	88324	176648	225	1.56%
10	Rajesh Kumar	86208	172416	778	1.52%
11	Sanjay Gupta	83463	166926	212	1.47%
12	Akash	62672	125344	133	1.11%
13	Monika	35332	70664	102	0.62%
TOTAL		**738134**	**1476268**	**2070**	**13.02%**

iii. Details of reversal trades executed by aforesaid 13 *connected entities* on BSE during the investigation period is as follows:

BSE: **Table 13**

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Rajeev Kumar	Jyoti Devi	87934	86923	84433	168866	123	20
ReenaVerma	MotiLal Ahuja	84551	83044	83043	166086	241	8
Sanjay Gupta	Menika	78449	77674	77064	154128	198	12
Shweta Goel	Jyoti Devi	70264	73048	69852	139704	107	16
Akash	Monika	69707	69493	67982	135964	186	12
ReenaVerma	Panchal Shanti Lal	50887	51304	50879	101758	189	8
ReenaVerma	Divesh Singh	45857	46508	45857	91714	214	5
Panchal Shanti Lal	Divesh Singh	45580	46067	45469	90938	217	4
Shweta Goel	Jyoti Devi	42636	41917	41917	83834	63	8
Rajesh Kumar	MotiLal Ahuja	37935	38203	37616	75232	276	5
Rajeev Kumar	Shweta Goel	34925	34999	34921	69842	24	7
Rajeev Kumar	Akash	15000	14979	14979	29958	9	3
MotiLal Ahuja	Panchal Shanti Lal	9780	9780	9780	19560	44	1

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Sanjay Gupta	Monika	10052	9045	9045	18090	22	2
Shweta Goel	Akshit Gupta	8129	7682	7682	15364	39	2
Jyoti Devi	Akash	7479	7505	7479	14958	12	1
Rajesh Kumar	Divesh Singh	6154	5913	5913	11826	270	3
Jyoti Devi	Sanjay Gupta	4002	4015	4002	8004	7	1
Rajesh Kumar	Panchal Shanti Lal	2584	2584	2584	5168	10	1
Rajeev Kumar	Shweta Goel	2500	2500	2500	5000	3	1
Shweta Goel	Sanjay Gupta	911	663	22	44	5	2
Shweta Goel	Menika	4	399	4	8	4	1
TOTAL		**715320**	**714245**	**703023**	**1406046**	**2263**	

iv. It was observed that the aforesaid 13 *connected entities* have executed 2263 reversal trades in the scrip of the Company during the inspection period on BSE and the reversal trade quantity was 7,03,023 shares. The artificial volume generated through execution of such reversal trades by said 13 *connected entities* during the inspection period was 14,06,046 shares, which was 12.89% of total market volume during such period.

v. The entity wise details of reversal trades executed by aforesaid 13 entities on BSE during the investigation period is shown in table below:

BSE: **Table 14**

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
1	Jyoti Devi	207683	415366	312	3.81%
2	ReenaVerma	179779	359558	644	3.30%
3	Shweta Goel	156898	313796	245	2.88%

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
4	Rajeev Kumar	136833	273666	159	2.51%
5	MotiLal Ahuja	130439	260878	561	2.39%
6	Panchal Shanti Lal	108712	217424	460	1.99%
7	Divesh Singh	97239	194478	701	1.78%
8	Akash	90440	180880	207	1.66%
9	Sanjay Gupta	90133	180266	232	1.65%
10	Menika	77068	154136	202	1.41%
11	Monika	77027	154054	208	1.41%
12	Rajesh Kumar	46113	92226	556	0.85%
13	Akshit Gupta	7682	15364	39	0.14%
TOTAL		**703023**	**1406046**	**2263**	**12.89%**

vi. The execution of reversal trades by aforesaid 13 *connected entities* in a repeated manner on multiple days on NSE and BSE cannot be said to be mere co-incidence. Such a pattern of reversal trades among the said 13 *connected entities* indicates that there was no change in beneficial ownership and such non-genuine trades among such 13 *connected entities* created artificial volume and misleading appearance of trading in the scrip of the Company during investigation period. The details of reversal trades of aforesaid 13 *connected entities* on NSE

7. In view of the above findings, SEBI noted that aforesaid 13 *connected entities viz*. Ms. Jyoti Devi, Ms. ReenaVerma, Ms. Shweta Goel, Mr. Rajeev Kumar, Mr. Akshit Gupta, Mr. Panchal Shanti Lal, Mr. Motilal Ahuja, Ms. Menika, Mr. Sanjay Gupta, Mr. Divesh Singh, Mr. Akash, Ms. Monika and Mr. Rajesh Kumar (hereinafter commonly referred as 'the Noticees') entered into reversal trades and synchronized trades among themselves on NSE and BSE, which indicates that there was no change in beneficial ownership and such non-genuine trades among the Noticees created misleading appearance of trading in the scrip of the Company during investigation period. Such an act of the Noticees has been allegedly found in violations of the provisions of sections 12A(a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade

Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").

Replies

<u>Noticee 3 (Ms. Shweta Goel) & Noticee 4 (Mr. Rajeev Kumar)</u>

8. The SCN was delivered to both the Noticees. Noticee 3 & Noticee 4. Noticees *vide* email dated August 12, 2020, *inter alia* submitted that.*We are in receipt of a Show cause notice from your office dated 16th July 2020 in terms of rule 4 of the Adjudication rules U/S 15HA of the SEBI Act and which was received by us on 30th July 2020.Kindly find the reply for your office SCN mentioned above for myself Rajeev Kumar and my wife Mrs Shweta Goel both resident of F-15/399, IIIrd floor, Laxmi Nagar, Tikona Park, Delhi -110092 (old address with your office is R/34, Ramesh park, Laxmi nagar, Delhi-110092) Sir, the facts and datas shared with us in your notice are very shocking and surprising for us, as we were never been in knowledge of these trading activities of such quantity of script name "SWAN ENERGY LTD" and, the shocking facts and details to disclose with your office is that we had opened the trading account with the stock broker "Anandrathi share and stock broker" for me and my wife Mrs Shweta Goel with mere amount of Rs 20,000/- in each account. We never traded in our account ourselves. A broker's agent named "Akshit Gupta" was in our touch constantly and pleaded and tried to convince us perpetually at the time period of Jan 2015 to Feb. 2015 to open a trading account for both of us with his broker company. With so many follow ups of that person we excused him for ourselves that we had no money to open the trading account, Here again that Akshit Gupta convinced us that he would make our income of Rs 20,000/- each for both of us… myself and my wife. Where I am in trading of auto parts, invertors and batteries, that Akshit Gupta bought an inverter with batteries set of Rs 20,000/- and also given income to my wife Mrs Shweta Goel (who runs a boutique from home) for boutique and ladies suits income from his relative Mrs Jyoti Devi. (Our Income tax returns and financials are*

annexed for the proof). Where he already made us agree to open a trading account with his broker company with the money which he helped to generate income for us, so he could meet his sales target and also can help us in generating some income from share markets tips. Without knowledge of mala fide intentions of Akshit Gupta and his broker company we finally opened the trading account with his broker. Where we never traded ourselves in our trading account and only Mr Akshit Gupta traded in our account which can be clearly understood with the email Id registered in our trading account of Akshit gupta namely… aksh.gupta18@gmail.com ; which same email id is also used in his and his relative's trading account as stated by your office SCN mentioned in page no 3 table no 3.Moreover, it is very much clear from the trades itself that it is a breach of trust done from the broker and its agent Akshit Gupta ,as from prima facie fact it can be understood that how it is possible to make such huge amount trades worth Rs Crores in cash segment shares on a petty margin of Rs 20,000/- only.Sir, it is very shocking and painful for us in both ways that first in 2015 we suffered loss through Akshit Gupta in our trading account, where we got only refund of Rs 13059/- in my account out of Rs 20,000/- Deposited and in my wife account only refund of Rs 13988/- out of Rs 20,000/- deposited and now, After 5 years we awfully are in notice of this misconduct too in our trading accounts.Sir, we request you to take appropriate action against the broker and agent for this misconduct and breach of trust and also kindly advise us too if it is required to a lodge a formal complaint other than this letter to your office or other. With the above facts stated we strongly deny for the knowledge of these unfair trades in our accounts and also request you to conduct an inquiry against broker that how they allowed such huge trades worth of more than Crores in rupees, on such petty nominal margin of Rs 20,000/- in each account of us.Please advise us if any further steps to be taken, or for your co-operation.

9. Vide Hearing Notice dated December 24, 2021, the Noticee 3 &4 were granted an opportunity of personal hearing on January 05, 2022, the Noticees were also

granted an opportunity to submit their reply, if any, to the SCN. The copy of the aforesaid hearing notice was sent to Noticee 3 & Noticee 4 through email at their email id – raasgoel@gmail.com. However Noticee 3 & Noticee 4 did not attended the hearing on the scheduled date. Thereafter, vide email dated February 04, 2022, hearing notice sent to Noticee 3 & Noticee 4 on the aforementioned email id, Noticee 3 & Noticee 4 was granted one more opportunity of personal hearing on March 04, 2022. It was informed that in case the Noticees fails to appear for the aforesaid hearing the matter would be proceed on the basis of the material available on record. However, neither did Noticee 3 & Noticee 4 appeared for the said hearing nor did they file any response.

Noticee 5 (Mr. Akshit Gupta)

10. The SCN sent to Noticee 5 at his address delivered on July 31 2020. However, no reply was received from the Noticee. Vide Hearing Notice dated December 24, 2021, Noticee 5 was granted an opportunity of personal hearing on January 05, 2022. The said hearing Notice was delivered on the address of Noticee 5 on December 29, 2021. However no reply was received from Noticee 5. Thereafter, vide Hearing Notice dated February 03, 2022 the Noticee 5 was granted an opportunity of personal hearing on March 04, 2022. The said hearing Notice was delivered on the address of Noticee 5 on February 08,2022 However, neither did the Noticee appear on the dates of scheduled hearing, nor did the Noticee filed any reply to the said SCN till date.

Noticee 1 (Ms. Jyoti Devi.),Noticee 2 (Ms. ReenaVerma),Noticee 6 (Mr. Panchal Shanti Lal),Noticee 7 (Mr. Motilal Ahuja),Noticee 8 (Ms. Menika), Noticee 9 (Mr. Sanjay Gupta),Noticee 10 (Mr. Divesh Singh), Noticee 11 (Mr. Akash), Noticee 12 (Ms. Monika) and Noticee 13 (Mr. Rajesh Kumar)

11. The SCN sent to Noticees mentioned above returned undelivered. Thereafter in terms of Rule 7(b) of Adjudication Rules the SCN was send to 9 Noticees including Noticee 5 via digitally signed email dated January 07, 2021. It was noted that SCN was delivered to only 7 Noticees. However, no reply was filed by any of the Noticee. Further In terms of Rule 7 (d) of SEBI Adjudication Rules Show cause cum hearing notice was serviced to all Noticees mentioned above except to Noticee 10 through paper publication *Vide* The Times of India Newspaper (Chandigarh & Varanasi Edition), The Hindustan Times Newspaper (Delhi Edition), Navbharat Times Newspaper (Delhi Edition), Dainik Jagran Newspaper (Ghaziabad & Varanasi Edition) and Dainik Bhaskar Newspaper (Chandigarh Edition) dated March 02, 2021. However no reply is received from any of the Noticees. Further Show cause cum hearing notice was again serviced to all Noticees mentioned above through paper publication *Vide* The Times of India Newspaper (Delhi , Varanasi & Chandigarh Edition), Navbharat Times Newspaper (Delhi Edition), Dainik Jagran Newspaper (Varanasi Edition) and Dainik Bhaskar Newspaper (Chandigarh Edition) dated May 26, 2021. However no reply is received from any of the Noticees. Pursuant to the appointment of the undersigned as AO Show cause cum hearing notice was again serviced to all Noticees mentioned above through paper publication Vide The Times of India Newspaper (Delhi & NCR and Chandigarh Edition), Navbharat Times Newspaper (Delhi & NCR edition), Dainik Jagran Newspaper (Chandigarh Edition) and Ajit Newspaper (Chandigarh Edition) dated February 15, 2022. However, neither did the Noticees appear on the dates of scheduled hearing, nor did the Noticees filed any reply to the said SCN till date.

12. I note that the Noticees except Noticee 3 & 4 have not submitted any reply nor have availed the opportunity of personal hearing provided to them. Considering the above, I am of the view that that they have nothing to submit and in terms of rule 4(7) of the Rules, the matter can be proceeded ex-parte on the basis of material available on record in case of all the Noticees except Noticee 3 & 4. In

absence of any response from the Noticees except Noticee 3 & 4 to the SCN, I presume that that they have admitted the charges levelled against them. In this regard, it is pertinent to note that the Hon'ble Securities Appellate Tribunal (SAT) in the matter of *Classic Credit Ltd. vs. SEBI* (Appeal No. 68 of 2003 decided on December 08, 2006) has, inter alia, observed that, *"......the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show cause notice were admitted by them".* It is also pertinent to note that the Hon'ble SAT in the matter of Sanjay Kumar Tayal (File Ref No.: EAD2/SS/VS/64/111/2019-20) & Others vs SEBI (Appeal No. 68 of 2013 decided on February 11, 2014), has also, inter alia, observed that: "........... *appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges leveled against them in the show cause notices..."*Further, the same position is reiterated by the Hon'ble 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..."*

13. Further, in view of the aforesaid observations made by the Hon'ble SAT, I find no reason to take a different view and accordingly, I deem it appropriate to proceed against them ex-parte in case of all the Noticees except Noticee 3 & 4. I note that

Noticee 3 & 4 has not submitted reply on the merits of the case. Therefore, I deem it appropriate to proceed based on the material available on record.

ISSUES FOR CONSIDERATION AND FINDINGS

14. I have taken into consideration the facts and circumstances of the case, the material on record, the reply submitted by the Noticee 3 & 4. The issues that arise for consideration in the present case are:

    a) Whether the Noticees have violated the provisions of Regulation 12A(a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").?

    b) Does the violations, if any, attract monetary penalty under Section 15HA of SEBI Act, 1992?

    c) If so, what would be the monetary penalty that can be imposed taking into consideration the factors mentioned in Section 15J of SEBI Act, 1992?

Whether the Noticees have violated the provisions of Regulation 12A(a), (b), (c) of the SEBI Act read with Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "PFUTP Regulations").?

15. It is pertinent to mention here the relevant provisions of PFUTP Regulations and SEBI Act, 1992 alleged to have been violated by the Noticees:-

SEBI Act, 1992

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 2003

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;

(b) to (f) ….

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

16. It has been alleged that the Noticees had entered into reversal trades and synchronized trades among themselves on NSE and BSE, which indicates that there was no change in beneficial ownership and such non-genuine trades among the Noticees created misleading appearance of trading in the scrip of the Company. The method and the manner in which the trades executed are the most important factors to be considered in these circumstances and the motive thereafter, automatically falls in line.

17. I note that investigation has identified a group of 15 entities who are referred to as *connected entities*. The inter-se relationship among the connected entities has been brought on the basis of Know Your Client (KYC)/Unique client code (UCC) details, MCA website, Bank statements and Off market and the same has been

elaborated in annexures of the SCN issued to the Noticees. The details of the 15 connected entities are as follows:-

Table 15

<table>
<tr><th>S. No.</th><th>PAN</th><th>Name</th><th>Connection Details</th></tr>
<tr><td>1</td><td>BOXPM5309C</td><td>Monika, Noticee No. 12</td><td rowspan="14">

Monika, Menika and Akash have common number 9999888015.
Monika and Menika have common e-mail: deepakkgrade@gmail.com.
As per the reply of the broker viz., Maxgrowth Capital Private Limited Akash, Monika and Sanjay Gupta were introduced by same person viz., Deepak Kumar.
As per the reply of the broker viz., Maxgrowth Capital Private Limited Menika, Pankaj Sharma and Rajkumar Sain were introduced by same person viz., Sujeet Kumar Singh.
Menika has bank transactions with Akshit Gupta. Account number 2111461787 of Menika with Kotak Mahindra Bank.
Akash has bank transactions with Akshit Gupta. Account number 01291050187962 of Akash with HDFC.
Menika has bank transactions with Akshit Gupta. Account number 0627000102437475 of Menika with Punjab National Bank.
Kumar Rajeev and Shweta Goel have common number 9811148585.
Shweta Goel, Jyoti Devi and Akshit Gupta have common e-mail id i.e. aksh.gupta.18@gmail.com.
Jyoti Devi and Akshit Gupta have common address: 11/218,St No. 1C, West Azad Nagar, Krishna Nagar, Delhi – 110051, as per the reply of the broker viz., VNS Finance & Capital Services Ltd.
Bank transactions between Jyoti Devi and Akshit Gupta as per bank statement of JyotiDevi bank account number 53000101059796, Canara Bank.

</td></tr>
<tr><td>2</td><td>BUQPM7890F</td><td>Menika, Noticee No. 8</td></tr>
<tr><td>3</td><td>AQKPA3180F</td><td>Akash, Noticee No.11</td></tr>
<tr><td>4</td><td>ALCPG7419G</td><td>Sanjay Gupta, Noticee No. 9</td></tr>
<tr><td>5</td><td>BKJPS9041R</td><td>Rajkumar Sain</td></tr>
<tr><td>6</td><td>CAQPS7413B</td><td>Pankaj Sharma</td></tr>
<tr><td>7</td><td>AASPK3589N</td><td>Rajeev Kumar, Noticee No. 4</td></tr>
<tr><td>8</td><td>AERPG3479C</td><td>Shweta Goel, Noticee No. 3</td></tr>
<tr><td>9</td><td>AJYPD5803B</td><td>Jyoti Devi, Noticee No. 1</td></tr>
<tr><td>10</td><td>AXQPG3360G</td><td>Akshit Gupta, Noticee No. 5</td></tr>
<tr><td>11</td><td>AJXPV3261A</td><td>ReenaVerma, Noticee No. 2</td></tr>
<tr><td>12</td><td>ALKPK3782A</td><td>Rajesh Kumar, Noticee No. 13</td></tr>
<tr><td>13</td><td>AYJPP0602N</td><td>Panchal Shanti Lal, Noticee No. 6</td></tr>
<tr><td>14</td><td>EPBPS0458J</td><td>Divesh Singh, Noticee No. 10</td></tr>
</table>

S. No.	PAN	Name	Connection Details
15	ATKPA9288 R	MotiLal Ahuja, Noticee No. 7	• Bank transactions between Kumar Rajeev and Akshit Gupta as per bank statement of Kumar Rajeev bank account number 605310310000463, Bank of India. • Bank transactions between Shweta Goel and Jyoti Devi as per bank statement of Shweta Goel bank account number 413702010007205 – Union Bank of India. • As per the reply of the broker *viz*., Ashlar Securities Pvt. Ltd Akash, ReenaVerma, and Sanjay Gupta were introduced by same person *viz*., Parijat. • ReenaVerma and Panchal Shanti Lal have common telephone number 8505856972. • ReenaVerma and Rajesh Kumar Lal have common telephone number 9212020104. • ReenaVerma and Divesh Singh have common telephone number 9711750159. • Divesh Singh and MotiLal Ahuja have common e-mail id - amangupta2000@in.com

18. I note that SCN alleges that the Noticees through synchronised trading and reversal trading created misleading appearance of trading and it was observed that there was no change in beneficial ownership and such non-genuine trades among Noticees created artificial volume and manipulate the securities market.*The synchronized trades are the trades where the buy and sell order quantity and rate were identical and orders for these transactions were placed in a time gap of within one minute.*

19. I note that the market volume in the scrip of the Company on NSE during the inspection period was 1,13,34,927 shares and there were 356 buyers and 452 sellers. The details of the trading of the aforesaid *connected entities* in the scrip of the Company on NSE during the inspection period is as follows:

NSE **Table 16**

S. NO.	NAME	Gross Buy	Gross Sell	Net Trade	Gross Buy % to market volume	Gross Sell % to market volume
1	Jyoti Devi	333769	333769	0	2.94%	2.94%
2	ReenaVerma	199933	199933	0	1.76%	1.76%
3	Shweta Goel	199586	199586	0	1.76%	1.76%
4	MotiLal Ahuja	189968	189968	0	1.68%	1.68%
5	Rajeev Kumar	179810	179810	0	1.59%	1.59%
6	Akshit Gupta	136498	136498	0	1.20%	1.20%
7	Divesh Singh	123068	123068	0	1.09%	1.09%
8	Panchal Shanti Lal	104048	104048	0	0.92%	0.92%
9	Akash	101819	101819	0	0.90%	0.90%
10	Rajesh Kumar	100944	100944	0	0.89%	0.89%
11	Menika	90113	90113	0	0.80%	0.80%
12	Sanjay Gupta	86483	86483	0	0.76%	0.76%
13	Monika	37716	37716	0	0.33%	0.33%
14	Pankaj Sharma	12500	12500	0	0.11%	0.11%
Group Total		**1896255**	**1896255**	**0**	**16.73%**	**16.73%**

20. I note from the table 16 that on NSE, the aforementioned *connected entities* have contributed to 16.73% to market volume on both buy side and sell side. I also note that in case of Noticee 1 the total gross buy is 333769 and same is the amount of total gross sell. Noticee 1 contributes 2.94% to market volume on both buy side and sell side. I further note that same modus operandi is used by the other Noticees where the trades entered in synchronised manner. I further note that by involving in the same manner Noticees created misleading appearance of trading and generated artificial volume in the market.

21. I note that the market volume in the scrip of the Company on BSE during the inspection period was 1,09,06,017 shares and there were 297 buyers and 350 sellers. The details of the trading of the said *connected entities* in the scrip of the Company on BSE during the inspection period is as follows:

BSE **Table 17**

S. NO.	NAME	Gross Buy	Gross Sell	Net Trade	Gross Buy % to market volume	Gross Sell % to market volume
1	Jyoti Devi	319200	319200	0	2.93%	2.93%
2	Shweta Goel	238191	238191	0	2.18%	2.18%
3	ReenaVerma	206943	206943	0	1.90%	1.90%
4	Rajeev Kumar	193954	193954	0	1.78%	1.78%
5	MotiLal Ahuja	173489	173489	0	1.59%	1.59%
6	Divesh Singh	124196	124196	0	1.14%	1.14%
7	Akash	113943	113943	0	1.04%	1.04%
8	Shanti Lal Panchal	110693	110693	0	1.01%	1.01%
9	Rajesh Kumar	97473	97473	0	0.89%	0.89%
10	Sanjay Gupta	96865	96865	0	0.89%	0.89%
11	Monika	81345	81345	0	0.75%	0.75%
12	Menika	79580	79580	0	0.73%	0.73%
13	Akshit Gupta	18451	18451	0	0.17%	0.17%
14	Raj Kumar Sain	13900	13900	0	0.13%	0.13%
Group Total		**1868223**	**1868223**	**0**	**17.13%**	**17.13%**

22. I note from the table 17 that on BSE, the aforementioned connected entities have contributed to 17.13% to market volume on both buy side and sell side. I also note that in case of Noticee 1 the total gross buy is 193954 and same is the amount of total gross sell. Noticee 1 contributes 1.78% to market volume on both buy side and sell side. I further note that by using same modus operandi, the other Noticees entered the trades in synchronised manner. I further note that by involving in the manner mentioned above Noticees created misleading appearance of trading and generated artificial volume in the market.

Table 18

Gross Buy Qty of connected entities	Gross Sell Qty of connected entities	Total traded qty among connected entities	Synchronized traded qty by connected entities	Sync Trades as % of total traded qty among the connected entities	Sync Trades as % of Total market volume	Sum of LTP at Sync Trades
NSE						
1896255	1896255	1502643	1389701	92.48%	12.26%	2.00
BSE						
1868223	1868223	1441550	1336593	92.72%	12.26%	0.15

23. I note from the table above that *connected entities* have executed synchronized trades that contributed 12.26% to market volume on NSE and BSE, which was substantial. Out of the said *connected entities*, Noticees, who had executed synchronized trades in the scrip of the Company on NSE/BSE during the investigation period are as follows

NSE: **Table 19**

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
1	Jyoti Devi	218225	109	230912	107	449113	215	32.32%
2	ReenaVerma	151110	255	156465	259	307571	511	22.13%
3	Shweta Goel	153459	67	148930	69	302389	136	21.76%
4	MotiLal Ahuja	123850	245	122465	240	246308	483	17.72%
5	Rajeev Kumar	119617	48	119511	49	239128	97	17.21%
6	Akshit Gupta	105115	42	97973	39	203088	81	14.61%
7	Panchal Shanti Lal	91553	153	92277	156	183780	308	13.22%
8	Divesh Singh	94418	310	86595	303	180788	594	13.01%
9	Menika	76081	80	84008	96	160089	176	11.52%
10	Rajesh Kumar	77206	355	80335	360	157497	699	11.33%
11	Sanjay Gupta	80548	93	73238	77	153786	170	11.07%

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
12	Akash	62946	62	61658	59	124604	121	8.97%
13	Monika	35573	44	35334	49	70907	93	5.10%
Grand Total		**1389701**	**1863**	**1389701**	**1863**	**2779048**	**1863**	**100.00%**

BSE: **Table 20**

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
1	Jyoti Devi	209214	153	207820	141	417034	294	31.20%
2	ReenaVerma	164783	308	164253	302	329021	595	24.62%
3	Shweta Goel	157106	102	155855	109	312961	211	23.41%
4	Rajeev Kumar	136728	74	142311	82	279039	156	20.88%
5	MotiLal Ahuja	118740	260	115878	255	234601	498	17.55%
6	Panchal Shanti Lal	101267	209	97624	197	198891	406	14.88%
7	Divesh Singh	83486	302	90965	328	172017	176	12.87%
8	Akash	86978	91	85039	85	174440	619	13.05%

S. No.	Name	Buy side		Sell side		Gross (Buy + Sell)		% of traded quantity to the total synchronized traded quantity
		Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	Traded quantity	Number of synchronized trades	
9	Sanjay Gupta	82521	98	85890	90	168411	188	12.60%
10	Monika	72680	85	72212	92	144892	177	10.84%
11	Menika	71825	77	69474	84	141299	161	10.57%
12	Rajesh Kumar	44086	260	43642	257	87714	503	6.56%
13	Akshit Gupta	7179	15	5630	12	12809	27	0.96%
Grand Total		**1336593**	**2034**	**1336593**	**2034**	**2673129**	**4011**	**100.00%**

24. It note from the table above that the synchronized trades were executed by the Noticees in a repeated manner on NSE and BSE. Such a pattern of synchronized trades among Noticees in the scrip of the Company on NSE and BSE during the investigation period indicates that there was no change in beneficial ownership and such non-genuine trades among the noticees created misleading appearance of trading in the scrip of the Company. I would like to place reliance on the judgement of the **Hon'ble SAT in the matter of *Sparkline Mercantile Co. Pvt. Ltd. Vs SEBI*, order dated 16.01.2012 wherein it was held that…***"It is an admitted position that it is difficult to get direct evidence with regard to synchronization of trades for the purpose of upsetting the market equilibrium or to manipulate the market. It is only on the basis of circumstantial evidence that such a connection can be proved. Looking at the details provided in the investigation report, the show cause notice and the findings recorded by the adjudicating officer, we are convinced that the adjudicating officer has brought enough material on record in support of the conclusion that the entities mentioned*

in the tables above are connected entities and traded among themselves with prior arrangement resulting in creation of artificial volume and distorting the market equilibrium. A large number of trades were executed among the group entities within a minute of placing the order. This cannot happen without prior meeting of minds among the connected entities. From the details of the trades executed and having regard to the trading system, we do not think that such large number of trades could match between the same parties unless the trading system was being abused. Therefore, we have no hesitation in upholding the findings recorded by the adjudicating officer in the impugned order."

25. **I also note that the Hon'ble SAT in *Ketan Parekh vs. Securities and Exchange Board of India (Appeal No. 2 of 2004, order dated July 14, 2006),* held that**:…*"20. There are yet another type of transactions which are commonly called synchronised deals. The word 'synchronise' according to the Oxford dictionary means "cause to occur at the same time; be simultaneous". A synchronised trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. This could be done through the same broker (termed a cross deal) or through two different brokers. Every buy and sell order has to match before the deal can go through. This matching may take place through the stock exchange mechanism or off market. When it matches through the stock exchange, it may or may not be a synchronised deal depending on the time when the buy and sell orders are placed. There are deals which match off market i.e., the buyer and the seller agree on the price and quantity and execute the transaction outside the market and then report the same to the exchange. These are also called negotiated transactions. Block deals (when shares of a company are traded in bulk) are an instance of trades that match off market. Such trades have always been recognised by the market and also by the Board as a regulator. It has recently issued a circular requiring all bulk deals to be transacted through the exchange even if the price and quantity are settled outside the market. When such deals go through the exchange, they*

are bound to synchronise. It would, therefore, follow that a synchronised trade or a trade that matches off market is per se not illegal. Merely because a trade was crossed on the floor of the stock exchange with the buyer and seller entering the price at which they intended to buy and sell respectively, the transaction does not become illegal. A synchronised transaction even on the trading screen between genuine parties who intend to transfer beneficial interest in the trading stock and who undertake the transaction only for that purpose and not for rigging the market is not illegal and cannot violate the regulations. As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."

26. In the present case, I note that the Noticees had repeatedly entered into synchronized trades with one another. The buy and sell orders for the alleged impugned trades in the present case, were placed at the same time or up to the

precision of the same second. I note that even the order price and order quantity for each of the impugned trades also matches with exact precision. The said pattern of trading cannot be termed as a mere co-incidence among Noticees and does not appear to be for genuine reasons such as the buyer wanting to acquire shares from the market and the seller looking to sell shares in the market. In the present case, the Noticees wanted to very well trade amongst themselves, as observed from the pre-meditated synchronized trades, wherein the connected entities as buyers and sellers repeatedly placed orders at the same time (with hardly a difference of a second) and that too with exact same price and quantity. It is abundantly clear that the trading pattern of the Noticees indicates connivance and a pre-meditated scheme of synchronized trading. Hence, I am of the opinion that Noticees through synchronized trading created misleading appearance in the market and generated artificial volume.

27. Reversal trades have been classified as those trades in which an entity reverses the shares bought or sold with a subsequent sell or buy with the same counterparty during the same day. Details of reversal trades executed by the Noticees on NSE and BSE during the investigation period is shown as follows:

NSE: **Table 21**

Entity A	**Entity B**	**Number of shares bought by entity B from entity A**	**Number of shares bought by entity A from entity B**	**Reversal Qty.**	**Artificial Volume**	**No. of Reversal trades**	**No. of days of Reversal trades**
Shweta Goel	Jyoti Devi	85594	85687	85281	170562	95	17
Sanjay Gupta	Menika	84115	84331	83463	166926	212	12
Jyoti Devi	Akshit Gupta	78363	76814	76150	152300	74	13
Rajeev Kumar	Jyoti Devi	69281	68996	68848	137696	64	16
ReenaVerma	Motilal Ahuja	61196	61488	61164	122328	218	7

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Rajesh Kumar	Motilal Ahuja	48950	48871	48371	96742	241	5
ReenaVerma	Panchal ShantiLlal	43399	44205	43398	86796	157	7
ReenaVerma	Divesh Singh	45152	43201	43191	86382	108	4
Rajeev Kumar	Shweta Goel	38098	37561	37011	74022	29	9
Akash	Monika	36410	36342	35332	70664	102	7
Panchal Shanti Lal	Divesh Singh	35178	34858	34683	69366	101	4
Shweta Goel	Akshit Gupta	33923	32910	32233	64466	26	8
Rajesh Kumar	Divesh Singh	21558	21049	21039	42078	440	4
Motilal Ahuja	Panchal Shanti Lal	19826	19688	19669	39338	71	2
Rajeev Kumar	Akash	15000	15000	15000	30000	9	3
ReenaVerma	Rajesh Kumar	15003	14953	14953	29906	79	2
Jyoti Devi	Akash	7500	7479	7479	14958	9	1
Akash	Menika.	4927	4861	4861	9722	13	1
Rajeev Kumar	Akshit Gupta	4950	4163	4163	8326	4	1
Rajesh Kumar	Panchal Shanti Lal	1844	1844	1844	3688	16	1
Jyoti Devi	Rajesh Kumar	1	144	1	2	2	1
TOTAL		**750268**	**744445**	**738134**	**1476268**	**2070**	

NSE: **Table 22**

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
1	Jyoti Devi	237759	475518	244	4.20%

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
2	ReenaVerma	162706	325412	562	2.87%
3	Shweta Goel	154525	309050	150	2.73%
4	Motilal Ahuja	129204	258408	530	2.28%
5	Rajeev Kumar	125022	250044	106	2.21%
6	Akshit Gupta	112546	225092	104	1.99%
7	Panchal Shanti Lal	99594	199188	345	1.76%
8	Divesh Singh	98913	197826	649	1.75%
9	Menika	88324	176648	225	1.56%
10	Rajesh Kumar	86208	172416	778	1.52%
11	Sanjay Gupta	83463	166926	212	1.47%
12	Akash	62672	125344	133	1.11%
13	Monika	35332	70664	102	0.62%
TOTAL		**738134**	**1476268**	**2070**	**13.02%**

28. I note from the table that the Noticees have executed 2070 reversal trades in the scrip of the Company on NSE during the investigation period and the reversal trade quantity was 7,38,134 shares. The artificial volume generated through execution of such reversal trades was 1476268 shares which was 13.02% of total market volume during the investigation period. Noticee 1 had executed 244 reversal trades in the scrip of the Company on NSE during the investigation period and the reversal trade quantity was 2, 37,759 shares. The artificial volume generated through execution of such reversal trades was 4,75,518 shares which was 4.20% of total market volume during the investigation period. I further note that the same modus operandi is used by the other Noticees while executing the reversal trades in the scrip of the company. I further note that by involving in the manner mentioned above Noticees created misleading appearance of trading and generated artificial volume in the market.

BSE: **Table 23**

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Rajeev Kumar	Jyoti Devi	87934	86923	84433	168866	123	20
ReenaVerma	MotiLal Ahuja	84551	83044	83043	166086	241	8
Sanjay Gupta	Menika	78449	77674	77064	154128	198	12
Shweta Goel	Jyoti Devi	70264	73048	69852	139704	107	16
Akash	Monika	69707	69493	67982	135964	186	12
ReenaVerma	Panchal Shanti Lal	50887	51304	50879	101758	189	8
ReenaVerma	Divesh Singh	45857	46508	45857	91714	214	5
Panchal Shanti Lal	Divesh Singh	45580	46067	45469	90938	217	4
Shweta Goel	Jyoti Devi	42636	41917	41917	83834	63	8
Rajesh Kumar	MotiLal Ahuja	37935	38203	37616	75232	276	5
Rajeev Kumar	Shweta Goel	34925	34999	34921	69842	24	7
Rajeev Kumar	Akash	15000	14979	14979	29958	9	3
MotiLal Ahuja	Panchal Shanti Lal	9780	9780	9780	19560	44	1
Sanjay Gupta	Monika	10052	9045	9045	18090	22	2
Shweta Goel	Akshit Gupta	8129	7682	7682	15364	39	2
Jyoti Devi	Akash	7479	7505	7479	14958	12	1
Rajesh Kumar	Divesh Singh	6154	5913	5913	11826	270	3
Jyoti Devi	Sanjay Gupta	4002	4015	4002	8004	7	1
Rajesh Kumar	Panchal Shanti Lal	2584	2584	2584	5168	10	1
Rajeev Kumar	Shweta Goel	2500	2500	2500	5000	3	1

Entity A	Entity B	Number of shares bought by entity B from entity A	Number of shares bought by entity A from entity B	Reversal Qty.	Artificial Volume	No. of Reversal trades	No. of days of Reversal trades
Shweta Goel	Sanjay Gupta	911	663	22	44	5	2
Shweta Goel	Menika	4	399	4	8	4	1
TOTAL		**715320**	**714245**	**703023**	**1406046**	**2263**	

BSE: **Table 24**

S. No.	Entity Name	Reversal Qty	Artificial Volume	No. of Reversal trades	% of Artificial volume through reversal trades to market volume
1	Jyoti Devi	207683	415366	312	3.81%
2	ReenaVerma	179779	359558	644	3.30%
3	Shweta Goel	156898	313796	245	2.88%
4	Rajeev Kumar	136833	273666	159	2.51%
5	MotiLal Ahuja	130439	260878	561	2.39%
6	Panchal Shanti Lal	108712	217424	460	1.99%
7	Divesh Singh	97239	194478	701	1.78%
8	Akash	90440	180880	207	1.66%
9	Sanjay Gupta	90133	180266	232	1.65%
10	Menika	77068	154136	202	1.41%
11	Monika	77027	154054	208	1.41%
12	Rajesh Kumar	46113	92226	556	0.85%
13	Akshit Gupta	7682	15364	39	0.14%
TOTAL		**703023**	**1406046**	**2263**	**12.89%**

29. I note from the above table that the Noticees have executed 2263 reversal trades in the scrip of the Company during the inspection period on BSE and the reversal trade quantity was 7,03,023 shares. The artificial volume generated through execution of such reversal trades by the Noticees during the investigation period was 14,06,046 shares, which was 12.89% of total market volume during such period. Noticee 1 had executed 312 reversal trades in the scrip of the Company on BSE during the investigation period and the reversal trade quantity was 207683 shares. The artificial volume generated through execution of such reversal trades was 415366 shares which was 3.81% of total market volume during the

investigation period. I further note that the same modus operandi is used by the other Noticees while executing the reversal trades in the scrip of the company. I further note that by involving in the manner mentioned above Noticees created misleading appearance of trading and generated artificial volume in the market.

30. The execution of reversal trades by aforesaid Noticees in a repeated manner on multiple days on NSE and BSE cannot be said to be mere co-incidence. Such a pattern of reversal trades among the noticees indicates that there was no change in beneficial ownership and such non-genuine trades among such Noticees created artificial volume and misleading appearance of trading in the scrip of the Company during investigation period.

31. From the available record, I note that the Noticees had executed the trades and subsequent reversal of trades as alleged in the SCN. In this regard, it may be noted that the Noticees were given details of their trades, which are alleged to be reversed and manipulative. The material provided to the Noticees was sufficient to level allegation of non-genuine trades on the Noticees. Further, I find it relevant to refer to the decision of the Hon'ble Supreme Court in the matter of ***Securities and Exchange Board of India v. Kishore R. Ajmera*** *[(2016) 6 SCC 368: AIR 2016 SC 1079] wherein, the Supreme Court has held, "…According to us, knowledge of who the 2nd party / client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naïve to rest the conclusions on the said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned…."*

32. The Hon'ble Supreme Court, has further held that, "…*in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be*

*one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to gathered from various circumstances like that volume of trade effected; the period of persistence in trading in a particular scrip; the particulars of buy and sell orders, namely the volume thereof; the proximity of time between the two and such relevant factors…”.*Placing reliance of the observation of the Hon’ble Supreme Court in the aforementioned matter I am of the view that manner of placement of the orders in both legs signify that the orders were entered in a premeditated manner and were not genuine in any manner.

33. At this juncture, I also find it relevant to refer to the decision of the Supreme Court in the matter of ***Securities and Exchange Board of India v. Rakhi Trading Private Limited*** (Civil Appeal Nos. 1969, 3174-3177 and 3180 of 2011 dated February 08, 2018) wherein, the Hon’ble Supreme Court while cumulatively analyzing the reversal transactions held that*, “Considering the reversal transactions, quantity, price and time and sale, parties being persistent in number of such trade transactions with huge price variations, it will be too naive to hold that the transactions are through screen-based trading and hence anonymous. Such conclusion would be over-looking the prior meeting of minds involving synchronization of buy and sell order and not negotiated deals as per the board's circular. The impugned transactions are manipulative/deceptive device to create a desired loss and/or profit. Such synchronized trading is violative of transparent norms of trading in securities”.* The Court further stated that “...…*quantity, time and significant variation of prices, without major variation in the underlying price of the securities clearly indicate that Respondent’s trades are not genuine and hand only misleading appearance of trading in the securities market…..”.*

34. Pursuant to analysing the trades executed by the the Noticees amongst themselves, one can surely say that such a trading pattern cannot be called as involving any genuine trading; such trading pattern had resulted into an artificial

volume generation in the shares of the company thereby creating a false and misleading impression about the trading in the scrip of the company to the investors at large in the market. By continuously entering sell and buy orders, deliberately to match each other's order and by entering into trades in the scrip of the company in a concerted manner the Noticees have collusively influenced the decision of the innocent investors to invest in the scrip. In this regard, the observations made by **the Hon'ble SAT in its order dated March 21, 2014 in Saumil Bhavnagari Vs. SEBI are worth recalling, which are as under**: *"... but by purchasing shares at the higher price in LTP in most of the trades, the Noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the Noticees trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the Noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."*

35. Considering the facts of the case as discussed above, I have no hesitation to conclude that the Noticees have executed their trades in a pre-meditated manner. From the multiple trades executed between the Noticees, it is clear that they were not trading as genuine buyers/ sellers and had no bona fide intention to trade. In view of the repeated nature of such trades, the culpability of creating artificial volume and misleading appearance of trading in the scrip of the Company. I can clearly find that the trades of the Noticees are not trades executed in normal course of trading and investment in securities market. Therefore, for the reasons recorded above, I conclude that the alleged trades of the Noticees as abnormal,

deceptive, misleading, artificial and manipulative in nature and substance, which were executed with a malicious intent to fraudulently cause misleading appearance of trading. Accordingly, I hold that the Noticees have violated the provisions of regulations 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

If yes, whether the violation, on the part of the Noticees would attract monetary penalty under 15HA SEBI Act of the SEBI Act?

36. It has been established in the preceding paragraphs that Noticee have violated the provisions of regulations 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. In this regard, reliance is placed upon the order of **the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361 }** – wherein 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…………...*"

37. In view of the above, I conclude that the Noticees are liable for monetary penalty under the provision of section 15HA of SEBI Act, 1992, which reads as under during the relevant period:

SEBI Act, 1992

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].*

**Substituted for the words "twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher" by the Securities Laws (Amendment) Act, 2014, w.e.f. 08-09-2014.*

Issue (c): If so, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in section 15J of SEBI Act, 1992?

38. While determining the quantum of penalty under 15HA of SEBI Act, 1992 it is important to consider the factors relevantly as stipulated in section 15J of the SEBI Act, 1992 which reads as under:-

Factors to be taken into account by the adjudicating officer.

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

a) *the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;*

b) *the amount of loss caused to an investor or group of investors as a result of the default;*

c) *the repetitive nature of the default.*

39. In the present matter, the material made available on record has not quantified the amount of disproportionate gain or unfair advantage made by the Noticees and also the loss suffered by the investors as a result of these Noticees' default. The consequences resulting from violations committed by the Noticees are of grave nature where Noticees created artificial volume and misleading appearance of trading in the scrip of the Company through synchronized and reversal trading. If violations of this nature and magnitude are not dealt with a firm hand then investors will lose faith in the Indian Securities Market.

ORDER

40. After taking into consideration the facts and circumstances of the case, material/facts on record, and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under section 15-I of the SEBI Act, 1992 r/w rule 5 of the Adjudication Rules, 1995, hereby impose the following penalty on the Noticees under section 15HA of the SEBI Act, 1992, for the failure on their part to comply with the provisions of regulation of 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

Noticee No.	**Name of the Noticee**	**PAN of Noticee**	**Violation Section**	**Penalty Amount (Rs.)**
1	Ms. Jyoti Devi	AJYPD5803B	Regulation of 12A(a), (b), (c) of SEBI Act, 1992 r/w Regulation 3 (a), (b), (c), (d), 4 (1), 4 (2) (a) & (g) of SEBI (Prohibition of	5,00,000/- each
2	Ms. ReenaVerma	AJXPV3261A		
3	Ms. Shweta Goel	AERPG3479C		
4	Mr. Rajeev Kumar	AASPK3589N		
5	Mr. Akshit Gupta	AXQPG3360G		

6	Mr. Panchal Shanti Lal	AYJPP0602N	Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003	
7	Mr. Motilal Ahuja	ATKPA9288R		
8	Ms. Menika	BUQPM7890F		
9	Mr. Sanjay Gupta	ALCPG7419G		
10	Mr. Divesh Singh	EPBPS0458J		
11	Mr. Akash	AQKPA3180F		
12	Ms. Monika	BOXPM5309C		
13	Mr. Rajesh Kumar	ALKPK3782A		

41. The said penalty imposed on the Noticees, as mentioned above, shall commensurate with the violation committed by the Noticees and acts as a deterrent factor for the Noticees and others in protecting the interest of investors.

42. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order through Demand Draft in favour of "SEBI -Penalties Remittable to Government of India", payable at Mumbai, or the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in.

43. The Noticee shall forward said Demand Draft or the details/confirmation of penalty so paid to the Division Chief, Enforcement Department-I, DRA-II, SEBI. The Noticee 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

44. In terms of the provision of rule 6 of the Adjudication Rules, 1995, a copy of this order are being sent to the Noticee and also to SEBI.

Place: Mumbai **PRASANTA MAHAPATRA**

Date: April 27, 2022 **ADJUDICATING OFFICER**