-BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/SM/DD/2022-23/19251-19259]

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

In respect of:

Noticee No	Noticee Name	PAN
1.	Mayur Maheshkumar Panchal	DGPPP4511K
2.	Jay Kamleshbhai Bhavsar	DFVPB1395J
3.	Hiteshbhai Mistri	DDEPM8647B
4.	Bhansali Value Creations Ltd.	AAECB3879K
5.	Fastner Machinery Dealers Pvt. Ltd.	AABCF6671N
6.	Bhavishya Ecommerce Pvt. Ltd.	AAECB3190M
7.	Anurodh Infrastructure Ltd.	AAJCA1464E
8.	Patel Malay Shaileshbhai	BLOPP9579F
9.	Preeti Jain	AEDPJ2774H

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

In the matter of Ejecta Marketing Ltd.

BACKGROUND

1. Securities and Exchange Board of India (“**SEBI**”) received a complaint from M/s. ICICI Securities Limited alleging, *inter-alia,* that certain Short Message Services ("SMSs") were being circulated recommending the purchase of the shares of Ejecta Marketing Limited (hereinafter referred to as “**Ejecta/Company/EML**”). Thereafter, SEBI conducted an investigation into the trading in the shares of Ejecta for the period December 28, 2017 to February 20, 2018 (hereinafter referred to as the ‘**Investigation Period/IP’**). On conclusion of the investigation, SEBI observed certain violations of provisions of, *inter-alia*, Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “**SEBI Act**”) and SEBI

(Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations'**) by Noticees.

2. EML trades in & distributes various types of commodities and materials. The company's products include coloring materials, pigments, paints, varnishes, dyes, perfume and coloring chemicals, rubber chemicals, plastic materials, adhesive, etc. It primarily supplies its products to retailers at Kolkata and adjacent territories. The company was formerly known as Appu Marketing & Manufacturing Limited and changed its name to Ejecta Marketing Limited in November 2017.

3. During the course of investigation, it was observed that the price of the shares had risen from Rs.53.7 to Rs.74.6 during the period January 09, 2018 to February 02, 2018 and started hitting lower circuit from February 05, 2018 and closed at Rs.60 on February 20, 2018. During the course of investigation, it was observed that several SMS were circulated from January 10, 2018 to February 01, 2018.

4. The open, high, low & close price during the Investigation Period is given below:-

Particular	Pre SMS period (December 28, 2017 to January 09, 2018)		SMS period (Jan 10 2018 to Feb 01, 2018)		Post SMS period (Feb 02 , 2018 to Feb 20,2018)	
	Price	Date	Price Rise	Date	Price Fall	Date
Open	52.4	December 28, 2017	54.75	Jan 10, 2018	74.55	Feb 02, 2018
High	55.45	January 01, 2018	73.2	Feb 01, 2018	74.6	Feb 02, 2018
Low	52.1	January 04, 2018	54.65	Jan 10, 2018	60	Feb 20, 2018
Close	53.7	January 09, 2018	73.15	Feb 01, 2018	60	Feb 20, 2018
Average Daily Volume	66,275 shares		7,85,716 shares		83,658 shares	
Total Volume	5,96,481 shares		1,25,71,457 shares		10,03,903 shares	
Average volume during investigation period					383,022	
Total Volume during investigation period					1,41,71,841	

5. Based on findings of investigation, SEBI alleged that:-
   5.1. Trades executed by Noticees 1 to 3 are not in accordance with Sections 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations,
   5.2. Trades executed by Noticees 1 to 2, 5 to 9 are not in accordance with Sections 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations.;

5.3. Noticee 4 has violated Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of SEBI (Stock Brokers and Sub-brokers) Regulation, 1992(herein after referred to as "**Broker Regulations**") and Sections 12 A(a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c),(d) and 4(1) of PFUTP Regulations.

APPOINTMENT OF ADJUDICATING OFFICER

6. Vide order dated September 02, 2020, Ms. Sangeeta Rathod was appointed as the Adjudicating Officer ('**AO**') under Section 15-I of the SEBI Act and Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules'**) read with Section 19 of the SEBI Act, to inquire into and adjudge under–

6.1. Section 15HA of SEBI Act, the alleged violation of Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (herein after referred to as "PFUTP Regulations") by Noticees 1 to 4;

6.2. Section 15HA of SEBI Act, the alleged violation of Sections 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by Noticees 1, 2 and 5 to 9;

6.3. Section 15HB of SEBI Act, the alleged violation of Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations by Noticee 4.

7. Subsequent to transfer of Ms. Sangeeta Rathod, Shri Prasanta Mahapatra was appointed as the AO in the matter. Thereafter, the undersigned was appointed as the AO in the matter by SEBI vide order dated December 04, 2020.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

8. A common show cause notice dated December 31, 2021(hereinafter referred to as '**SCN'**) was issued, *inter-alia*, to all the Noticees 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, not be imposed on them under:

8.1. Section 15HA of SEBI Act for the alleged violations of provisions of Sections 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations by Noticees 1 to 4;

8.2. Section 15HA of SEBI Act for the alleged violations of provisions of Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by Noticees 1 to 2 and 5 to 9; and

8.3. Section 15HB of SEBI Act for the alleged violations of Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations by Noticee 4.

9. The allegations levelled against Noticees in the SCN are given below:

9.1. From the order book analysis of Noticees 1 to 3, it was observed that aforesaid entities placed large orders and subsequently deleted these orders in an illiquid shares so as to mislead the investors about the market depth in the shares by adding significantly to the liquidity displayed at the existing best bid or offer. The order book, thus, did not reflect the true picture of the market. Therefore, by placing large orders and deleting them immediately or after some time gap, it is alleged that Noticees 1 to 3 have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c), (d) and 4(1) of PFUTP Regulations.

9.2. Further, the trading pattern analysis as detailed in preceding paragraphs revealed the meeting of mind between Noticees 1 and 2, who had placed and deleted large orders, with net sell clients viz.,Noticees 5 to 9 and also of Noticee 9 with Noticee 1, whereby they created artificial/fictitious volume and gave a false and misleading appearance of trading in the illiquid shares of EML so as to enable the aforesaid five net sellers to exit the illiquid shares of EML.

9.3. Hence, from the above analysis, it is alleged that the net sellers, viz., Noticees 5 to 9 along with entities who had placed and deleted large orders, viz., Noticees 1 and 2, created artificial/fictitious volume and gave a false and misleading appearance of trading in the shares of EML., so as to enable the aforesaid net sellers to exit in an illiquid shares of EML and thereby, Noticees 1, 2, 5 to 9 have allegedly violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations

9.4. The act of Noticee 4 showed that it had allegedly indulged in the execution of manipulative and fraudulent transactions and thus, assisted Noticees 1 to 3 in creation of false and misleading market even though their Gross Annual Income was merely in the range of Rs. 1-5 Lakhs. It is further alleged that by merely executing and deleting orders without proper due diligence and thus, aiding his clients in creating misleading appearance of the market, Noticee 4 has failed to exercise due skill, care and diligence in his duty.

9.5. It is, therefore, alleged by not maintaining high standards of integrity & fairness in the conduct of his business, by not exercising due skill, care and diligence and by indulging in manipulative, fraudulent or deceptive transactions, by indulging in malpractices and by aiding and facilitating his clients, viz. Noticees 1 to 3 in placing large number of orders and subsequently deleting most of the orders to create false and misleading appearance of trading in an illiquid shares, Noticee 4 has violated Clauses (1), (2), (3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations and Sections 12 A(a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c),(d) and 4(1) of PFUTP Regulations.

10. The SCN was sent to Noticees through Speed Post Acknowledgement Due (hereinafter referred to as '**SPAD**') on December 31, 2021 and digitally signed email dated, January 04, 2022 to all Noticees except Noticees 5, where SCN was sent through SPAD only. Noticees were given fifteen (15) days' time to submit the reply to the SCN. From the material placed on record, I note that SCN was duly served on Noticees 1, 2, 3, 4, 8 and 9 through SPAD and through digitally signed emails. I find that in the case of Noticee 6 and 7, SCN was served through digitally signed email and SCN sent through SPAD returned undelivered. I also note that SCN could not be served through SPAD in the case of Noticees 5 and 7. Noticee 6 vide its letter dated January 12, 2021, requested for a copy SCN and the annexures forming part of SCN. The same was provided to it vide letter dated January 21, 2022.

11. Though the SCN was delivered to Noticees 1 to 3, they failed to provide any reply to the SCN. Accordingly, in the interest of natural justice, an opportunity of personal hearing was granted to them on April 01, 2022, vide hearing notice dated March 03, 2022. The said personal hearing notice was sent to Noticees 1 to 3 through SPAD and through digitally signed email and was duly served upon them. However, Noticees 1 to 3 failed to attend the said hearing granted to them. Accordingly, in the interest of natural justice, another opportunity of personal hearing were granted to Noticees 1 to 3 on May 17, 2022, vide hearing notice dated May 05, 2022. The said hearing notice were sent to Noticees1 to 3 through SPAD and digitally signed email dated May 07, 2022 and was duly served upon them. However, the hearing could not take place as scheduled on May 17, 2022 due to operational issues. Accordingly, another opportunity of hearing was granted to Noticees 1

to 3 on June 06, 2022, vide email dated May 23, 2022. However, Noticees 1 to 3 again failed to attend the hearing granted to them.

12. Noticee 4, vide its letter dated February 21, 2022, requested for a copy of investigation report. Accordingly, relevant extract of investigation report was provided to it vide letter dated May 02, 2022. Vide hearing notice dated May 24, 2022, Noticee 4 was granted an opportunity of personal hearing on June 03, 2022. The said hearing notice was sent to Noticee 4 through digitally signed email and through SPAD and was duly served upon it. Noticee 4, vide its letter dated May 28, 2022, submitted the reply to the SCN. On the schedule date of hearing Mr. Kunal Katariya, Advocate, Authorized Representative (**AR**) of Noticee 4 appeared for the hearing and reiterated the submission made by Noticee 4.

13. Noticees 6 and 9, vide email dated February 25, 2022, forwarded their reply dated February 12, 2022 to the SCN. Vide hearing notice dated May 02, 2022, an opportunity of personal hearing was granted to Noticees 6 and 9 on May 24, 2022. The said hearing notice was sent to Noticees 6 and 9 through SPAD and digitally signed email dated May 04, 2022 and duly served upon Noticees 6 and 9. Vide email dated May 23, 2022 Noticees 6 and 9, sought an extension of personal hearing. The request of the Noticees 6 and 9 were acceded to and they were granted another opportunity of personal hearing on June 03, 2022, vide email dated May 24, 2022. On the schedule date of hearing AR(s) of Noticees 6 and 9, namely, Mr. Saurabh Bachhawat, Counsel, Ms. Darshana Gagger, Advocate, Ms. Akshaya Bhansali, Advocate and Ms. Nirali Mehta, Practicing Company Secretary attended the hearing and reiterated the submission made by Noticees 6 and 9 vide their letter dated February 12, 2022. During the hearing, AR confirmed that they did not want a copy of investigation reports and other documents as requested in their replies dated February 12, 2022, and stated that the said requirements may be done away with.

14. I note that Noticee 8 failed to provide any reply to SCN, subsequent to receipt of SCN. Accordingly, in the interest of natural justice, an opportunity of personal hearing was granted to him on April 01, 2022, vide hearing notice dated March 03, 2022. The said hearing notice was sent to Noticee 8 through SPAD and through digitally signed email and was duly served upon him. But Noticee 8 failed to attend the said hearing. Accordingly, another opportunity of personal hearing was granted to him on May 17, 2022, vide hearing notice dated May 05, 2022. The said hearing notice was sent to Noticee 8 through SPAD and digitally signed email dated May 07, 2022 and was duly served upon him. Vide email dated May 16, 2022, Noticee 8 requested additional time of 2 months for submitting the reply of SCN. Considering that sufficient time had been granted to Noticee 8 for submitting reply to the SCN, vide email

dated May 19, 2022, Noticee 8 was granted a last and final opportunity of personal hearing on June 16, 2022 and was advised to submit his reply on or before the scheduled date of hearing. However, the hearing could not take place due on the scheduled date of hearing i.e. June 16, 2022 due to certain operational issues. Accordingly, another opportunity of hearing was granted to Noticee 8 on June 24, 2022. On the scheduled date of hearing Noticee 8 appeared for the hearing and requested time till June 27, 2022, for submitting his reply. The request of Noticee 8 was acceded to. Vide email dated June 25, 2022, Noticee 8 submitted the reply to the SCN.

15. Since the SCN issued to Noticees 5 and 7 returned undelivered, the delivery of the SCN was attempted through affixture at the last known addresses of Noticees 5 and 7, in terms of Rule 7(2) of Adjudication Rules. However, the affixtures could not be completed. Meanwhile, based on search carried out on Ministry of Corporate Affairs (**MCA**) website, alternate addresses of Noticees 5 and 7 was also found. Accordingly, an attempt was made to deliver the SCN at the alternate addresses of Noticees 5 and 7. However, SCN could not be served upon alternate addresses also. Thereafter, in terms of Rule 7 (3) of Adjudication Rule, a SCN-cum-hearing notice was published in the June 09, 2022 edition of Times of India, Hindustan Times and Dainik Jagran. Through the publication, Noticees was advised to appear for hearing on June 16, 2022. However, I note that Noticees 5 and 7 neither filed any reply nor availed the opportunity of personal hearing on June 16, 2022.

16. The reply submitted by Noticees 4, 6, 8, and 9 are given below:

16.1. Reply of Noticee 4:-

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16.1.1. *It is submitted that the SCN only alleges the role of the Noticee as a broker and there are no allegations regarding any proprietary trades of the Noticee which have been questioned. It is submitted that as a broker, the Noticee merely acts as an agent of its clients/constituents and has no role to play in the decision-making process.*

16.1.2. *Paragraphs 45 to 49 of the SCN states that the only violation committed by the Noticee is that it punched in orders for Noticee No. 1 to 3 which were later cancelled. It is not alleged that any of these orders were placed outside the circuit limits prescribed by the stock exchanges in consultation with SEBI. It is presumed that these orders have been placed within the boundaries as defined by the stock exchange in consultation with SEBI. In this regard, it is pertinent to note that the Hon'ble Supreme Court of India in the case of SEBI vs Rakhi*

Trading Private Limited (2018) 13 Supreme Court Cases 753 while allowing the appeal against order of the Hon'ble SAT in the matter of traders, upheld the exoneration of the brokers involved in the matter. The Hon'ble Supreme Court held that merely because a broker facilitated a transaction, it cannot be said that there is a violation of regulation. Unless there is specific evidence against a broker of aiding and abetting fraudulent and unfair trade practices, the finding of violation of securities laws cannot be sustained against the brokers. In the present case, as per the material available on record, there is no proof to show that the Noticee at the relevant point did anything to aid or abet any other person to violate securities laws.

16.1.3. *The SCN does not contain any specific details of orders punched in by the Noticee or the cancellation of the same. Further, it is not even alleged or stated that any of the orders were outside the permissible range as mandated by stock exchanges in consultation with SEBI.*

16.1.4. *All these orders are placed by the clients and cancellation of these orders are also done on the instructions of the clients. There is no material in the SCN to suggest that any such decision was taken by the Noticee or its employees. Further, the only basis to allege that the Noticee ought not to have permitted placing and cancellation of these orders, it is submitted that when the clients come to place orders, it is impossible to open the form and check KYC documents to see what is the declared income. The KYC documents are maintained at the head office and not at the Ahmedabad branch office. Further, it must be noted that as per the RMS policy, all these clients had substantial credit balances available with them and paid the appropriate margin before trades were executed. Once the margin was paid by the clients, the broker cannot and ought not to have the discretion as to whether the trade can be undertaken by the client or not. Such an objective assessment of the broker would become an impossible compliance. Copies of the ledgers of the clients were submitted during the investigation and are once again annexed hereto as Exhibit "A".*

16.1.5. *It must be noted that there is no manipulative intent on the part of the Noticee. All trades were executed as per clients' instructions in their accounts. The rationale of the trades, the basis of the transactions etc. can only be explained by them. We have merely acted as brokers in the transactions and have also ensured that appropriate margins were available before executing the transactions. You would appreciate that it is trite law that the code of conduct is to be read in a manner that a broker is required to do not everything that is "possible" but everything that is "reasonable".*

16.1.6. *In view of the law laid down by the Hon'ble Supreme Court in the case of Rakhi Trading (Supra), the SCN against the Noticee is unsustainable and is liable to dropped forthwith."*

16.2. Reply of Noticee 8: "*As, I Malay shailesh Patel attended the hearing and said that I am only the Investor and had invested in ejecta marketing ltd. At the time when I invested, I was not in India and was in the USA and right now I do live in Canada. I did sell all the shares of Ejecta marketing in loss .I don't have any knowledge regarding what happened at that time. If there was any problem occurred by my side, please consider as a mistake and lack of knowledge by me. So, I request you please take the above note into consideration and do the needful.*"

16.3. Further, on perusal of the replies submitted by Noticees 6 and 9, I note that both have submitted replies on similar lines. The common replies submitted by Noticees 6 and 9 are reproduced hereunder:

16.3.1. *The present SCN is vague and does not mention or establishes fact of any modus that would have been employed by the Noticee, so as to participate in alleged manipulative scheme to defraud the investor and public and therefore, the Noticee is constrained to put its appropriate defence in the matter as the SCN does not specify as to how the Noticee participated in the alleged manipulative scheme.*

16.3.2. *SCN is also silent on the point as how intention or knowledge of the alleged manipulative scheme has been imputed on the Noticee. It is to be noted that though SCN tries to establish certain connection some of the entities, none of the entities with whom the connection of the Noticee has been established has been made part of the present SCN.*

16.3.3. *There is nothing brought on record to show that the Noticee had in any way any knowledge about the alleged scheme of manipulation or that it knowingly dealt in the shares of EML. None of the connected entities as mentioned in the SCN were counterparties to the sale transactions of the Noticee and no connection of the Noticee has been mentioned or established with the entities alleged to be a part the group of entities alleged to be executing the alleged manipulative scheme.*

16.3.4. *SCN also does not records or mentions any fact of the Noticee receiving any SMS containing any unsolicited buy recommendation for the shares of the Company. It is also to be noted that the SCN does not record any fact to the* *effect that Noticee had forwarded or circulated any SMS recommending buying of the shares of the Company. Moreover it is to be noted that SCN also does not mention or establishes any connection of the Noticee to any of the persons or entities involved in the alleged circulation of the SMS in the public.*

16.3.5. *Noticees have placed reliance on the judgement of Hon'ble Supreme Court in the matter of Gorkha Security v/s. Government (NCT of Delhi), Swaranganga Trading Private Ltd. v. Adjudicating Officer(Appeal No.74 of 2009),Canara Bank v/s. Debasis Das(2203,)4 SCC552, Hon'ble Securities Appellate Tribunal Order in the matter of M.G. Capital Services Ltd. v/s. SEBI(Appeal no.62/2012) dated July 31, 2012 and judgement of Food Corporation of India v/s. State of Punjab and others,(2201), for setting aside the SCN.*

16.3.6. *The copy of the investigation report has not been provided to them.*

16.3.7. *The SCN is vague and does not mentions or establishes fact of any modus that would have been employed by Noticee so as to participate in alleged manipulative scheme to defraud the investor and public and therefore, the Noticee is constrained to put its appropriate defense in the matter as the SCN does not specify as to how the Noticee participated in the alleged manipulative scheme.*

16.3.8. *The present SCN is also silent on the point as how intention or knowledge of the alleged manipulative scheme has been imputed on the Noticee. Further, no connection of the Noticee has been mentioned or established with the entities alleged to be a part of the group of entities alleged to be executing the alleged manipulative scheme. It is further to be noted that Noticee is not connected to any of the buyers to the sale transactions. It is most humbly submitted that the Noticee did not know who Noticee No.1 and Noticee No.2 were any time before the issuance of the present SCN.*

16.3.9. *The investigation in the present matter had been initiated with the purpose of finding out the connection between the alleged entities which amounted to allegedly 60 suspected entities on the basis of MCA filings, KYC documents, bank accounts statements, off market transfers, common directorship, common address, common email id common contact number, shareholding in private limited companies, fund transactions etc. during the IP. It is on the basis of this connection that the SEBI has short listed the list of 13 suspected entities with regard to the issuance of the present SCN. However, a detailed web of the alleged connection has been provided as annexure 2 to the SCN, no documents supporting such alleged connections have been provided to the Noticee along with the SCN.*

16.3.10. *The Noticee hereby further submits that it did not enter into any buy transaction on the market platform in the shares of the Company and had not, as a consequence, directly or indirectly influenced the price or volume of trade of the shares prior or after the circulation of the SMS.*

16.3.11. *It is most humbly submitted that purchase of the shares done by the Noticee from other connected entities, the Noticee has been unnecessarily linked to Noticee 1and Noticee 2 on pretext of a preconceived notion that the Notice knew beforehand from where the shares purchased were transferred from and has been unjustifiably considered a part of the group of the entities alleged to be involved in concocting and/ or executing the alleged manipulative scheme in the market. It is further mostly respectfully submitted that your good self has considered Noticee's trades as a part of the alleged manipulative scheme on basis of transferring of shares from the alleged connected entities but have failed to impute each and every entity through whom such shares were transferred to the Noticee.*

16.3.12. *It is thereby submitted that if any person/ entity is alleged to have carried out fraudulent contributing to alleged creation of artificial volume, its counter party in such trades should also be alleged with the same. In the entire scheme of contributing to the volume, both the parties are to be alleged and if the allegation is only levelled on merely one trading party, such allegation does not hold any water. Therefore, SEBI only took action against selected/ shortlisted persons/ entities and not against all of them who were allegedly involved in the entire scheme of the said shares during the examination period. If the allegation of SEBI were correct then allegation would also have been levelled against all of them, failing which the SCN needs to be withdrawn. No reasons for such specific inclusions and exclusions were given by SEBI in the SCN. If any allegations were to be levelled on a selective set of entities and not on all those who were involved, proper reasons for the same should be given to justify the same. Thus, it is submitted that without supplying any valid reason, SEBI cannot resort to such discriminatory acts.*

16.3.13. *The Noticee at the outset submits that the SCN has not provided any evidence, which would establish any relationship/ prior understanding/ collusion/ connection between the Noticee and the rest 59 entities through whom the shares were routed from to the Noticee. Therefore, by no stretch of imagination or deduction the Noticee can be alleged to be part of any manipulative scheme formed by other Noticees through different and separate entities.*

16.3.14. *It can be deduced that Noticee 1, 2 and 3 placed majority of the buy orders in significant quantity on above stated Trade Dates. The Noticee placed the sell orders on the basis of the Top 5 buy orders reflected on the exchange's dashboard without any apparent knowledge that such orders pertained to such alleged connected entities. Thereby, it is obvious if a particular connected group is responsible for such a huge volume of buy orders, their trades are bound to match with other entities, be that public at large or with the alleged connected entities, and only for the reason that a particular connected group was the counter party, the same should not be used to any one prejudice in absence of any evidence which could establish prior understanding/ connection between him. In view of the aforesaid, it is further submitted that the Noticee instead of being the beneficiary, is the victim of the alleged manipulative scheme. Further, it must be noted that the same should not be used to form a false connection of the Noticee with distant entities merely on the pretext of transfer of shares through such entities by the Noticee 1, 2 & 3.*

16.3.15. *Further, had there been any iota of truth in the theory canvassed by SEBI in the entire SCN stating the alleged manipulative scheme, in such case the entire sell trades or maximum of sell trades by the Noticee would have matched with the Noticee 1and Noticee 2. It is submitted that, not all of the trades by the Noticee were matched with the Notice 1and Noticee 2 and the same in itself goes ahead to show that, on prima facie basis there exists no prior understanding between the Noticee with the alleged connected entities and the SCN proceeds on the basis of a biased or partial analysis of the situations.*

16.3.16. *With regard to the matching of the quantity, it is submitted that one of the primary parameter of screen based trading is the matching of the ordered quantity. However, upon the perusal of the partial trade log provided to the Noticee, it can be observed that the Noticee had placed distinct orders on the aforesaid Trade Dates that they traded. These orders resulted in multiple trades. This shows that that majority of the orders places by the Noticee got split in the smaller quantity trades to match the counter party order quantity. In addition to that it must be noted that the Noticee's order were partially executed partially with respect to the quantity.*

16.3.17. *With regard to the time gap between the orders, it is submitted that as per the screen based trading mechanism, the orders based on the basis of the time on which they are placed on time priority basis with the counter party orders. In this regard your attention is drawn to the fact that admittedly during the IP the* *shares of EML was volatile with regard to the time and volume of the shares. Accordingly there were multiple entities who were interest in the shares so as to get profits from the volatility of the shares. This interest ensured that there were readily available counter parties to the orders of the Noticee. In this regard it is important to note that the price of the shares was at the prevailing market price. This resulted in the trades being executed immediately upon the placing of the order. Here it is imperative to point out that there is no allegation of price manipulation in the shares on the Noticee in the captioned SCN.*

16.3.18. *It is further submitted that the Noticee has been alleged of synchronisation with some of the entities but has not provided any evidence to show connection with any of the alleged connected entities. There is no connection established with any of the suspected entities which have motivated your goodself to conclude that they acted in collusion to initiate any alleged manipulative scheme.*

16.3.19. *From the aforesaid it can be seen that the trading executed by the Noticee is so miniscule to have affected the market forces in any which ways. It is further submitted that such infrequent trading of such miniscule quantity could have not induced any person to deal in the shares of EML. In this regard it is important to point out that in light of the aforesaid submissions regarding the connection with its counter parties, the miniscule trading of the Noticee cannot be treated cumulatively to conclude that there has been creation of artificial volume through an alleged manipulative scheme.*

16.3.20. *The synchronization is ipso facto not illegal even under the SEBI Act and SEBI Regulations.*

16.3.21. *The aforesaid position is also clear from the fact that SEBI itself recommends several kinds of transactions, which would be capable of synchronizing as valid and legitimate stock market transactions. For instance, SEBI recognizes the concept of negotiated deal i.e. a deal which is struck between the buyer and the seller outside the mechanism of the Stock Exchange, wherein the buyer and seller agree upon the quantity, the price and the terms of the settlement.*

16.3.22. *The Noticee did not have any relation/ connection with the entities/persons mentioned in the SCN or with any of the counter parties to Noticee's trades. The trades were done in normal course devoid of any malafide intentions and knowledge of any such alleged scheme as carved out in the SCN. It is further submitted that, the Notice has also failed to bring out any connection between the Noticee and the other persons/ entities mentioned in the Notice, including the counter party broker or the counter party client. Therefore, by no stretch of imagination, it can be presumed that, the Noticee had any* *relationship/nexus/prior meeting of mind with any entities involved in the said trades in options.*

16.3.23. *A serious charge of fraud and manipulation cannot be levied. There has to be some collusion / connection / relation / nexus / prior meeting of minds to be shown so as to substantiate such trading between the entities.*

16.3.24. *Hon'ble SAT in the matter of Ketan Parekh v/s. SEBI(SAT apeeal no. 2 of 2004) has while dealing with the issue of synchronized deals has inter alia held that :*

"Para 21

A synchronized 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 synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."(emphasis supplied).

16.3.25. *Noticee has quoted the judgement of Hon'ble Supreme Court's judgements in the case of Hindustan Steel vs. State of Orissa, Ex-Naik Sardar Singh vs. Union of India (1991) 3 SCC 212), Ranjit Thakur vs. Union of India (AIR 1987 SC 2386), Superintendent and Remembrancer Legal Affairs to Government of West Bengal vs. Abani Maity(1979), Adjudicating Officer of SEBI vs. Bhavesh Pabari (dated 28th February, 2019), Hon'ble High Court of Bombay judgement* *in the matter of SEBI vs. Cobot International Capital Corporation Limited for not imposing penalty.*

16.3.26. *As no primary violation of SEBI Act or PFUTP Regulations against Noticees has been made out and the question of holding an inquiry against them in terms of Rule 4 of Adjudicating Rules, 1995 and imposing penalty for the alleged violation does not arise. Therefore, it is duly submitted that the Noticee has not committed any wrong and no charge has been established against it even prima facie, to warrant any action.*

16.4. Additional reply submitted by Noticee 6

16.4.1. *The grave allegations of violation of the PFUTP Regulations have been levied alleging that potion of sale of shares of EML to Noticee 2 and Noticee 1 on January 31, 2018 and February 01, 2018 respectively were manipulative and were executed with an intention to induce market participants to deal in the shares of EML. While alleging the trades of the Noticee with Noticee with Noticee No.1and Noticee No.2 to be manipulative, they have used some frivolous connections which are baseless and farfetched, these connections could not in any way show that the trades executed by the Noticee in the ordinary course of business was done with any manipulative intent while being part of any alleged scheme of manipulation. On the contrary these transactions will show that the Noticee had genuine interest in EML and is unnecessarily being painted with as the same brush as the alleged perpetrators of the scheme without any sufficient cause.*

16.4.2. *The connection provided with regard to the Noticee, it is observed that one of the factor which has been established to make the connection amongst the various entities is inter-se off market transfer of shares of EML. In pursuant to this, it is submitted that the Noticee had entered into the aforesaid off-market transactions for the purchase of shares of the Company in normal course of business as an innocent buyer without reflecting on the nature of shares and the alleged manipulative activity by Noticee No. 1, 2 & 3. It is hereby most respectfully submitted that the transaction was undertaken on the basis of the Noticee's own independent analysis and was devoid of any knowledge or intention to participate in any alleged manipulative activity in the market. Thereby, there is no connection established with any of the suspected entities which have motivated your good self to conclude that they acted in collusion to create artificial volume in the shares of EML. Therefore, without proving any connection of the Noticee with any other suspected parties, the allegation* *of manipulation in connivance with the other suspected entities has been levelled in the SCN.*

16.4.3. *As regard the common phone number and email of the Noticee with one Mr. Goutam Choradia, it is submitted that Mr. Goutam Choradia is a director of the Company since July 20, 2016 and it is due to this reason that the Noticee uses the email id and mobile number of the director for communication. Use of the mobile number and email Id of its director for communication does not in any way show connection of the Noticee with any of the counter parties, nor does it show that the Noticee had in any way any knowledge scheme of manipulation or was party to any such elaborate scheme.*

16.4.4. *In the second connection link, SCN through Annexure 2 shows common director of the Noticee with Sudama Trading and Investments Limited and Leela Merchants Private Limited. In this regard, it is submitted that different period of directorships have been used to show unnecessary connection where there exists none. This can be better understood from the table depicting the period of directorship of Mr. Pachu Das in relevant companies as under:*

Name of the Company	*Period of Directorship*
Bhavishya Ecommerce Private Limited	*November 21, 2013- June 27,2014*
Sudama Trading and Investments Limited	*November 26, 2013 - March 16, 2020*
Leela Merchants Private Limited	*September 24,2011 -June 28,2014*

16.4.5. *Therefore, from the perusal of the aforesaid it can be seen that Mr. Pachu Das was the director of the Noticee between November 21, 2013 and June 27, 2014 whereas the allegation imputed in the present SCN and the dealing of the Noticee in the shares of EML was between the period 2017- 2018. Therefore, no conclusion whatsoever can be imputed on the basis of the connection of the Noticee with Mr. Pachu Das. Here in is this regard, it is further necessary to note that no connection whatsoever of the Noticee with the entities in which Mr. Pachu was the director has been culled out in the SCN.*

16.4.6. *In reference to purchase of shares it is to be noted that Noticee had purchased 40,000 shares from Ruchi Jain on August 02, 2017. Further, 26000 shares of EML from Apsara Vincom Private Limited on November 30, 2017. Furthermore, 1,76,700 shares from Anubhav Paper Suppliers Private Limited, 2,55,860 shares from Escort Auto Agencies Private Limited and 2,60,379 shares from Megacity Food Suppliers Pvt. Ltd on January 30,2018.*

16.4.7. *Thereby, it is submitted that with regard to the aforesaid offmarket purchases, the Noticee purchased shares as an innocent buyer and on the basis of its own market analysis with no independent dealings between the Noticee and the alleged connected entities. The aforesaid transactions clearly depict that the alleged connection drawn by them is far-fetched and there is no linkage drawn in terms of the transfer of shares since the path of transfer of shares is not fully traceable. Therefore, the said transactions don't establish the alleged connection with the Noticee as alleged in the captioned SCN. Further, as depicted above from the off market purchases, it must be noted that the Noticee has actively purchased shares much before the IP. Thereby, the Noticee's interest in the shares of Ejecta was based on its own research and analysis and not on account of the alleged manipulative scheme in the alleged IP.*

16.4.8. *The off-market purchase was the first instance that the Noticee bought the shares of the Company on August 02, 2017. It can be seen that the purchase of shares were done in the normal course of business and has nothing to do with the manipulation as alleged in the SCN.*

16.4.9. *In reference to the sale transactions done by the Noticee, it is to be noted that the Noticee had entered into on-market sale transactions of 23000 shares and 25,000 shares on January 31, 2018. Thereafter, the Noticee entered into sale transaction of 50,000 shares on February 01, 2018. It is hereby submitted that the Noticee had sold the shares in normal course of business and had been done based upon the Noticee's own independent understanding and analysis of the market conditions. It is to be noted that none of the alleged Connected Entities as mentioned in the SCN, were parties to the sale transactions done by the Noticee. It is further submitted that the trades took place on the market platform and based on the prices of the shares as determined by the market's pricing mechanism. It is humbly submitted that the transactions of the Noticee were carried out devoid of any connection with the respective counter parties or any other person/ entity alleged in the SCN.*

16.4.10. *It is further submitted that no connection has been established with any of the counter parties to the trades executed by the Noticee which is as many as 60 independent counter parties none of which are connected to the Noticee other than Preeti Jain. Accordingly in purview of the aforementioned arguments, the first factor to establish that the Noticee had indulged in synchronized artificial trade cannot be concluded.*

16.4.11. *If an analysis of the Noticee's trade with respect to both the Trade Dates is done, it can be noticed that during the entire trading activity of the Noticee in* *the shares of EML, out of total169 trades executed with 139 counter-parties, only 5 impugned trades with mere 1counter party matched with no prior knowledge of the Noticee. Hence, such purely coincidental and occasional matching of the trades with aforesaid reasoning given is not a sufficient ground for the Noticee to be attributed to the alleged manipulative scheme merely on the basis of off market transactions.*

16.4.12. *With regard to the Trade Date January 31, 2018 it must be noted that the Noticee out of total 51 trades executed with 34 different counter-parties, merely 4 impugned trades totalling to 71795 shares matched with only 1 counter party i.e. Noticee 2.*

16.4.13. *Further, with regard to the Trade Date February 1, 2018, it must be noted that the Noticee out of total 29 trades with 25 different counter parties, merely 1 impugned trade matched with only 1counter party i.e. Notice 1.*

16.4.14. *It is submitted that during the aforesaid Trade Dates, out of the total1,41,71,841 shares traded in the shares of the EML, Noticee sold only 3,82,000 shares which amounts to 1.34% of the total traded quantity in the said shares during the entire period of IP. Further, the Noticee's impugned traded quantity of 1, 21,795 shares is mere 0.42% of the total traded quantity in the said shares during the entire period of IP.*

16.4.15. *Further, vide SCN apart from the aforesaid impugned sell trades of 1, 21,795 shares, Noticee's other sell trades of 2, 23,196 shares and 88,295 shares during the entire period of IP also matched with Noticee 2 and Noticee 1 respectively. However, your good self has not imputed such trades and thereby, we will not be commenting upon the same.*

16.4.16. *Most of the trades placed by the Noticee did not match with the Noticee 1and Noticee 2. Had there been any connective with such entities, all or majority of the Noticee's trades would have matched with them and at the highest price of the day. Further, the Noticee would have traded on most of the days of the IP to contribute to the market volume and reap in more gains from the market.*

16.4.17. *Further few of the Orders placed by the Noticee and the Counter party did not match fully. Majority of the trades were partial in nature in respect to quantity. Had the trades been synchronized, the Order quantity of both the partied and the traded quantity would have matched exactly. If the Noticee was a part of the alleged scheme of manipulation and creation of artificial volume, the trades would have matched exactly and there would not be splitting of the order.*

16.4.18. *Furthermore, the impugned trades of the Noticee represent a meagre as compared to the total market volume during the aforesaid impugned Trade*

Dates. Thereby, such miniscule volume in the shares could have in no way induced any other person to deal in the said shares.

16.4.19. *From the above, it can be seen that the trades did not get synchronized.*

16.5. Additional reply submitted by Noticee 9

16.5.1. *It is submitted that the grave allegations of violation of the PFUTP Regulations have been levied against the Noticee alleging that potion of sale of shares of EML to Noticee 1on January 11, 2018 were manipulative and were executed with an intention to induce market participants to deal in the shares of EML. While alleging the trades of the Noticee with Noticee 1 to be manipulative, they have used some frivolous connections which are baseless and farfetched, these connections could not in any way show that the trades executed by the Noticee in the ordinary course of business was done with any manipulative intent while being part of any alleged scheme of manipulation. On the contrary these transactions will show that the Noticee had genuine interest in EML and is unnecessarily being painted with as the same brush as the alleged perpetrators of the scheme without any sufficient cause.*

16.5.2. *As regard the common phone number and email of the Noticee with one Mr. Goutam Choradia (hereinafter referred to as "Goutam"), it is submitted that Mr. Goutam is husband of the Noticee and thereby on account of such relationship and convenience, the Noticee uses the email id and mobile number of Goutam for communication. Use of the mobile number and email id of Goutam for communication does not in any way show connection of the Noticee with any of the counter parties, nor does it show that the Noticee had in any way any knowledge scheme of manipulation or was party to any such elaborate scheme.*

16.5.3. *In reference to the purchase of shares, it is to be noted that the Noticee actively purchased shares much before the IP and thereby, such transactions have not been imputed by your goodself. This depicts that the Noticee's interest in the shares of Ejecta was based on her own research and analysis and not on account of the alleged manipulative scheme in the alleged IP. Further, since there exist no allegations on purchase of shares on part of the Noticee, the Noticee can't be imputed on account of off-market transactions and hence, there exists no reasonable connection with other entities as alleged in the captioned SCN.*

16.5.4. *In reference to the sale transactions done by the Noticee, it is to be noted that the Noticee had entered into on-market sale transactions of 34000 shares on*

January 11, 2018. It is hereby submitted that the Noticee had sold the shares in normal course of business and such sale was based upon the Noticee's own independent understanding and analysis of the market conditions. It is to be noted that none of the alleged Connected Entities as mentioned in the SCN, were parties to the sale transactions done by the Noticee. It is further submitted that the trades took place on the market platform and based on the prices of the shares as determined by the market's pricing mechanism. It is humbly submitted that the transactions of the Noticee were carried out devoid of any connection with the respective counter parties or any other person/ entity alleged in the SCN.

16.5.5. *If an analysis of the Noticee's trade with respect to the Trade Date January 11, 2018 is done, it can be noticed that during the entire trading activity of the Noticee in the shares of EML, out of total 94 trades executed with 59 counter-parties, only 1 impugned trades with 1 counter party matched with no prior knowledge of the Noticee. Further, out of the Noticee's sell order of 42, 860 shares on the above stated Trade Date, the sale transaction was executed for only 34,000 shares with Noticee 1. Hence, such purely coincidental and occasional matching of the trades with aforesaid reasoning given is not a sufficient ground for the Noticee to be attributed to the alleged manipulative scheme. With regard to the Trade Date January 11, 2018, it must be noted that the Noticee had 1 trade executed with 1counter party i.e., Noticee 1..*

16.5.6. *During the aforesaid Trade Dates, out of the total1,41,71,841 shares traded in the shares of the EML, Noticee sold only 1,13,491 shares which amounts to 0.46% of the total traded quantity in the said shares during the entire period of IP. Further, the Noticee's impugned traded quantity of 34,000 shares is mere 0.11% of the total traded quantity in the said shares during the entire period of IP.*

16.5.7. *Further, vide SCN apart from the aforesaid impugned sell trades of 34,000 shares, Noticee's other sell trades of 24,745 shares also matched with Noticee 2. However, your good self has not imputed such trades and thereby, the Noticee will not be commenting upon the same. Without prejudice to the aforesaid, as inferred from the non-imputed trades, the Noticee placed the sell order of 42,860 shares on the above stated Trade Date based upon the Noticee's own independent understanding and analysis of the market conditions. Subsequently, the sale transaction of 34,000 shares was executed since the trades took place on the market platform and based on the prices of the shares as determined by the market's pricing mechanism.*

Thereby, it is humbly submitted that the transactions of the Noticee were carried out devoid of any connection with the respective counter parties or any other person/ entity alleged in the SCN and it was purely a coincidental happening that merely 1trade matched with the Noticee 1out of the total trades executed in the entire period of IP.

17. I note that sufficient opportunities have been given to Noticees 1,2,3,5 and 7 to represent themselves and the principles of natural justice have been complied with. However, despite service of the SCN and hearing notices, none of the given opportunities of personal appearance were availed of by Noticees 1,2,3,5 and 7. The Hon'ble Securities Appellate Tribunal ("**SAT**") in the matter of Classic Credit Ltd. v. SEBI [2007] 76 SCL 51 (SAT - MUM), *inter alia*, held that – *"the appellants did not file any reply to the second show-cause notice. This being so, it has to be presumed that the charges alleged against them in the show-cause notice were admitted by them*". Similarly, the Hon'ble SAT also, in the case of Sanjay Kumar Tayal & Ors. v. SEBI (in appeal No. 68/2013) decided on February 11, 2014, held that *"…appellants have neither filed reply to show cause notices issued to them nor availed opportunity of personal hearing offered to them in the adjudication proceedings and, therefore, appellants are presumed to have admitted charges levelled against them in the show cause notices*". Since no replies to the SCN have been filed by Noticees 1,2,3,5 and 7, it can be reasonably presumed that the allegations have been admitted to by Noticees in this case.

18. In view of the above, I am compelled to proceed ex-parte in the matter against Noticees 1,2,3,5 and 7. I am of the view that Noticees have nothing to submit and in terms of Rule 4(7) of SEBI Adjudication Rules, the matter can be proceeded ex-parte on the basis of material available on record. Therefore, the present proceedings against Noticees 1,2,3,5 and 7 are undertaken on ex-parte basis as well as on the basis of available documents and information.

19. While deciding the case, I also cannot lose sight of settled position of law that the charges in the SCN should be established with valid reasons and in accordance with law. I, therefore, deem it necessary to examine the charges based on the trades of Noticees and supporting documents available on record.

CONSIDERATION OF ISSUES, EVIDENCE AND FINDINGS

20. I have carefully perused the charges levelled against Noticees, replies/submissions filed by Noticees 4, 6, 8 & 9 and other documents/ evidence available on records. I now proceed to deal with the case on merits. The issues that arise for consideration in the present case are:

I. Whether
   a. Noticees 1 to 4 have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations?
   b. Noticees 1 to 2 and 5 to 9 have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?
   c. Noticee 4 has violated Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations?

II. Do the violations, if any, attract monetary penalty under Section 15HA of SEBI Act, and Section 15HB of SEBI Act, as applicable?

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

21. Before moving forward in the matter, I first discuss preliminary objections raised by Noticees 6 and 9. Noticees 6 and 9 in their replies have contended that the SCN is ambiguous and vague and does not clearly make any specific allegations or case against them nor does it give any details of the grounds on which such allegations have been levied. Accordingly, Noticees 6 and 9 have contended that SCN needs to be set aside. In support of their contentions, Noticees 6 and 9 have placed reliance on the judgements of Hon'ble Supreme Court in the cases of Gorkha Security Services v. Government (NCT of Delhi), (2014) 9 SCC 105, Swaranganga Trading Private Ltd. v. Adjudicating Officer, SEBI (Appeal No. 74 of 2009), Canara Bank V/s. Debasis Das, (2003) 4 SCC 552 Hon'ble Securities Appellate Tribunal in the matter of M.G. Capital Service Ltd. V/s Securities and Exchange Board of India Appeal No.61/2012 dated July 31, 2012, Food Corporation of India v. State of Punjab and others, (2001) 1SCC 291.

22. In this regard, I note that the SCN in the instant proceeding has been issued against Noticees 6 and 9 for violations of the SEBI Act read with PFUTP Regulations and the same has been clearly spelt out in the SCN. The connection among the Noticees and the analysis of trading activities of Noticees during relevant period of time has been brought out in detail in the SCN. I also note that SCN also provides details about the applicable penal section of SEBI Act, i.e., the charging provisions for aforementioned violations of the SEBI Act read with

PFUTP Regulations has been mentioned in SCN and I note that there is no ambiguity regarding the same. I further note that the trade log, order log, communication order, etc., which have been relied upon in the instant proceedings have also been provided to Noticees as Annexures to the SCN. In view of the same, I find that the contention raised by Noticee is not valid. I have perused the judgement Gorkha Security cited by Noticees 6 and 9. In this regard, I note that the facts in the present matter is different than Gorkha Security matter. I note that the present matter deals with the provisions of a comprehensive Regulation framed under SEBI Act with the object of ensuring investors' protection and the orderly and healthy growth of the securities market. Accordingly, I find that judgement cited by the aforesaid Noticees are not applicable in the context of present case. I have also perused the other judgements relied upon by Noticees 6 and 9 and I find that the principles pronounced through these judgements has been duly complied with while issuing the SCN in the instant proceedings. Therefore, I do not agree with the contention of Noticees 6 and 9 that the charge in the SCN is vague or not clear.

23. Noticees 6 and 9, in their submissions, have also contended that if any person/ entity is alleged to have carried out fraudulent contributing to alleged creation of artificial volume, its counter party in such trades should also be alleged with the same. Noticees 6 and 9 have further contended that SEBI only took action against selected/ shortlisted persons/ entities and not against all of them who were allegedly involved in the entire scheme of the said shares during the examination period and that if the allegation of SEBI were correct then allegation would also have been levelled against all of them, failing which the SCN needs to be withdrawn. In this regard, I note that in the communique order, I have been directed to look into violations committed by only Noticees which include Noticees 6 and 9 for assessing the quantum of penalties to be imposed on them, if any. In this connection, I note that Noticees 6 and 9 cannot be absolved of the culpability of the alleged violations by contending that the counterparties were not being charged. Therefore, I find no merit in the aforementioned contentions made by Noticees 6 and 9.

24. I now proceed to deal with the case on merits. Before moving forward, it is pertinent to refer to the relevant provisions of Sections12A (a) (b) and (c) of the SEBI Act, Regulations 3 (a), (b), (c) and (d), 4(1) and 4(2) (a) of the PFUTP Regulations, Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations, which are reproduced as under:-

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

***"Regulation 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 thereunder;

(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 thereunder

"Regulation 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) Knowingly indulging in an act which creates false or misleading appearance of trading in securities market.

Stock Broker Regulations

Regulation 9: *Any registration granted by the Board under regulation 6 shall be subject to the following conditions, namely*

(f) he shall at all times abide by the Code of Conduct as specified in Schedule II

Schedule-II Code of Conduct for Stock Brokers:-

A. General.

(1) Integrity: A stock-broker, shall maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: A stock-broker shall act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation : A stock-broker shall not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumours with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: A stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. A stockbroker shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

Issue No. 1:- Whether:

a) Noticees 1 to 4 have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations?

b) Noticees 1 to 2 and 5 to 9 have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations?

c) Noticee 4 has violated Clauses (1), (2),(3) and (4) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations?

25. I note from the documents available on record that during pre-SMS period, i.e., December 28, 2017 to January 09, 2017, the average daily volume traded in the scrip of EML was 66,275 shares and total volume traded during the aforesaid period was 5,96,841 shares. During the SMS period, i.e., between January 10, 2018 to February 01, 2018, the average daily volume of EML increased to 7,85,716 shares, which was around 12 times to daily average volume traded during pre-SMS period and the total volume traded was 1,25,71,457 shares which was around 21 times of the total volume traded during Pre-SMS period. In Post SMS period (February 02, 2018 to February 20, 2018), the average daily volume of trade in the scrip of Ejects again decreased considerably to around 83,658 shares. Thus, I note that the scrip was comparatively illiquid scrip during the pre and post SMS period. However, there was a significant increase in the average daily volume and total volume traded in the scrip of EML during the SMS period as compared to the pre-SMS/ post-SMS period.

26. I note that during the period of investigation, SEBI identified a group of 60 entities (hereinafter referred to as "**connected entities**") which includes Noticees. The details of the connections observed during the investigation period are reproduced herein below:

Sl. No.	PAN	Name of entity	Reasons for connection
1	AAACV8377Q	Vikash Mercantile Pvt. Ltd.	• Common phone number – 9330005791 and address - 1b Black Burn Lane Room No-170, Kolkata 700012 with Leela Merchants Private Limited. • Gautam Ghosh (DIN – 00203423), director since November 23, 2013 is also director in Sudama Trading and Investments Limited since November 26, 2013 and in Apsara Vincom Private Limited since November 21, 2013. • Arun Banerjee (DIN - 05111425), director since October 14, 2011 is also director in Sudama Trading and Investments Limited since December 18, 2017 and was director in Leela Merchants Private Limited from August 2, 2017 to February 5, 2018.
2	AAJCA8909J	Apsara Vincom Private Limited*	• Common address - 1B, Black Burn Lane R. No-170 Kolkata, WB – 700012 with Vikash Mercantile Pvt. Ltd. • Gautam Ghosh (DIN – 00203423), director since November 21, 2013 is also director in Sudama Trading and Investments Limited since November 26, 2013 and in Vikash Mercantile Pvt. Ltd. since November 23, 2013. • Transferred 26,000 shares of Ejecta Marketing Limited on November 30, 2017 in off market to Bhavishya Ecommerce Private Limited.
3	AABCL9207G	Leela Merchants Private Limited	• Common phone number – 9330005791 and address - 1b Black Burn Lane Room No-170, Kolkata 700012 with Vikash Mercantile Pvt. Ltd. • Pachu Das (DIN - 03629610), director in Sudama Trading and Investments Limited since November 26, 2013 was also director in Bhavishya Ecommerce Private Limited from

Sl. No.	PAN	Name of entity	Reasons for connection
			November 21, 2013 to June 27, 2014 and in Leela Merchants Private Limited from September 24, 2011 to June 28, 2014. • Arun Banerjee (DIN - 05111425), director during August 2, 2017 to February 5, 2018, is currently director in Vikash Mercantile Pvt. Ltd. since October 14, 2011 and in Sudama Trading and Investments Limited since December 18, 2017.
4	AAACE7084M	Epoch Mercantile Pvt. Ltd	• Common phone number – 9331005791 and 22434731 with Mahendra Sethia HUF. • Common phone number – 03322434624 with Sudama Trading and Investments Limited. • Common email id - sethia_mail@yahoo.co.in with Mahendra Sethia HUF.
5	AADHM0541D	Mahendra Sethia HUF	• Common phone number – 9331005791 and 22434731 with Epoch Mercantile Pvt Ltd. • Common email id - sethia_mail@yahoo.co.in with Epoch Mercantile Pvt Ltd.
6	AADCS6067K	Sudama Trading and Investments Limited	• Common phone number – 03322434624 with Epoch Mercantile Pvt. Ltd. • Pachu Das (DIN - 03629610), director since November 26, 2013 was also director in Bhavishya Ecommerce Private Limited from November 21, 2013 to June 27, 2014 and in Leela Merchants Private Limited from September 24, 2011 to June 28, 2014. • Gautam Ghosh (DIN – 00203423), director since November 26, 2013 is also director in Vikash Mercantile Pvt Ltd. since November 23, 2013 and in Apsara Vincom Private Limited since November 21, 2013. • Arun Banerjee (DIN - 05111425), director since December 18, 2017 is also director in Vikash Mercantile Pvt Ltd since October 14, 2011 and was director in Leela Merchants Private Limited from August 2, 2017 to February 5, 2018..
7	ACQPJ3400R	Anju Jha	• Common phone number – 9331028461 with Jugal Kishore Jha. • Common phone number – 9903796394 with Roma Jha, Ashok Jha, Anupama Jha, Vishal Jha and Jugal Kishore Jha. • Common address - Banani Nagar, Benir Pool, Puratan Dakghar, P.o. & P.s. Maheshtala, Kolkata, West Bengal, India, 700141 with Nancy Jha and Jugal Kishore Jha. • Transferred 18,000 shares of Quest Financial Services Limited on February 15, 2017 in off market to Fastner Machinery Dealers Pvt. Ltd.
8	ACVPJ2764P	Jugal Kishore Jha	• Common phone number – 9331028461 with Anju Jha. • Common phone number – 9903796394 with Roma Jha, Ashok Jha, Anupama Jha, Vishal Jha and Anju Jha. • Common email id - vj-jkj@yahoo.com with Ashok Jha, Anupama Jha, Vishal Jha and Roma Jha. • Common address - Banani Nagar, Benir Pool, Puratan Dakghar, P.o. & P.s. Maheshtala, Kolkata, West Bengal, India, 700141 with Nancy Jha and Anju Jha. • Transferred 18,000 shares of Quest Financial Services Limited on February 15, 2017 in off market to Fastner Machinery Dealers Pvt. Ltd.
9	AEOPJ1963P	Ashok Jha	• Common phone number – 9903796394 with Roma Jha, Anju Jha, Anupama Jha, Vishal Jha and Jugal Kishore Jha. • Husband of Roma Jha. • Common email id - vj-jkj@yahoo.com with Jugal Kishore Jha, Anupama Jha, Vishal Jha and Roma Jha.
10	ALGPJ6891F	Roma Jha	• Wife of Ashok Jha. • Common phone number – 9903796394 with Ashok Jha, Anju Jha, Anupama Jha, Vishal Jha and Jugal Kishore Jha.

Sl. No.	PAN	Name of entity	Reasons for connection
			• Common email id - vj-jkj@yahoo.com with Jugal Kishore Jha, Anupama Jha, Vishal Jha and Ashok Jha.
11	AQHPJ2608J	Anupama Jha*	• Common phone number – 9903796394 with Ashok Jha, Anju Jha, Roma Jha, Vishal Jha and Jugal Kishore Jha. • Common email id - vj-jkj@yahoo.com with Jugal Kishore Jha, Roma Jha, Vishal Jha and Ashok Jha. • Transferred 18,000 shares of Quest Financial Services Limited on February 15, 2017 in off market to Fastner Machinery Dealers Pvt. Ltd.
12	ANJPJ0504E	Vishal Jha*	• Common phone number – 9903796394 with Ashok Jha, Anju Jha, Anupama Jha, Roma Jha and Jugal Kishore Jha. • Common email id - vj-jkj@yahoo.com with Jugal Kishore Jha, Anupama Jha, Roma Jha and Ashok Jha. • Transferred 18,000 shares of Quest Financial Services Limited on February 15, 2017 in off market to Fastner Machinery Dealers Pvt. Ltd.
13	ATKPJ0510H	Nancy Jha	• Common address - Banani Nagar, Benir Pool, Puratan Dakghar, P.o. & P.s. Maheshtala, Kolkata, West Bengal, India, 700141 with Jugal Kishore Jha and Anju Jha.
14	BLOPP9579F	Malay Shaileshbhai Patel	• Received 2,50,000 shares of Birdhi Chand Pannalal Agencies Limited on August 24, 2017, in off market from Bhavishya Ecommerce Private Limited. • Transferred 3,91,454 shares of Ejecta Marketing Limited on January 30, 2018, in off market to Prudential Iron Merchants Private Limited.
15	BCDPJ8304A	Ruchi Jain	• Received 50,000 shares of Ejecta Marketing Limited on June 29, 2017, in off market from Escort Auto Agencies Private Limited. • Transferred 40,000 shares of Ejecta Marketing Limited on August 2, 2017, in off market to Bhavishya Ecommerce Private Limited.
16	AAECB3190M	Bhavishya Ecommerce Private Limited	• Common phone number – 9830978964 and email id - goutamchoraria@rocketmail.com with Goutam Choraria. • Pachu Das (DIN - 03629610), director in Sudama Trading and Investments Limited since November 26, 2013 was also director in Bhavishya Ecommerce Private Limited from November 21, 2013 to June 27, 2014 and in Leela Merchants Private Limited from September 24, 2011 to June 28, 2014. • Received 1,76,700 shares of Ejecta Marketing Limited from Anubhav Paper Suppliers Private Limited, 2,55,860 shares of Ejecta Marketing Limited from Escort Auto Agencies Private Limited and 2,60,379 shares of Ejecta Marketing Limited from Megacity Food Suppliers Pvt. Ltd., in off market on January 30, 2018. • Received 26,000 shares of Ejecta Marketing Limited on November 30, 2017 in off market from Apsara Vincom Private Limited. • Transferred 2,50,000 shares of Birdhi Chand Pannalal Agencies Limited on August 24, 2017, in off market to Malay Shaileshbhai Patel. • Received 40,000 shares of Ejecta Marketing Limited on August 2, 2017, in off market from Ruchi Jain.
17	ABYPC0658H	Goutam Choraria	• Common phone number – 9830978964 and email id - goutamchoraria@rocketmail.com with Bhavishya Ecommerce Private Limited. • Common phone number – 2357908 and address - C/o. Jain Tax Consultant, 14, Pollock Street, 2nd Floor, Calcutta, 700001 with Preeti Jain. • Common address - Ekta Oleander Block 3 Flat No 3e Tangra 16 Radha Nath Chowdhary Road Kolkata West Bengal India 700015 with Preeti Jain.

Sl. No.	PAN	Name of entity	Reasons for connection
18	AEDPJ2774H	Preeti Jain (As per Trade Log name is - Priti Jabin – with same pan no.)	• Common phone number – 2357908 and address - C/o. Jain Tax Consultant, 14, Pollock Street, 2nd Floor, Calcutta, 700001 with Goutam Choraria. • Common address - Ekta Oleander Block 3 Flat No 3e Tangra 16 Radha Nath Chowdhary Road Kolkata West Bengal India 700015 with Goutam Choraria.
19	AAFCP8290F	Prudential Iron Merchants Private Limited*	• Common phone number – 9836427951 with Ideal Plywood Traders Private Limited and Megacity Food Suppliers Pvt. Ltd. • Common email id - companies26roc@gmail.com with Flowtop Retailers Pvt Ltd, Primary Iron Traders Private Limited, Anurodh Infrastructure Pvt Ltd and Multifold Plastic Marketting Pvt Ltd. • Common address - Borar, Uttar Antila, Bagnan, Howrah, West Bengal, India, 711312 with Megacity Food Suppliers Pvt. Ltd., Ideal Plywood Traders Private Limited and Primary Iron Traders Private Limited. • Ashutosh Dey (DIN – 02391573), director since January 31, 2011, is also director in Ideal Plywood Traders Private Limited and Fastner Machinery Dealers Pvt. Ltd since February 2, 2011, in Primary Iron Traders Private Limited since January 31, 2011 and Rudramukhi Infrastructure Private Limited since September 3, 2012. • Received 3,91,454 shares of Ejecta Marketing Limited on January 30, 2018, in off market from Malay Shaileshbhai Patel.
20	AACCI5171P	Ideal Plywood Traders Private Limited	• Common phone number – 9836427951 with Prudential Iron Merchants Private Limited and Megacity Food Suppliers Pvt. Ltd. • Common email id - roc7005@gmail.com with Megacity Food Suppliers Pvt. Ltd. • Common address - Borar, Uttar Antila, Bagnan, Howrah, West Bengal, India, 711312 with Megacity Food Suppliers Pvt. Ltd., Prudential Iron Merchants Private Limited and Primary Iron Traders Private Limited. • Ashutosh Dey (DIN – 02391573), director since February 2, 2011, is also director in Fastner Machinery Dealers Pvt. Ltd since February 2, 2011, in Prudential Iron Merchants Private Limited and Primary Iron Traders Private Limited since January 31, 2011 and Rudramukhi Infrastructure Private Limited since September 3, 2012.
21	AAGCM9745H	Megacity Food Suppliers Pvt. Ltd.*	• Common phone number – 9836427951 with Ideal Plywood Traders Private Limited and Prudential Iron Merchants Private Limited. • Common email id - roc7005@gmail.com with Ideal Plywood Traders Private Limited. • Common address - Borar, Uttar Antila, Bagnan, Howrah, West Bengal, India, 711312 with Prudential Iron Merchants Private Limited, Ideal Plywood Traders Private Limited and Primary Iron Traders Private Limited. • Transferred 2,60,379 shares of Ejecta Marketing Limited to Bhavishya Ecommerce Private Limited, in off market on January 30, 2018.
22	AAACQ0461C	Quest Financial Services Ltd	• Common phone number – 30287789 with Escort Auto Agencies Private Limited • Common phone number – 9831112811 and address - Centre point, 21, Hemanta Basu Sarani, 2nd Floor, Room No. 230, Kolkata, West Bengal, India, 700001 with Burnpur Power Private Limited.

Sl. No.	PAN	Name of entity	Reasons for connection
23	AACCE5993M	Escort Auto Agencies Private Limited*	• Common phone number – 30287789 with Quest Financial Services Ltd • Common phone number – 9163366191 with Fastner Machinery Dealers Pvt. Ltd and Anurodh Infrastructure Pvt Ltd. • Common address - 319 21 Jessore Road Khudiram Colony Kolkata West Bengal India 700074 with Anurodh Infrastructure Pvt Ltd, Fastner Machinery Dealers Pvt. Ltd and Anubhav Paper Suppliers Private Limited. • Transferred 2,55,860 shares of Ejecta Marketing Limited to Bhavishya Ecommerce Private Limited, in off market on January 30, 2018. • Transferred 50,000 shares of Ejecta Marketing Limited on June 29, 2017, in off market to Ruchi Jain.
24	AADCB7722N	Burnpur Power Private Limited	• Common phone number – 9831112811 and address – Centre point, 21, Hemanta Basu Sarani, 2nd Floor, Room No. 230, Kolkata, West Bengal, India, 700001 with Quest Financial Services Ltd
25	AABCF6671N	Fastner Machinery Dealers Pvt. Ltd	• Common phone number – 9163366191 with Escort Auto Agencies Private Limited and Anurodh Infrastructure Pvt Ltd. • Common address - 319 21 Jessore Road Khudiram Colony Kolkata West Bengal India 700074 with Anurodh Infrastructure Pvt Ltd, Escort Auto Agencies Private Limited and Anubhav Paper Suppliers Private Limited. • Received 18,000 shares (each) of Quest Financial Services Limited on February 15, 2017 in off market from Anju Jha, Anupama Jha, Vishal Jha and Jugal Kishore Jha. • Received 18,181 shares of Kwality Credit & Leasing Limited on March 30, 2015, in off market from Radha Devi Goenka.
26	AAJCA1464E	Anurodh Infrastructure Pvt Ltd	• Common phone number – 9163366191 with Escort Auto Agencies Private Limited and Fastner Machinery Dealers Pvt. Ltd • Common email id - companies26roc@gmail.com with Flowtop Retailers Pvt Ltd, Primary Iron Traders Private Limited, Prudential Iron Merchants Private Limited and Multifold Plastic Marketing Pvt Ltd. • Common address - 319 21 Jessore Road Khudiram Colony Kolkata West Bengal India 700074 with Fastner Machinery Dealers Pvt. Ltd, Escort Auto Agencies Private Limited and Anubhav Paper Suppliers Private Limited.
27	AACCF0284A	Flowtop Retailers Pvt Ltd	• Common email id - companies26roc@gmail.com with Anurodh Infrastructure Pvt Ltd, Primary Iron Traders Private Limited, Prudential Iron Merchants Private Limited and Multifold Plastic Marketting Pvt Ltd. • Common email id - tanumoylaha2012@yahoo.com with Anubhav Paper Suppliers Private Limited.
28	AAFCP8289C	Primary Iron Traders Private Limited	• Common email id - companies26roc@gmail.com with Anurodh Infrastructure Pvt Ltd, Flowtop Retailers Pvt Ltd, Prudential Iron Merchants Private Limited and Multifold Plastic Marketting Pvt Ltd. • India, 711312 with Prudential Iron Merchants Private Limited, Ideal Plywood Traders Private Limited and Megacity Food Suppliers Pvt. Ltd. • Ashutosh Dey (DIN – 02391573), director since January 31, 2011, is also director in Ideal Plywood Traders Private Limited and Fastner Machinery Dealers Pvt. Ltd since February 2, 2011, in Prudential Iron Merchants Private Limited since January 31, 2011 and Rudramukhi Infrastructure Private Limited since September 3, 2012.
29	AAJCM9703K	Multifold Plastic Marketting Pvt Ltd	• Common email id - companies26roc@gmail.com with Anurodh Infrastructure Pvt Ltd, Flowtop Retailers Pvt Ltd,

Sl. No.	PAN	Name of entity	Reasons for connection
			Prudential Iron Merchants Private Limited and Primary Iron Traders Private Limited. • Common address - 262, Panchanantala Road, Howrah, West Bengal, India, 711101 with Original Fashion Traders Limited.
30	AAJCA1463D	Anubhav Paper Suppliers Private Limited*	• Common email id - tanumoylaha2012@yahoo.com with Flowtop Retailers Pvt Ltd. • Common address - 319 21 Jessore Road Khudiram Colony Kolkata West Bengal India 700074 with Fastner Machinery Dealers Pvt. Ltd, Escort Auto Agencies Private Limited and Anurodh Infrastructure Pvt Ltd. • Transferred 1,76,700 shares of Ejecta Marketing Limited to Bhavishya Ecommerce Private Limited, in off market on January 30, 2018.
31	AABCO4133G	Original Fashion Traders Limited	• Common address - 262, Panchanantala Road, Howrah, West Bengal, India, 711101 with Multifold Plastic Marketting Pvt Ltd.
32	AAGCR0172D	Rudramukhi Infrastructure Private Limited	• Ashutosh Dey (DIN – 02391573), director since September 3, 2012 is also director in Ideal Plywood Traders Private Limited and Fastner Machinery Dealers Pvt. Ltd since February 2, 2011, in Prudential Iron Merchants Private Limited and Primary Iron Traders Private Limited since January 31, 2011.
33	AAUCS6150L	Samudhita Sales Private Limited	• Common address - Surendra Mohan Ghosh Sarani 2nd Floor Room No-5d Kolkata WB 700001, with Vidisa Textiles Private Limited. Tapas Santra (DIN – 07869574), director in Vidisa Textiles Private Limited since August 16, 2017, is also director in Outstripe Suppliers Private Limited since July 6, 2017. Outstripe Suppliers Private Limited has common address - 48, Malanga Lane, 2nd Floor Room No-1 Kolkata WB 700012 with Goldensight Vinimay Private Limited and Vinahast Dealcom Private Limited. • Received 27,250 shares of R.P.P. Infra Projects Limited on April 13, 2018, in off market from Divyaben Hiteshbhai Gangani. Transferred 48,750 shares of R.P.P. Infra Projects Limited on April 14, 2018, in off market to Bhavin Natwarlal Panchal.
34	AAFCG6292A	Goldensight Vinimay Private Limited	• Common address - 8/3 Rupchand Roy Street,1st Floor, Kolkata, West Bengal, India, 700007 with Vinahast Dealcom Private Limited. • Common address - 48, Malanga Lane, 2nd Floor Room No-1 Kolkata WB 700012 with Outstripe Suppliers Private Limited and Vinahast Dealcom Private Limited. • Received 2,233 shares of Alps Motor Finance Limited on December 27, 2017, in off market from Sungar Textiles Private Limited.
35	AAECV8139N	Vinahast Dealcom Private Limited	• Common address - 8/3 Rupchand Roy Street,1st Floor, Kolkata, West Bengal, India, 700007 with Goldensight Vinimay Private Limited. • Common address - 48, Malanga Lane, 2nd Floor Room No-1 Kolkata WB 700012 with Goldensight Vinimay Private Limited and Outstripe Suppliers Private Limited. • Transfererd approx. 60,000 shares across 9 sharess on January 6, 2018, in off market to Sungar Textiles Private Limited.
36	AACCO0067C	Outstripe Suppliers Private Limited*	• Common address - 48, Malanga Lane, 2nd Floor Room No-1 Kolkata WB 700012 with Goldensight Vinimay Private Limited and Vinahast Dealcom Private Limited. • Tapas Santra (DIN – 07869574), director since July 6, 2017, is also director in Vidisa Textiles Private Limited since August 16, 2017. Vidisa Textiles Private Limited has common address - Surendra Mohan Ghosh Sarani 2nd

Sl. No.	PAN	Name of entity	Reasons for connection
			Floor Room No-5d Kolkata WB 700001, with Samudhita Sales Private Limited.
37	AAXCS0786K	Sungar Textiles Private Limited	• Transferred Received 2,233 shares of Alps Motor Finance Limited on December 27, 2017, in off market to Goldensight Vinimay Private Limited. • Received approx. 60,000 shares across 9 sharess on January 6, 2018, in off market from Vinahast Dealcom Private Limited.
38	AADHR3657K	R K Goenka & Others HUF	• Common phone number - 033-22307586 with Raj Kumar Goenka, Radha Devi Goenka and Rishi Kunj Goenka. • Common email id - rkg@aristrocapital.com with Raj Kumar Goenka. • Common address - 25 Strand Road Room No-377, Kolkata, West Bengal, India, 700001 with Raj Kumar Goenka and Radha Devi Goenka. • Common address - 689 Lake Town Block A Kolkata, 700089 with Radha Devi Goenka and Rishi Kunj Goenka.
39	ADZPG3205D	Raj Kumar Goenka	• Common phone number - 033-22307586 with R K Goenka & Others HUF, Radha Devi Goenka and Rishi Kunj Goenka. • Common phone number – 9903946004 with Rishi Kunj Goenka. • Common email id - rkg@aristrocapital.com with R K Goenka & Others HUF. • Common address - 25 Strand Road Room No-377, Kolkata, West Bengal, India, 700001 with R K Goenka & Others HUF and Radha Devi Goenka. • Common address - 3 Alipure Road, Satyam Towers, Flat No 8b/3 , 8th Floor, Kolkata, West Bengal, India, 700027 with Radha Devi Goenka and Rishi Kunj Goenka.
40	AEGPG4400C	Radha Devi Goenka	• Common phone number - 033-22307586 with Raj Kumar Goenka, R K Goenka & Others HUF and Rishi Kunj Goenka. • Common email id - rgoenka410@gmail.com with Rishi Kunj Goenka. • Common address - 25 Strand Road Room No-377, Kolkata, West Bengal, India, 700001 with R K Goenka & Others HUF and Raj Kumar Goenka. • Common address - 3 Alipure Road, Satyam Towers, Flat No 8b/3 , 8th Floor, Kolkata, West Bengal, India, 700027 with Raj Kumar Goenka and Rishi Kunj Goenka. • Common address - 689 Lake Town Block A, Kolkata, 700089 with R K Goenka & Others HUF and Rishi Kunj Goenka. • Transferred 18,181 shares of Kwality Credit & Leasing Limited on March 30, 2015, in off market to Fastner Machinery Dealers Pvt. Ltd.
41	AMCPG2269B	Rishi Kunj Goenka	• Common phone number - 033-22307586 with Raj Kumar Goenka, R K Goenka & Others HUF and Radha Devi Goenka. • Common phone number – 9903946004 with Raj Kumar Goenka. • Common email id - rgoenka410@gmail.com with Radha Devi Goenka. • Common address - 3 Alipure Road, Satyam Towers, Flat No 8b/3 , 8th Floor, Kolkata, West Bengal, India, 700027 with Raj Kumar Goenka and Radha Devi Goenka. • Common address - 689 Lake Town Block A Kolkata, 700089 with R K Goenka & Others HUF and Radha Devi Goenka.
42	AJMPP8429P	Bhavin Natwarlal Panchal	• Common phone number – 7283998848 with Nikhil Kiritbhai Panchal.

Sl. No.	PAN	Name of entity	Reasons for connection
			• Received 48,750 shares of R.P.P. Infra Projects Limited on April 14, 2018, in off market from Samudhita Sales Private Limited. • Transferred 2,500 shares of Gala Global Products Limited on April 18, 2018, in off market to Mukeshkumar Mavjibhai Parmar.
43	AVOPP6274G	Nikhil Kiritbhai Panchal	• Common phone number – 7283998848 with Bhavin Natwarlal Panchal. • Common phone number – 9586716905 with Harishkumar Kantilal Patel, Divyaben Hiteshbhai Gangani and Pardhi Dhirubhai Khanabhai.
44	BTHPG8954L	Divyaben Hiteshbhai Gangani	• Common phone number – 9586716905 with Nikhil Kiritbhai Panchal, Pardhi Dhirubhai Khanabhai and Harishkumar Kantilal Patel. • Transferred 27,250 shares of R.P.P. Infra Projects Limited on April 13, 2018, in off market to Samudhita Sales Private Limited. • Transferred 10,025 shares of Sunstar Realty Development Limited on December 12, 2017, in off market to Bhavnaben Virendrakumar Patel.
45	CEPPP2873D	Pardhi Dhirubhai Khanabhai	• Common phone number – 9586716905 with Nikhil Kiritbhai Panchal, Divyaben Hiteshbhai Gangani and Harishkumar Kantilal Patel
46	CNYPP3185N	Harishkumar Kantilal Patel	• Common phone number – 7874987089 with Hiteshbhai Mistri. • Common phone number – 9586716905 with Nikhil Kiritbhai Panchal, Divyaben Hiteshbhai Gangani and Pardhi Dhirubhai Khanabhai.
47	DDEPM8647B	Hiteshbhai Vrajalal Mistri	• Common phone number – 7874987089 with Harishkumar Kantilal Patel. • Received 12,000 shares (each) of Prime Customer Services Limited on February 7, 2018 and February 9, 2018, in off market from Bhavnaben Virendrakumar Patel. • Received 7,500 shares (each) of PG Electroplast Limited on February 14, 2018, February 15, 2018 and February 16, 2018, in off market from Bhavnaben Virendrakumar Patel. • Received 15,000 shares of Kapil Raj Finance Limited and 6,329 shares of PG Electroplast Limited on February 19, 2018, in off market from Bhavnaben Virendrakumar Patel. • Received 24,980 shares of Natco Economicals Limited, 10 shares of Nishtha Finance and Investment (India) Limited and 4,650 shares of Firstsource Solutions Limited on December 5, 2017, in off market from Sairabanu Mohd Rafiq Fanaswala. • Transferred 5,000 shares of Gala Global Products Limited on March 24, 2018, in off market to Mukeshkumar Mavjibhai Parmar. • Common mobile no. – 7874987089 with Mukeshkumar Mavjibhai Parmar.
48	AFNPP0374A	Bhavnaben Virendrakumar Patel	• Transferred 12,000 shares (each) of Prime Customer Services Limited on February 7, 2018 and February 9, 2018, in off market to Hiteshbhai Vrajalal Mistri. • Transferred 7,500 shares (each) of PG Electroplast Limited on February 14, 2018, February 15, 2018 and February 16, 2018, in off market to Hiteshbhai Vrajalal Mistri. • Transferred 15,000 shares of Kapil Raj Finance Limited and 6,329 shares of PG Electroplast Limited on February 19, 2018, in off market to Hiteshbhai Vrajalal Mistri. • Received 10,025 shares of Sunstar Realty Development Limited on December 12, 2017, in off market from Divyaben Hiteshbhai Gangani.

Sl. No.	PAN	Name of entity	Reasons for connection
49	DGPPP4511K	Mayur Maheshkumar Panchal	• Common mobile no. – 7046128915 with Sanjaykumar Vinodbhai Rathod. • Transferred Rs. 7,000 on July 28, 2018 from SBI bank account number - 37230322513 to SBI bank account number - 37475824989 of Sanjaykumar Vinodbhai Rathod.
50	BRUPR4959P	Sanjaykumar Vinodbhai Rathod*	• Received Rs. 10,00,000 on March 15, 2018, Rs. 10,00,000 on March 16, 2018 and Rs. 8,300 on June 27, 2018 in his SBI bank account number - 37475824989 from SBI bank account number – 37239633665 of Jay Kamleshbhai Bhavsar. • Received Rs. 7,000 on July 28, 2018 in his SBI bank account number - 37475824989 from SBI bank account number - 37230322513 of Mayur Maheshkumar Panchal. • Common mobile no. – 7046128915 with Mayur Maheshkumar Panchal. • Transferred approx. 11 lakhs shares across 11 sharess on August 20, 2018 to Sanjeev Burman Jhaveri.
51	DFVPB1395J	Jay Kamleshbhai Bhavsar	• Received 3,40,000 shares of Sunstar Realty Development Limited, 15,354 shares of Danube Industries Limited and 8,46,618 shares of Sai Baba Investment and Commercial Enterprises Limited on December 14, 2017, in off market from Sairabanu Mohd Rafiq Fanaswala. • Transferred 2,000 shares of Gala Global Products Limited on March 26, 2018 and 3,000 shares of Gala Global Products Limited on April 20, 2018, in off market to Mukeshkumar Mavjibhai Parmar.
52	ACUPF2874R	Sairabanu Mohd Rafiq Fanaswala*	• Transferred 24,980 shares of Natco Economicals Limited, 10 shares of Nishtha Finance and Investment (India) Limited and 4,650 shares of Firstsource Solutions Limited on December 5, 2017, in off market to Hiteshbhai Vrajalal Mistri. • Transferred 3,40,000 shares of Sunstar Realty Development Limited, 15,354 shares of Danube Industries Limited and 8,46,618 shares of Sai Baba Investment and Commercial Enterprises Limited on December 14, 2017, in off market to Jay Kamleshbhai Bhavsar.
53	DMKPP1977E	Mukeshkumar Mavjibhai Parmar*	• Received 5,000 shares of Gala Global Products Limited on March 24, 2018, in off market from Hiteshbhai Vrajalal Mistri. • Received 2,000 shares of Gala Global Products Limited on March 26, 2018 and 3,000 shares of Gala Global Products Limited on April 20, 2018, in off market from Jay Kamleshbhai Bhavsar. • Common mobile no. – 7874987089 with Hiteshbhai Vrajalal Mistri. • Received 2,500 shares of Gala Global Products Limited on April 18, 2018, in off market from Bhavin Natwarlal Panchal.
54	DXQPK3239F	Akashkumar Dipakbhai Kachhiya	• Received 4,00,000 shares of Alora Trading Company Limited on September 29, 2017, in off market from Sairabanu Mohd Rafiq Fanaswala.
55	ABKPJ9608A	Sanjeev Burman Jhaveri	• Received approx. 11 lakhs shares across 11 sharess on August 20, 2018 from Sanjaykumar Vinodbhai Rathod.
56	HYWPS8873N	Jayshreeben Deepakbhai Sakariya*	• Common Telephone Number 9586716905 with Harishkumar Kantilal Patel (Sr. No. 46)
57	BWPPS8357E	Preyashbhai Sathvara*	• Common Telephone Number 8511362441 with Jayshreeben Deepakbhai Sakariya

Sl. No.	PAN	Name of entity	Reasons for connection
58	EUWPS4229D	Sejalben Prayashkumar Sathvara*	• Common Email id PREYASHSATHVARA@GMAIL.COM with Preyashbhai Sathvara
59	BFKPB8172A	Vishalkumar Krishnakant Borisha	• Common Telephone Number 9512112428 with Sejalben Prayashkumar Sathvara and Subhashbhai Gelot
60	BTRPG9977K	Subhashbhai Gelot	• Common Telephone Number 9512112428 with Sejalben Prayashkumar Sathvara and Vishalkumar Krishnakant Borisha

* Entities did not trade in the shares of EML during investigation period.

27. It has been alleged in the SCN that Noticees 1 to 3 had placed large orders and subsequently deleted those orders in the shares of EML, so as to mislead the investors about the market depth in the shares by adding significantly to the liquidity displayed at the existing best bid price or offer price so that order book did not reflect the true picture of the market in the shares of Ejecta.

28. In this regard, I note from the order book as well as from the material available on record that Noticee 1 added 4,65,02,642 quantity (buy + sell) through 798 orders and thereafter 4,16,28,715 quantity was deleted which amounted to 89.52% of added quantity. Out of aforesaid 798 orders, 431 orders were buy orders for a quantity of 4,44,15,584 shares of EML. Therefore, I note that out of the total quantity added by Noticee 1, almost 95% quantity was of buy order quantity. Further, the quantity added by Noticee 1 was fully disclosed quantity to the market. Details of his order book are given in tabular form below:-

Number of added orders	Added Quantity	Number of deleted orders	Deleted quantity	% of Deleted Qty to his Added Qty	% of Deleted Qty to Total Market Deleted Qty	% of Deleted Quantity to Total Market Added Quantity
798	4,65,02,642	394	4,16,28,715	**89.52**	40.92	**30.85**

29. I note that during the investigation period, total buy order quantity of EML shares entered by Noticee 1 during the IP was 4,44,15,584. The deleted quantity by Noticee 1 was 89.52% of his total added quantity, whereas his total deleted quantity, i.e., 4,16,28,715 shares, to market deleted quantity in the shares of Ejecta was 40.92%. Further, I note that Noticee 1 bought 16,30,538 shares and sold 15,19,597 shares. Thus, I note that the deleted quantity of 4,16,28,715 shares by Noticee 1 was around three (3) times the total trading in the shares of Ejecta (1,41,71, 841 shares traded during the investigation period) during the investigation period and also the deleted quantity of 4,16,28,715 shares by him was around fourteen times

his total trades 31,50,135 shares in the shares during the investigation period. It has also been noted earlier in the order that the total traded volume of the shares of Ejecta in the market during the IP was 1,41,71,841. Therefore, the quantity deleted by Noticee 1 during the investigation period was much higher in comparison to his own trading volume as well as the total traded volume in the shares of Ejecta during the investigation period.

30. In case of Noticee 2, I note that during investigation period Noticee 2 added 4,19,27,287 quantity (buy + sell) through 924 orders and thereafter 3,80,57,830 quantity was deleted which amounts to 90.77% of added quantity. Out of aforesaid 924 orders, 337 orders were buy orders for a quantity of 3,96,09,138 shares. Thus I note that out of the total quantity added by Noticee 2, almost 95% quantity was of buy order quantity. Further, the quantity added by Noticee 2 was fully disclosed quantity to the market. Details of his order book are given in tabular form below:-

Number of added orders	**Added Quantity**	**Number of deleted orders**	**Deleted quantity**	**% of Deleted Qty to his Added Qty**	**% of Deleted Qty to Total Market Deleted Qty**	**% of Deleted Quantity to Total Market Added Quantity**
924	4,19,27,287	313	3,80,57,830	90.77	37.41	28.20

31. From the aforesaid table, I note that during the investigation period, deleted quantity i.e., 3,80,57,830 shares, by Noticee 2 was 90.77% of his total added quantity, whereas his total deleted quantity to market deleted quantity was 37.41%. I also note from the material available on record that during the investigation period, Noticee 2 bought 19,05,619 shares and sold all the 19,05,619 shares. Thus, I note that the deleted quantity of 3,80,57,830 shares by Noticee 2 was approximately three (3) times the total trading in the shares of Ejecta during the investigation period (1,41,71, 841 shares traded during the investigation period). I also observe that the deleted quantity 3,80,57,830 shares by Noticee 2 was almost ten (10) times his total trades of 38,11,238 shares of EML during the investigation period. Therefore, I note that the quantity deleted by Noticee 2 during the investigation period was much higher in comparison to his own trading volume as well as the total traded volume in the shares during the investigation period.

32. W.r.t. Noticee 3, I note that Noticee 3 added 66,54,655 quantity (buy + sell) through 28 orders and thereafter 58,76,843 quantity was deleted which amounts to 88.31% of added quantity. Out of aforesaid 28 orders, 19 orders were buy orders for a quantity of 60,35,000 shares. So, out of the total quantity added by Noticee 3, almost 90% quantity was of buy

order quantity. I also note that the quantity added by him was fully disclosed quantity to the market. Details of his order book are given in tabular form below:-

Number of added orders	Added Quantity	Number of deleted orders	Deleted Quantity	% of Deleted Qty to his Added Qty	% of Deleted Qty to Total Market Deleted Qty	% of Deleted Quantity to Total Market Added Quantity
28	66,54,655	19	58,76,843	88.31	5.77	4.35

33. From the aforesaid table, I observe that deleted quantity, i.e., 58,76,843 shares, by Noticee 3 was 88.31% of his total added quantity, whereas his total deleted quantity to market deleted quantity was 5.77% in the shares of EML during the investigation period. Further, during the investigation period, Noticee 3 bought 3,88,906 shares and sold all the 3,88,906 shares of EML. The deleted quantity of 58,76,843 shares by him was almost eight (8) times his total trades 7,77,812 shares during the investigation period. Therefore, I note that the quantity deleted by Noticee 3 during the investigation period was much higher in comparison to his own trading volume as well as the total traded volume in the shares during the investigation period.

34. Thus, I find that Noticees 1 to 3 resorted to a strategy of placing and then deleting huge quantity of shares of EML during the IP thereby creating a false appearance of trading in an otherwise illiquid scrip.

35. It has further been alleged in the SCN that Noticees 1 to 3 placed orders in the scrip of EML a synchronized manner with net sell clients viz. Noticees 5 to 9 and thereafter Noticees 1 to 3 deleted large orders which showed that there was a meeting of mind between them and whereby they created artificial/ fictitious volume and gave a false and misleading appearance of trading in the shares of Ejecta, so as to enable the aforesaid net sellers, i.e., Noticees 5 to 9 to exit in the shares of EML. In this regard, I note from the documents available on record that Noticees 1 to 3 were major counterparty buyers to the selling clients who only sold during the investigation period. The top clients who only sold during the investigation period and quantities bought by the Noticees 1 to 3 from them is given below:

Sr. No.	Sellers	Top sell quantity by sellers	Buyers			Total shares bought by Noticees 1 to 3	% of buy quantity to sell quantity
			Noticee 1	Noticee 2	Noticee3		

1	Ideal Plywood Traders Private Limited	5,27,500	1,37,760	96,360	-	2,34,120	44%
2	**Noticee 5**	5,92,827	1,61,795	2,71,823	-	4,33,618	73%
3	**Noticee 7**	1,72,600	12,500	1,00,911	-	1,13,411	66%
4	Vikash Mercantile Pvt. Ltd.	1,18,048	-	13,300	-	13,300	11%
5	**Noticee 9**	1,13,491	34,000	24,745	-	58,745	52%
6	Quest Financial Services Ltd.	50,000	-	-	50,000	50,000	100%
7	Burnpur Power Pvt Ltd.	45,000	45,000	-	-	45,000	100%
8	Bp Fintrade Pvt.Ltd	5,32,540	59,947	99,757	26,952	1,59,704	34%
9	**Noticee 6**	5,15,700	1,38,295	2,94,991	-	4,33,286	84%
10	**Noticee 8**	1,45,000	24,160	58,108	-	82,268	57%
	Buy quantity from top 10 sell clients		**6,13,457**	**9,59,995**	**76,952**		
	Total Buy Quantity during Investigation Period by Noticees 1 to 3		**16,30,538**	**19,05,619**	**3,88,906**		
	Percentage buy from top 10 selling clients vis-a-vis total buy during Investigation Period		**37.62%**	**50.37%**	**19.78%**		

36. From table above, I note that Noticees 1 to 3, bought more than 50% of shares sold by entities at Sr. No. 2 (Noticee 5), 3 (Noticee 7), 4, 5 (Noticee 9), 6 ,7, 9 (Noticee 6) & 10 (Noticee 8). I also observe that out of the top only selling clients, except for M/s. BP Fintrade Pvt. Ltd., i.e., entity at sr. no. 8, the balance nine selling clients belonged to group of connected entities.

37. I note that Noticee 1, who was a part of connected entities, bought 16,30,538 shares during the investigation period. Out of this, Noticee 1, bought 3,70,750 shares from Noticees 5 to 9 during the Investigation Period which was 22.73% of his total gross buy in the shares of Ejecta during the Investigation period. As an illustration, I note that on January 11, 2018, Noticee 1 bought 2,98,341 shares of EML. Out of these 2,98,341 shares, 46,795 shares were bought from Noticee 5 and 34,000 shares were bought from Noticee 9. Similarly I note that on January 15, 2018, Noticee 1 bought 60,000 shares of EML and all these shares of EML were bought from Noticee 6 who is also part of connected entities group and also a part of top 10 selling clients.

38. I note that Noticee 2, who was a part of connected entities, bought 19,05,619 shares during the Investigation period. Out of this, Noticee 2, bought 7,50,578 shares from Noticees 5 to 9

during the investigation period which was 39.39 % of his total gross buy in the shares of Ejecta during the Investigation Period. As an illustration, I note that on January 09, 2018, Noticee 2 bought 94,260 shares of EML. Out of these 94,260 shares, 39,578 shares were bought from Noticee 7. Similarly, on January 15, 2018, Noticee 2 bought a total of 75,000 shares and all these shares of EML out of which 75,000 shares were bought from Noticee 6. I also note that on January 23, 2018, Noticee 2 bought 2,39,090 shares of EML. Out of these 2,39,090 shares, 42,669 shares bought from Noticee 6.

39. I note that Noticee 3, a part of the connected entities, bought 3,88,906 shares during the Investigation period, which was 2.74% of total gross buy in the shares during the Investigation period. Further, he bought 76,952 shares from top 10 selling clients, which was 19.78% of his total buy during the investigation period. I note that Noticee 3 had not bought any shares from Noticees 5 to 9 during the investigation period.

40. I note that it has been alleged in the SCN that Noticees 1, 2 and 5 to 9 placed order in a synchronized manner. In this regard, I note that for a trade to qualify as synchronized trade, its characteristics require that the buy and sell orders are placed within a gap of minute, at the same rate and for the same or similar quantity of shares.

41. With regards to the trading done by Noticee 5, I note from the trade log and order log that on January 15, 2018, Noticee 5 placed a sell order for a large quantity, i.e., 1,50,000 shares vide order no. 1515987000001159783 at 15:17:25 hours at sell order rate of Rs. 58/-. Immediately thereafter, Noticee 2 placed 8 buy orders from 15:17:55 hours to 15:18:17 hours. Out of the 8 buy orders, 7 buy orders were for 10,000 shares each at buy order rate of Rs. 58 and one buy order was for 5,000 shares at buy order rate of Rs.58/-. This resulted in synchronized trades between Noticees 2 and 6 for 75,000 shares at Rs.58 from 15:17:55.09 to 15:18:16.56 hours at trade rate Rs. 58/-. I also note that vide order no. 1515987000001159793, Noticee 1 placed a buy order for 10,000 shares at buy order rate Rs.58/- at 15:18:32 hours. This resulted in synchronized trade for 10,000 shares between Noticee 5 and Noticee 1 at trade rate Rs. 58 at trade time 15:18:32.401692. This shows that there was synchronization of trades between Noticees 1& 5 and Noticees 2 & 5. This also indicates meetings of mind between Noticees 1& 5 and Noticees 2 & 5.

42. I also observe a similar trading pattern of Noticee 5 on January 17, 2018. I note that on January 17, 2018, Noticee 2, vide order no. 1516158985003717591, placed a buy order of a large quantity, i.e., 1,00,000 shares of EML at 13:31:53 hours. Subsequently, at 13:42:20 hours, Noticee 5 vide order no. 1516158985003718359, placed a sell order for 50,000

shares, which resulted into 77 trades of 50,000 shares, i.e., within time gap of around 9 minutes. I also note that out of this 50,000 shares, 34,072 shares i.e., 68.14% of the total sell traded quantity by Noticee 5, got executed with Noticee 2 at 13:42:20 hours (for order no. 1516158985003717591 and order time 13:31:53 hours). I also note that out of the buy order placed by Noticee 2, 10 trades of 55,436 shares got executed including 1 trade with Noticee 5 for 34,072 shares. I note that at 13:51:30 hours, i.e., within a time gap of around 9 minutes, Noticee 2 deleted the balance order of 44,564 shares, i.e., after execution of buy shares of 55,436 quantity of shares, Noticee 2 deleted the balance buy orders placed by him. This indicates that Noticee 2 had deliberately punched a very large quantity of buy orders in the exchange system without any intention of executing it entirely. It is also noted that deletion was done after execution of transaction with the counterparty Noticee 5 which indicates that Noticee 2 had punched the orders with the objective of providing exit to Noticee 5

43. With regards to the trading done by Noticee 7, I note from the documents available on record that on January 30, 2018, Noticee 2 placed a buy order no. 1517283000001679963 for a significantly large quantity of shares, i.e., 2,15,000 shares, for Rs. 70.40 at 15:19:32 hours. Thereafter at 15:21:08 hours, Noticee 7, vide order no. 1517283000001679983, placed sell order for 15,000 shares at Rs.70.40. I note that the buy order and sell order were placed within a time gap of 2 minutes. I note from the trade log and order log that the sell order placed by Noticee 7 resulted into 7 trades at 15:21:08 hours as per details given below:

CLIENT NAME	ORDER Number	CP_ORDER Number	TRADE ID	TRADE TIME	ORDER LM TIME	CP_ORDER_LMTIME	TRADE_RATE	TRADE_VALUE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED QTY	ORDER_LMQTY	CP_ORDER_LMQTY
JAY KAMLESHBHAI BHAVSAR	**1517283000001679437**	**1517283000001679983**	**3144**	**15:21:08.293174**	**15:09:53.540204**	**15:21:08.293174**	**70.4**	**87436.8**	**70.4**	**70.4**	**1242**	**50000**	**15000**
VAGINAKERESATHEGOWDA BHOJEGOWDA	1517283000001679464	1517283000001679983	3145	15:21:08.293174	15:12:43.684476	15:21:08.293174	70.4	84480	70.4	70.4	1200	1200	15000
V V S MANYAM	1517283000001677902	1517283000001679983	3146	15:21:08.293174	14:51:40.438186	15:21:08.293174	70.4	3520	70.4	70.4	50	500	15000
ARUN SHUKLA	1517283000001679914	1517283000001679983	3147	15:21:08.293174	15:16:08.839080	15:21:08.293174	70.4	49280	70.4	70.4	700	700	15000

CLIENT NAME	ORDER Number	CP_ORDER Number	TRADE ID	TRADE TIME	ORDER LM TIME	CP_ORDER_LMTIME	TRADE_RATE	TRADE_VALUE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED QTY	ORDER_LMQTY	CP_ORDER_LMQTY
BASANTRAJ	1517283000001679917	1517283000001679983	3148	15:21:08.293174	15:16:21.294610	15:21:08.293174	70.4	1408	70.4	70.4	20	20	15000
RAJIV JAIN	1517283000001679962	1517283000001679983	3149	15:21:08.293174	15:19:29.941847	15:21:08.293174	70.4	26752	70.4	70.4	380	380	15000
JAY KAMLESHBHAI BHAVSAR	**1517283000001679963**	**1517283000001679983**	**3150**	**15:21:08.293174**	**15:19:32.004820**	**15:21:08.293174**	**70.4**	**803123.2**	**70.4**	**70.4**	**11408**	**215000**	**15000**

44. From the above table, I note that Noticee 7 executed 2 trades with Noticee 2 (1 trade order time: 15:09:53.540204 and order no. 1517283000001679437 for 1,242 shares) and another trade (order time 15:19:32.004820 and order no. 1517283000001679963 for 11,408 shares). Therefore, the total trade executed between Noticee 2 and 7 was for a quantity of 12,650 shares, which was 84% of the total sell ~~traded~~ quantity placed by Noticee 7. I note that subsequent to execution of trades between Noticee 2 and Noticee 7, at 15:21:36 hours i.e. within a gap of around 30 seconds, Noticee 2 deleted the balance quantity shares, i.e., 2,03,590 shares from his buy order no. 1517283000001679963. The aforesaid pattern of trading by Noticee 2 and Noticee 7 shows that Noticee 2 had placed a huge quantity of buy order without intending to actually buy all the shares and was trying to give exit to Noticee 7. Thereafter immediately, Noticee 2 deleted the remaining buy order in the system which was around 94.69% of his total punched order.

45. I also find that it has been mentioned in the SCN that subsequent to execution of order with Noticee 7, Noticee 2 deleted the balance quantity of shares on January 11, 2018. In this regard, I note from the trade log and order log that there were no trades between Noticee 2 and Noticee 7 on January 11, 2018. However, I note that Noticee 7 and Noticee 1 had carried out trades in the scrip of EML on January 11, 2018. I observe from the records that on January 11, 2018, Noticee 1 placed a buy order (buy order no. 1515641400001021275) for 20,000 shares at Rs. 55.70 at 10:32:49 hours, when the trade rate was at Rs. 55.80. Thereafter at 10:43:34 hours, vide order no. 1515641400001021308, Noticee 7 placed a sell order for 12,500 shares at Rs. 55.70, when the trade rate was at Rs. 55.80. Thus, I note that the buy order placed by Noticee 1 and sell order placed by Noticee 7 were placed within a gap of around 11 minutes. The sell order placed by Noticee 7 resulted into trades of 12,500 shares at trade time of 10:43:34.46 with Noticee 1 which resulted in the Last Traded Price

decreasing by Rs. 0.10. I note that the buy order placed by Noticee 1 resulted into 20 trades including one trade of 12,500 shares with Noticee 7 and balance 3,809 shares with different counterparties. Subsequently, Noticee 1 deleted the balance quantity of 3591 shares at 15:30:00:01 hours. Considering that the quantity of order deleted by Noticee 1 after execution of trades with Noticee 7 is not significant and that the deletion of orders was done after the close of market hours, I am inclined to take a lenient view in this respect

46. With regards to the trading done by Noticee 8, I note that on January 31, 2018, at 13:57:41 hours, Noticee 2 placed a buy order no. 1517369400001681481 for a significantly large quantity of shares, i.e., 2,25,000 shares at Rs. 71.80. Thereafter at 14:01:23 hours, Noticee 8, vide order no. 1517369400001682817 placed sell order for 25,000 shares at Rs. 71.80. I note that buy order and sell order done within a time gap of 4 minutes. From the trade log I note that, sell order placed by Noticee 8 resulted into 16 trades including 1 trade with Noticee 2 for 18,984 shares (order no. 1517369400001681481; order time 13:57:41.hours). The relevant extract of trade log is given below:

CLIENT NAME	ORDER_NO	TRADEID	ORDER_TIME	CP_ORDER_TIME	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADE_VALUE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_LMQTY	CP_ORDER_LMQTY
Saurabh Sitaram Gorkar	1517369400001681410	2386	13:50:13.247940	14:01:22.990610	14:01:22.99061	13:50:13.247940	14:01:22.990610	71.8	215.4	71.8	71.8	3	67	25000
Bharat Malhotra	1517369400001681415	2387	13:51:16.928740	14:01:22.990610	14:01:22.99061	13:51:16.928740	14:01:22.990610	71.8	29940.6	71.8	71.8	417	417	25000
Sanket ArunraomalThane	1517369400001007508	2388	09:36:24.536561	14:01:22.990610	14:01:22.99061	13:51:58.992237	14:01:22.990610	71.8	359	71.8	71.8	5	5	25000
Chandan Prabhakar Sarode	1517369400001681412	2389	13:50:34.048806	14:01:22.990610	14:01:22.99061	13:52:11.172224	14:01:22.990610	71.8	287.2	71.8	71.8	4	4	25000
Salma Sanaulla Attar	1517369400001681434	2390	13:53:28.132822	14:01:22.990610	14:01:22.99061	13:53:28.132822	14:01:22.990610	71.8	5026	71.8	71.8	70	70	25000
Ritika Rani	1517369400001681437	2391	13:53:43.597953	14:01:22.990610	14:01:22.99061	13:53:43.597953	14:01:22.990610	71.8	71.8	71.8	71.8	1	1	25000
Renukadevimunaganoori	1517369400001677293	2392	13:19:20.207958	14:01:22.990610	14:01:22.99061	13:19:20.207958	14:01:22.990610	71.8	3590	71.8	71.8	50	500	25000

CLIENT NAME	ORDER_NO	TRADEID	ORDER_TIME	CP_ORDER_TIME	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADE_VALUE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_LMQTY	CP_ORDER_LMQTY
Ankush Kumar Saineni	1517369400001658607	2393	10:34:25.832261	14:01:22.990610	14:01:22.99061	10:34:25.832261	14:01:22.990610	71.8	359	71.8	71.8	5	50	25000
Ankush Kumar Saineni	1517369400001658613	2394	10:34:54.522144	14:01:22.990610	14:01:22.99061	10:34:54.522144	14:01:22.990610	71.8	359	71.8	71.8	5	50	25000
Ankush Kumar Saineni	1517369400001658619	2395	10:35:31.228467	14:01:22.990610	14:01:22.99061	10:35:31.228467	14:01:22.990610	71.8	359	71.8	71.8	5	50	25000
BP fintrade private limited	1517369400001681450	2396	13:55:03.617925	14:01:22.990610	14:01:22.99061	13:55:03.617925	14:01:22.990610	71.8	71.8	71.8	71.8	1	1	25000
Vivek Kumar singh	1517369400001681462	2397	13:56:37.341821	14:01:22.990610	14:01:22.99061	13:56:37.341821	14:01:22.990610	71.8	10770	71.8	71.8	150	150	25000
Nirav kumar kaushik bhai Prajapati	1517369400001681467	2398	13:57:09.442182	14:01:22.990610	14:01:22.99061	13:57:09.442182	14:01:22.990610	71.8	21540	71.8	71.8	300	300	25000
Aradhana sumit lal	1517369400001681474	2399	13:57:25.617234	14:01:22.990610	14:01:22.99061	13:57:25.617234	14:01:22.990610	71.8	359000	71.8	71.8	5000	5000	25000
Jay kamleshbhai bhavsar	**1517369400001681481**	**2400**	**13:57:41.000964**	**14:01:22.990610**	**14:01:22.9061**	**13:57:41.000964**	**14:01:22.990610**	**71.8**	**1363051.2**	**71.8**	**71.8**	**18984**	**225000**	**25000**

47. From the above table, I note that the total trade executed between Noticee 2 and Noticee 8, was for a quantity of 18,984 shares, which is 75% of the total sell traded quantity by Noticee 8. I also note from the trade log and order log that subsequent to execution of trade of 18,984 shares, Noticee 2 deleted the balance quantity of 2,06,616 shares, i.e., 91.83% of the total punched order at 14:01:44 hours, i.e. within a gap of around 44 seconds which clearly points to the fact the buy orders were punched by Noticee 2 was for the purpose of inflating the order book on the buyers side with the aim of facilitating exit to Noticee 8.

48. I also observe similar trading pattern between Noticee 2 and Noticee 8 on several instances. The details of the some of the trades are illustrated in the subsequent paragraphs.

49. On January 31, 2018, Noticee 2 vide order no. 1517369400001677281, placed a buy order for a significantly large quantity of shares, i.e., 2,25,000 shares of EML for Rs.71.80 at

13:16:17 hours. Thereafter, at 13:22:18 hours, Noticee 8 placed a sell order for 25,000 shares vide sell order number 1517369400001679714 at Rs.71.80. I note that buy order and sell order were placed within a time gap of 6 minutes. I note that the sell order placed by seller resulted into 46 trades for the total quantity of 25,000 shares, including 1 trade of 16,453 shares with Noticee 2 at 13:22:18 hours. Therefore, trade executed between Noticee 2 and Noticee 8 was 65.81 % of the total sell quantity placed by Noticee 8. I also note that 3 trades out of the buy order placed by Noticee 2 got executed including 1 trade with Noticee 8. Immediately after the trade with Noticee 8, Noticee 2 deleted the remaining quantity of 2,07,546 shares (92.24%of the total order punched by buyer) at 13:23:44 hours, i.e. within a fraction of around one minute after execution of trade with Noticee 8. This shows that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it entirely, only with the aim of providing exit to Noticee 8.

50. Similarly, on January 31, 2018, Noticee 2 vide order no. 1517369400001682828 placed a buy order for a very large quantity of shares of EML. i.e., 2,25,000 shares for Rs. 71.80 at 14:02:07 hours. Subsequently, Noticee 8 vide order no. 1517369400001682861, placed a sell order for 25,000 shares for Rs. 71.80 at 14:07:32 hours. I note that the buy order and sell order are placed within a time gap of 5 minutes. The sell order placed by Noticee 8 resulted into 9 trades of 25,000 shares at 14:07:32 hours. Out of the above, 22,671, shares (i.e. 90.68%) matched with Noticee 2. I note that immediately after execution of buy shares of 22,671 quantity, Noticee 2 deleted the remaining order for 2,02,239 shares (89.88% of the total punched order) at 14:08:02 hours i.e. within a gap of less than 30 seconds. This indicates that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it completely, with the aim of providing exit to Noticee 8.

51. On February 01, 2018, Noticee 1, vide order no. 1517455800002680125, placed a buy order for a very large quantity of shares, i.e., 2,25,000 shares at Rs. 73.15 at 13:43:20 hours. At 14:13:35 hours, Noticee 8 vide order no. 1517455800002681314, placed a sell order for 25,000 shares at Rs. 73.15. I note that buy order and sell order were placed within a time gap of 30 minutes. I note that sell order placed by Noticee 8 resulted into 2 trades including 1 trade with Noticee 1 for 22,872 shares (i.e. 91.49% of the total traded quantity). The relevant extracts of the trade log are given below:-

CLIENTNAME	ORDER_NO	TRADEID	TRADE_TIME	ORDER_LMTIME	CP_ORDER_LMTIME	TRADE_RATE	TRADE_VALUE	ORDER_LMRATE	CP_ORDER_LMRATE	TRADED_QTY	ORDER_LMQTY	CP_ORDER_LMQTY
Chimanlal Maneklal Securities Private Limited	1517455800002680123	2300	14:13:34.66465	13:43:15.027607	14:13:34.664650	73.15	155663.2	73.15	73.15	2128	5000	25000
Mayur Maheshkumar Panchal	**1517455800002680125**	**2301**	**14:13:34.66465**	**13:43:20.470560**	**14:13:34.664650**	**73.15**	**1673086.8**	**73.15**	**73.15**	**22872**	**225000**	**25000**

52. I note that subsequent to the execution of order for 22,872 trades, Noticee 1 deleted the balance quantity of 2,02,128 shares (89.83% of the total punched order) at 14:13:56 hours, i.e., within 22 seconds. This indicates that Noticee 1 had deliberately punched a very large order in the exchange system without any intention of executing it entirely and immediately after execution of a small fraction of the deal with Noticee 8, deleted the remaining buy order.

53. On February 01, 2018, Noticee 1 placed a buy order for a substantial quantity of shares of EML, i.e., 2,25,000 shares at 14:57:51 hours (order no. 1517455800002684348). Immediately at 14:58:09 hours, i.e., within a gap of less than 30 seconds, Noticee 8 placed a sell order for 20,000 shares vide sell order number 1517455800002684350. This sell order resulted into 19 trades of 20,000 shares including 1 trade with Noticee 1 for 1,288 shares. I also note that out of the buy order placed by Noticee 1, 7 trades of 9,380 shares got executed with Noticee 8 for 1288 shares, 5,000 shares with Noticee 6 and balance shares with different counter parties. I note that subsequent to execution of trades with Noticee 8, Noticee 1 deleted the balance quantity of 2,15,620 shares (95.83% of the total punched order) at 15:00:09, i.e., within less than 2 minutes. This indicates that Noticee 1 had deliberately punched a very large order in the exchange system without any intention of executing it fully and after giving exit opportunity to Noticee 8, had deleted the remaining buy order soon after.

54. With regard to the trading done by Noticee 6, on perusal of trade log and order log on January 31, 2018, I note that vide order no. 1517369400001684811, Noticee 2 placed a buy order for a significantly large quantity of shares, i.e., 2,50,000 shares for Rs. 71.80 at 14:54:01 hours. Immediately thereafter, within a gap of 17 seconds, Noticee 6, vide sell order

no. 1517369400001684812, placed a sell order for 23,000 shares at Rs. 71.80 at 14:54:18 hours. There were other sell orders placed by Noticee 6 for 2,000 shares (sale order number: 1517369400001684813 at 14:54:29 hours) and 25,000 shares (sale order number: 1517369400001684823 at 14:56:05). Out of the sell order of 23,000 shares, 1 trade got executed with Noticee 2 for 19,970 shares, i.e., 86.83%, at 14:54:18 hours. The remaining 2 trades of Noticee 6 for 2,000 shares (sale order number: 1517369400001684813) and 25,000 shares (sale order number: 1517369400001684823) also got executed with those of Noticee 2. Therefore, out of the buy order placed by Noticee 2, 3 trades got executed with Noticee 6 as mentioned above. I note that after execution of buy shares of 46,970 shares with Noticee 6, Noticee 2 deleted the balance quantity, i.e. 2,03,030 shares (81.21% of the total punched order) at 14:56:57 hours, i.e. within a time gap of less than 3 minutes. This indicates that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it fully and after giving exit opportunity to Noticee 8, had deleted the remaining buy order soon after.

55. From the trade log and order log, I also observe several instances of the similar trading pattern between Noticees 1 and 2 with Noticee 6 which are illustrated with in the subsequent paragraphs.

56. On January 30, 2018, Noticee 2 placed a buy order (order no. 1517283000001676117) for a significantly large quantity of shares, i.e., 2,00,000 shares at Rs. 70.40 at 14:08:09 hours. I note that at 14:32:55 hours, Noticee 6 placed a sell order for 95,000 shares (sell order no. 1517283000001677316) at Rs. 70.40. Thus, the buy order and sell order were placed within a time gap of 24 minutes. The sell order placed by Noticee 6 resulted into 12 trades (Trade time: 14:32:55) of 95,000 shares, including 1 trade with Noticee 2 which was placed at 14:08:09 hours (order no. 1517283000001676117) for 93,751 shares, i.e., 98.69% of the total sell quantity placed by seller. I also note that 14 trades out of the buy order placed by Noticee 2 got executed with Noticee 6. Subsequent to the execution of trades of 93,751 shares with Noticee 6, Noticee 2 deleted the balance shares of 1,04,675 (52.33% of the total order punched) shares at 14:47:50 hours, i.e. within 15 minutes. This indicates that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it fully and deleted his balance order after providing exit to Noticee 6 soon after.

57. On January 31, 2018, vide order no. 517369400001686893, Noticee 2 placed a buy order for a very large quantity, i.e., 2,25,000 shares for Rs. 71.80 at 15:26:56 hours. I note that within a fraction of 1 minute, i.e., 15:27:55 hours, Noticee 6 placed a sell order (sell order no. 1517369400001687309) for 25,000 shares at Rs.71.80. I note that sell order placed by

Noticee 6 resulted into 1 trade of 24,825 shares with Noticee 2 and 3 trades of 175 shares with different counterparties at 15:27:55 hours. I also note that 3 trades out of the buy order placed by Noticee 2 got executed including 1 trade with Noticee 6 and 2 trades of 1,000 each with different counterparties. I note that subsequent to execution of trade with Noticee 6 for 24,825 shares, Noticee 2 deleted the balance quantity of 1,98,175 shares (88.08% of the total punched order) at 15:30:00 hours. This indicates that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it fully and deleted his balance order after providing exit to Noticee 6.

58. Similarly, on January 31, 2018, Noticee 2 placed a buy order for a very large quantity of shares, i.e., 2,25,000 shares (buy order number 1517369400001684858) at Rs.71.80 at 14:59:11 hours. Within a fraction of one minute, i.e. 15:00:40 hours, Noticee 6 placed a sell order of 25,000 shares at Rs.71.80 (sell order number 1517369400001684867). The said sell order resulted into 4 trades of 25,000 shares, including 1 trade with Noticee 2 of 16,374 shares, i.e. 65.50% of the total sell order quantity placed by Noticee 6. I note that subsequent to execution of trades with Noticee 6 for 16,374 shares, Noticee 2 deleted the balance shares of 2,08,626 shares (92.72% of the total punched orders) at 15:00:59 hours i.e. within a gap of 19 seconds. This indicates that Noticee 2 had deliberately punched a very large order in the exchange system without any intention of executing it fully and immediately deleted his balance order after providing exit to Noticee 6.

59. On February 01, 2018, vide order no. 1517455800002684742, Noticee 1 placed a buy order for a substantial quantity of shares, i.e., 2,75,000 shares, for Rs.73.15 at 15:09:08 hours. Immediately thereafter, within a gap of 36 seconds, i.e. 15:09:44 hours, Noticee 6, vide order no. 1517455800002684755, placed a sell order for 50,000 shares at Rs. 73.15. This resulted in a trade between Noticee 1 and Noticee 6 for 50,000 shares at Rs. 73.15 at trade time 15:09:44 hours. I also note that Noticee 1 had placed two sell orders, i.e., sell order no. 517455800002684744 for Rs.73.20 at 15:09:19 hours and sell order no. 1517455800002684769 for 25,000 shares at Rs.73.20 at 15:10:59 hours. Immediately after the aforesaid trade between Noticee 1 and Noticee 6, both the sell orders of Noticee 1 matched with pending buy orders of third parties from 15:09:57.96 hours to 15:11:03.55 hours increasing the trade rate from Rs. 73.15 to Rs. 73.20. Subsequently, Noticee 1 deleted the balance quantity of 2,24,959 shares (81.80% of the total punched orders) of his buy order no. 1517455800002684742 at 15:11:05 hours i.e. within 2 minutes from the execution of trades with Noticee 6. This indicates that Noticee 1 had deliberately punched a very large order in the exchange system without any intention of executing it fully and deleted his balance order after providing exit to Noticee 6.

60. It has been mentioned in the SCN that on January 11, 2018, Noticee 9, vide order no. 1515641400001021939, placed a sell order for 34,000 shares at 15:44:49 hours at Rs. 55.80. Immediately, thereafter at 15:45:03 hours., Noticee 1 placed the buy order (Buy order no. 1515641400001021940) for 42,860 shares at the same price, which showed that there was a meeting of mind between Noticee 9 with Noticee 1 whereby they created artificial/fictitious volume and gave a false and misleading appearance of trading in the illiquid scrip of EML.

61. In this regard, I note that both buy order and sell order were placed in the system post stock exchange closing time, i.e., between 15:40 hours. to 16:00 hours. I note that during this window, shares are traded at closing market price which was Rs. 55.80 on January 11, 2018. I note from the order log and trade log that in the present case, though the sell order placed by Noticee 9 matched with the buy order of Noticee 1 to the extent of 34,000 shares, before placing of sell order by Noticee 9, two (2) sell orders with a quantity of 30,000 and 6,560 were already available in the system which were placed by Epoch Mercantiles Pvt. Ltd. at 15:43:29 hours and 15:44:06 hours respectively. I note that all the buy orders of quantity 44,000 shares placed by Noticee 1 matched with Noticee 9 and with Epoch Mercantiles Pvt. Ltd and all the buy orders got executed.

62. I note that during the investigation period, Noticee 9 sold 1,13,491 shares including 34,000 shares to Noticee 1. Noticee 9 in her reply has contended that her other sell trades of 24,745 shares also matched with Noticee 2. Noticee 9 has also contended that such trades has not imputed and she will not comment upon the same. In this regard, I note that there are no allegation regarding trades executed by Noticee 9 with Noticee 2 imputed in the SCN and no adverse inference w.r.t. trades executed between Noticee 2 and Noticee 9 has been mentioned. Therefore, I find merit in the aforesaid contention of Noticee 9.

63. Noticee 9 in her reply has also contended that out of total 1,41,71,841 shares of Ejecta traded during the investigation period, she had sold only 1,13,491 shares which amounts to 0.46% of the total traded quantity in the shares of Ejecta. In this regard, I note that the percentage of trading by Noticee 9 in the shares of EML during the IP is 0.80% and not 0.46% as claimed by her in her reply. Moreover, it is not SEBI's case that the allegations are based on volume of trading but are in fact based on the pattern of trading entered into by Noticee 1 in tandem with Noticee 9 indicating a meeting of mind between them. Therefore, I do not find this contention Noticee 9 to be relevant.

64. Noticee 9 in her reply has stated that synchronized trades is *ipso facto* not illegal even under SEBI Act and SEBI Regulation. She has placed reliance on the submission made by SEBI before JPC and also placed reliance on the judgment of Hon'ble Securities Appellate Tribunal (SAT) in the matter of Ketan Parekh v/s. SEBI. Noticee 9 in her reply has also contended that there has been no connection of her with any of the persons or entities involved in alleged circulation of the SMS in the public.

65. I note that Investigation report is also silent about the connection of Noticee 9 with the persons who had sent the SMS in the shares. I also note that though Noticee 9 had executed trades with Noticee 1, I note that the same was done post-closing of market hours on January 11, 2018. I also note that in this case, all buy orders placed by Noticee 1 got executed with Noticee 9 and another seller, that too after the close of market hours. Apart from a single instance of trades executed between Noticee 1 and Noticee 9, investigation has failed to demonstrate any pattern of order placement, deletion and execution of trades between these Noticees to indicate any manipulative intent on their part to create a misleading appearance of trading in the scrip of EML. In view of the same, I am inclined to accept the above contentions of Noticee 9. Accordingly, I find that allegation levelled against Noticee 9 that she has violated Section 12A (a), (b), (c) of SEBI Act and Regulations 3(a) to (d) and 4(1) and 4(2)(a) of PFUTP Regulations does not stand established.

66. On the basis of the aforementioned analysis, I find that Noticees 1 to 3 resorted to a strategy of placing and then deleting huge quantity of shares of EML during the IP, thereby manipulating the exchange system so as to create a false and misleading appearance of trading in an illiquid scrip for the purpose of luring unsuspecting investors in the market.

67. From the trading pattern repeatedly executed between Noticees 1, 2, and Noticees 5 to 8, as depicted in the preceding paragraphs, I find that Noticees 1 and 2 were placing buy orders for a considerably large quantities of shares and subsequent to execution of trades with Noticees 5 to 8, they were deleting the balance shares, which were in excess of 85% of the buy orders placed by them. Noticees 1 and 2 were inflating the order book on the buyer's side. Through the aforementioned strategy, Noticees 1 and 2 were providing exit to Noticees 5, 6, 7 and 8 which clearly establishes a meeting of mind between Noticees 1 and 2 with Noticees 5 to 8.

68. The analysis of the pattern of trading depicted in the precedent paragraphs reveals a clear and concerted strategy adopted by Noticees 1 and 2, in collusion with Noticees 5 to 8, whereby Noticees 1 and 2 were repeatedly placing and deleting very large buy orders which

were disproportionate to their actual traded quantities, without any intention of actually executing the trades in full, so as create a fictitious appearance of trading and to induce investors to trade in an otherwise illiquid scrip and were providing exit option to Noticees 5 to 8, i.e., they were buying out a part of the sell orders through such deals with these sellers, i.e., Noticees 5 to 8, enabling the remaining sell orders to be dumped in the market.

69. Such deletion of major part of their buy orders (more than 85% of their buy orders) immediately after execution of sell order with seller Noticees i.e. Noticees 5 to 8, clearly shows a meeting of minds between the aforementioned Noticees and indicates a fraudulent intent on the part of the aforementioned Noticees to create a false appearance of volume in an otherwise illiquid scrip during SMS period so as to investors into the market which helped the sellers, Noticees 5 to 8, to completely offload their balance sell order during the IP.

70. As noted earlier in the order, Noticees 1 to 3 and have not furnished any reply to the SCN. Since no replies/submissions in respect to the charges leveled in the SCN have been filed by Noticees 1 to 3, it can be reasonably presumed that the allegations levelled against Noticees 1 to 3 have been admitted by them. In view of the foregoing pattern of trading devised by Noticees 1 to 3, I find that they had placed large orders in an illiquid scrip and subsequently deleted major portion of these orders in order to mislead the investors about the market depth in the scrip so as to induce them to trade in the scrip. I also find from the trading pattern that Noticees 1 and 2 created artificial/fictitious volume and gave a false and misleading appearance of trading in the scrip of EML and there was a meeting of mind between Noticees 1 and 2 with Noticees 5 to 8, so as to enable Noticees 5 to 8 to exit in an illiquid scrip of EML. Therefore, I find that the allegation that Noticees 1 & 2 have violated Section 12 A(a),(b),(c) of SEBI Act and Regulations 3(a),(b),(c),(d),4(1) and 4(2)(a) of PFUTP Regulations stands established.

71. Noticee 6 in its reply has contended that it had acquired the shares from different persons as per details given below:

Name of person	**Date**	**No. of shares acquired**
Ruchi Jain	August 02, 2017	40,000
Apsara Vincom Pvt. Ltd.	November 30, 2017	26,000
Anubhav Paper Suppliers Pvt. Ltd.	January 30, 2018	1,76,700
Escort Auto Agencies Pvt. Ltd.		2,55,860
Megacity Food Suppliers Pvt. Ltd.		2,60,379

Name of person	Date	No. of shares acquired
Total		7,58,939

72. I note from the material available on record that during the course of investigation, SEBI has also observed that Noticee 6 had received the shares in off-market on January 30, 2018, from Anubhav Paper Suppliers Pvt. Ltd. Escort Auto Agencies Pvt. Ltd. and Megacity Food Suppliers Pvt. Ltd. I also note that SEBI has not find any adverse inferences from the aforesaid off-market transfer of shares.

73. I note that Noticee 6 has not disputed the transactions carried out by it in the shares of EML. Noticee 6 in its reply has also contended that on January 31, 2018, out of 51 trades executed with 34 counter-parties, merely 4 trades totaling to 71,795 shares matched with only 1 counterparty. Noticee 6 has further contended that w.r.t. trade of February 01, 2018, out of 29 trades with 25 different counter parties, merely 1 impugned trades matched with 1 counterparty i.e. Noticee 1. In this regard, on perusal of trade log and order log, I find that on January 31, 2018, Noticee 6 sold 2,27,000 shares through 51 trades. I note that out of 51 trades, 10 trades totaling to 2,01,240 shares matched with Noticee 2. Therefore, contention of Noticee 6 that only 71,795 shares match with Noticee 2 is not correct. Similarly, I note that on February 01, 2018, Noticee 6 sold 1,55,000 shares through 29 trades out of this 1,38, 295 shares executed with Noticee1 through 5 trades. Therefore, I am not inclined to accept this contention of Noticee 6.

74. Noticee 6 in its reply has further mentioned that out of total trades of 1,41,71,841, it had sold 3,82,000 shares which amounts to 1.34% of the total traded quantity in the shares of Ejecta during the investigation period. In this regard, I note from the trade log that during the period of investigation Noticee 6 sold 5,15,700 shares and bought 18,000 shares during the investigation period. I note that the percentage of shares sold by Noticee 6 w.r.t. total market volume works out to 3.63% Therefore, this contention of Noticee 6 appears to be incorrect and hence rejected.

75. Noticee 6, in its reply, has contended that it had no connection with any of the persons or entities involved in alleged circulation of the SMS in the public. Noticee 6 in its reply has also contended that it is not connected with any of the buyers to the sale transactions. Noticee has further contended that it did not know Noticee 1 and Noticee 2 and had no knowledge about the alleged scheme of manipulation and that the present SCN was silent as to how intention or knowledge of the alleged manipulative scheme has been imputed on Noticee 6. In this regard, I find that a connection has been established between the connected entities

which includes Noticees as noted in the earlier part of the order. Moreover, the pattern of the buy orders/ sell orders placed and systematically deleted repeatedly by Noticees 1 and 2 in tandem with orders placed and executed with Noticee 6 clearly reveals meeting of mind between the aforesaid Noticees who had adopted the particular strategy with the intention of defrauding unsuspecting investors. In view of the same, I am not inclined to accept the contention of Noticee 6 in this regard.

76. Noticee 6 in its reply has also contended that it had placed the sell order on the basis of the top 5 buyers reflected on the exchange's dashboard without any apparent knowledge that such orders pertained to such alleged connected entities and if a particular connected group is responsible for such a huge volume of buy orders, their trades are bound to match with other entities and the same should not be used to prejudice anyone in absence of any evidence which could establish prior understanding between them. In this regard, I note from the trading pattern as shown above that there was meeting of mind between Noticees 1 and 2 with Noticee 6 and therefore, it cannot be said that Noticees 1 and 2 did not have knowledge of orders placed by Noticee 6, as being contended by Noticee 6.

77. Noticee 6 has further contented that it did not enter into any buy transactions on the market platform and thus had not influenced the price and volume of the trade of the scrip prior to or after the circulation of SMS. In this regard, I note that it is not SEBI's case that Noticee had bought the shares of EML and thereby influenced the price or volume of the scrip. It has been established in the preceding paragraphs that Noticees 1 and 2, in collusion with Noticee 6, were providing exit opportunity to Noticee 6 by resorting to voluminous quantity of orders added and deleted, thus creating a false appearance of trading in the market so as to induce investors to trade in an otherwise illiquid scrip. Therefore, I find that the aforesaid contention of Noticee 6 is devoid of merit.

78. Noticee 6 in its reply has also contended that majority of the trades were partial in nature in respect to quantity. If the trades had been synchronized, the order quantity of both the parties and traded quantity would have matched exactly. Noticee 6 has further contended that if it was a part of alleged scheme of manipulation and creation of artificial volume, the trades would have matched exactly and there would not be splitting of the order. Noticee 6 in its reply has submitted that synchronization is *ipso-facto* not illegal even under the SEBI Act and SEBI Regulations and that before the Joint Parliamentary Committee, SEBI had, *inter-alia*, stated that *"SEBI has since confirmed that synchronized deals are ipos facto not illegal."* Noticee has also placed reliance on the judgement of Hon'ble SAT in the matter of *Ketan Parekh vs. SEBI (SAT appeal no. 2 of 2004)* in support of its contention.

79. In this regard, it has been observed earlier in the order that sell orders were placed by Noticee 6 were within less than 1 minute, subsequent to placing of buy orders by Noticees 1 and 2 on January 31, 2018 and February 01, 2018 respectively. I also note that Noticee 6 had not placed sell order for the entire quantities as placed by Noticees 1 and 2. However, I note that even though entire quantities are not matching, the timing and pricing of the trades of Noticees 1 and 2 with those of Noticee 6 cannot rule out the possibility of synchronization of these trades w.r.t. time and price. Therefore, I am not inclined to agree with the aforesaid contention of Noticee 6.

80. Further, on perusal of the judgement of Hon'ble SAT in the case of Ketan Parekh, as mentioned by Noticee, I note that in the said judgement, Hon'ble SAT has held that, "….*Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. <u>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</u>. 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."* I note that Hon'ble SAT has also held that the list specified by them are not exhaustive. In this case, I note that manipulation can be inferred from attending circumstances. It is evident from the trading pattern exhibited by Noticees 1 and 2, i.e, they were placing buy order for huge quantity and upon partial execution of orders with Noticees 5 to 8, were immediately deleting their orders that such order placement and trades were done with a manipulative intent and the said order book inflations was done to attract gullible investors to trade in the scrip of Ejecta.

81. It has been established earlier in the order that Noticee 6 and Noticees 1 and 2 had, through a concerted strategy, manipulated the volume of the scrip so as to create a misleading appearance of trading in the scrip of EML. Therefore, I do not find any merit in this contention of Noticee 6.

82. Thus, in view of the analysis of the trading pattern depicted in the preceding paragraphs, I find that there was a meeting of mind of Noticees 1 and 2 with Noticee 6 and Noticees 1 and

2 were providing exit to Noticee 6 through a fraudulent scheme of fictitious appearance of trading in the scrip of EML, designed to defraud the investors. Therefore, I find that the allegation levelled against Noticee 6 that it has violated Section 12A (a),(b),(c) of SEBI Act and Regulations 3(a) to(d) and 4(1) and 4(2)(a) of PFUTP Regulations stands established.

83. Noticee 8 in his reply has mentioned that when he had invested in the shares of EML, he was not in India and was in USA. He had also mentioned that he sold the shares of EML in loss and he was not aware about what had happened at that time. In this regard, I note that allegation of selling of shares at profit or loss has not been attributed in the SCN. Though profit earning is an important motive for undertaking the trades, however, it is not the sole criterion to determine whether the trades executed are manipulative or not, which has to be determined by taking into account the attending facts and circumstances of the case and the relationship among Noticees, their trading pattern and activity need to be viewed in totality. The analysis in the foregoing paragraphs clearly indicate that the trades executed by the Noticee 8 were not genuine trades and there was a meeting of mind between Noticees 1 and 2 with Noticee 8, whereby Noticees 1 and 2 were provided exit to Noticee 8. Therefore, I find that allegation levelled against Noticee 8 that it has violated Section 12A (a), (b), (c) of SEBI Act and Regulations 3(a) to (d) and 4(1) and 4(2)(a) of PFUTP Regulations stands established.

84. As noted earlier in the order, Noticees 5 and 7 have not furnished any reply to the SCN. Since no replies/submissions in respect to the charges leveled in the SCN have been filed by them, it can be reasonably presumed that the allegations levelled against Noticees 5 and 7 in the SCN has been accepted by them. In view of the trading pattern depicted in the preceding paragraphs, I find that there was a meeting of mind of Noticees 1 and 2 with Noticees 5 and 7 whereby Noticees 1 and 2 were providing exit to Noticees 5 and 7 through a fraudulent scheme of fictitious appearance of trading in the scrip of EML, designed to induce the investors to trade in an otherwise illiquid scrip. Therefore, I find that the allegation levelled against Noticees 5 and 7 that they have violated Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a),(b),(c),(d), 4(1) and 4(2)(a) of PFUTP Regulations stands established.

85. It has been alleged in the SCN that by allowing Noticees 1 to 3 to place very large quantity orders, disproportionate to their Gross Annual Income, and thereafter allowing repeated deletion of such orders, either immediately or after some time gap, Noticee 4 colluded with Noticees 1 to 3 to mislead the investors about the market depth in the scrip by adding significantly to the liquidity displayed at the existing best bid or offer. Further, it has been

alleged that that Noticees 1 to 3 were placing large number of orders and subsequently deleting most of the orders to create false and misleading appearance of trading in an illiquid scrip and Noticee 4 aided and facilitated them by executing these orders and that Noticee 4 had allegedly indulged in the execution of manipulative and fraudulent transactions and thus, assisted Noticees 1 to 3 in creation of false and misleading market even though their Gross Annual Income was merely in the range of Rs. 1-5 Lakhs. It is further alleged that by merely executing and deleting orders without proper due diligence and thus, aiding his clients in creating misleading appearance of the market, Noticee 4 had failed to exercise due skill, care and diligence in its duty.

86. Noticee 4 in its reply has admitted that Noticees 1 to 3 were their clients and it was placing orders on behalf of Noticees 1 to 3. From the material available on record, I note that Noticees 1 to 3 were visiting Noticee 4 Ahmedabad Branch office personally for placing orders, which was not denied by Noticee 4. I note from the material available on record that the Designated Director of Noticee 4 was receiving and executing orders on behalf of Noticees 1 to 3.

87. In its reply, Noticee 4 has contended that in the present matter, as per the material available on record, there was no proof to show that it had at any relevant point of time had done anything to aid or abet any other person to violate securities laws. Noticee 4 has also contended that the SCN does not contain any details of orders punched or cancelled by it and there was no manipulative intent on their part. Noticee 4, in its reply, has further contended that they had only acted as an agent of its clients/ constituents and had no role to play in the decision making process. Further, Noticee 4 has contended that there is no material in the SCN to suggest that any such decision was taken by the Noticee 4 or its employees. In support of its reply, Noticee 4 has placed reliance on the judgement of Hon'ble Supreme Court the case of *SEBI vs Rakhi Trading Private Limited (2018) 13 Supreme Court Cases 753*, wherein Hon'ble Supreme Court while allowing the appeal against order of the Hon'ble SAT in the matter of traders, upheld the exoneration of the brokers involved in the matter. Noticee 4 has stated that the Hon'ble Supreme Court held that merely because a broker facilitated a transaction, it cannot be said that there is a violation of regulation and unless there is specific evidence against a broker of aiding and abetting fraudulent and unfair trade practices, the finding of violation of securities laws cannot be sustained against broker.

88. I note that Noticee 4, being a broker of Noticees 1 to 3, had executed trades on their behalf. From the documents available on record, I find no evidence that Noticee 4 has itself bought or sold shares in EML There is also no evidence that the transactions in question were

carried out at the behest of Noticee 4. In this regard, I further note that there is no allegation of providing of funds or shares by Noticee 4 to other Noticees. I also note that there is no connection established between Noticees 4 with other connected entities and there is no evidence regarding collusion between Noticee 4 and other Noticees that has been shown explicitly in investigation. Thus, I note that the role of Noticee 4 is limited to being the broker of Noticees 1 to 3 on arm's length basis. Considering the foregoing factors, I am inclined to accept the contentions placed by Noticee 4 and hold that the allegation of violation of Sections 12 A(a), (b), (c) of SEBI Act and Regulations 3 (a), (b), (c),(d) and 4(1) of PFUTP Regulations by Noticee 4 does not stand established. Since the charges related to violation of PFUTP Regulations has not been established against Noticee 4, the allegation that Noticee 14 violated Clauses A(3) and A(4) of Code of Conduct as specified in Schedule-II read with Regulation 9(f) also do not stand established.

89. Noticee 4 in its reply has further contended that Noticees 1 to 3 placed the orders by personally visiting their office and when clients personally visit the office, it is not possible to verify their gross annual income, declared by them in the KYC form, as KYC form was kept at their head office and not at Ahmedabad office. Noticee 4 has also explained that as per RMS policy, the aforesaid clients, i.e., Noticees 1 to 3 had substantial credit balances and paid appropriate margins before the trades were executed and therefore, once margin is paid, a stock broker cannot and ought not to have the discretion as to whether the trade can be undertaken by the client or not. Noticee 4 in its reply has also stated that*, "Copies of the ledgers of the clients were submitted during the investigation and are once again annexed hereto as Exhibit …".* On perusal of the reply, I note that the Exhibit as stated to be attached with the aforesaid reply by Noticee 4 has not been submitted along with its reply. Accordingly, I am relying on the ledger statement which had been forwarded by Noticee 4 to SEBI during the course of investigation. On perusal of the same, I note that the ledger statements were for the period December 01, 2017 to February 28, 2018 and contain the following columns:

"Trans date Vr. No. Narration BRS Cheque No."

90. I also note that the details such as debit amount or credit amount are missing in the said ledger statement, as complete printout of the ledger has not been submitted by Noticee 4. Even though in the ledger statement I found entries for receipt of cheque, bill entries, JV entries etc. some of the amount w.r.t. corresponding Bill Entry is not mentioned and in those cases where amount has been specified it is not possible to ascertain whether it is debit amount or credit amount. Further, in some cases the amount has not been mentioned

corresponding to narrations. Therefore, I am not inclined to accept the ledger statement provided by Noticee 4.

91. I have also perused the following details pertaining to Noticees 1 to 3 as provided by Noticee 4 to SEBI during the course of investigation:

Date	T-1 Day ledger Balance	Stock	Ledger+ Stock	RMS 7 times limit of collaterals

On perusal of the statement vis. a. vis. ledger statement, I find that it is not possible to ascertain the ledger balance. Further, apart from a mere statement, Noticee 4 has not provided any supporting documents to show that sufficient stocks were lying with them. Further, from perusal of the column under the head, "RMS 7 times limits of collaterals", I find that it is not possible to ascertain the exact amount of "RMS 7 times limit of collaterals" as complete print out is not provided. Therefore, in absence of sufficient evidence, I am unable to accept the claim put forth by Noticee 4 that the aforesaid clients, i.e., Noticees 1 to 3 had substantial credit balances and paid appropriate margins before their trades were executed.

92. As noted earlier in the order, Noticees 1 to 3 were placing and deleting orders through Noticee 4 as given below:

Name of the client	***Number of added orders***	***Added Quantity***	***Number of deleted orders***	***Deleted Quantity***	***% of Deleted Orders to Added orders***	***% of Deleted Qty to Added Qty***	***Shares bought***	***Shares sold***	***Total trading***
Noticee 1	*798*	*4,65,02,642*	*394*	*4,16,28,715*	***49.37***	***89.51***	***1630538***	***1519597***	***3150135***
Noticee 2	*924*	*4,19,27,287*	*313*	*3,80,57,830*	***33.87***	***90.77***	***1905619***	***1905619***	***38,11,238***
Noticee 3	*28*	*66,54,655*	*19*	*58,76,843*	***67.85***	***88.31***	***388906***	***388906***	***7,77,812***
Total	*1750*	*9,50,84,584*	*726*	*8,55,63,388*					

93. I note from the trade log and order log that during the investigation period, Noticee 1 traded for 14 days, Noticee 2 traded for 10 days and Noticee 3 traded for 2 days. In such short duration of trading, the quantity added and deleted by Noticees 1 to 3 as compared to trades carried out by them is quite significant. In this regard, I note that whenever any client accounts are opened by a stock broker, it has to enter certain basic details of its clients such

as name, address, mobile number, email id, PAN, Bank account details, demat account details, income range etc. in their system/software. Based on the income level mentioned in Know Your Client (KYC) documents, a stock broker gives exposure to its clients. I note that when Noticees 1 to 3 were placing significantly large orders and deleting a major portion of the same repeatedly, which was not commensurate with their declared income in the KYC documents, an alert should have been generated as per Risk Management Policy/ Risk Management System (RMS) and Noticee 4 should then have exercised its discretion on further exposure to be granted to its clients, which are Noticees 1 to 3 in the instant matter, which it failed to do and allowed such repeated orders to be placed and deleted by the aforesaid Noticees during the IP. Therefore, in view of the foregoing, I find that the defence advanced by Noticee 4 that once margin is paid, a stock broker cannot and ought not to have the discretion as to whether the trade can be undertaken by the client or not, is not tenable.

94. As a registered intermediary, Noticee 4 has been cast a major responsibility for investor protection and has to ensure proper care and diligence while conducting its business, as specified in the SEBI Act and its applicable Regulations. I note that if Noticees 1 to 3 were placing the order in the large quantities and deleting a substantial portion of the same repeatedly over days, it was the duty of Noticee 4 to inform its clients that the trading pattern appeared to be manipulative in nature and would not reflect true and correct picture of the shares of Ejecta in the market and in the interest of investors, Noticee 4 should have restrained Noticees 1 to 3 from such type of practice, which it failed to do.

95. Noticee 4, being a broker and a registered intermediary of SEBI, is required to abide by the Code of Conduct specified in the Broker Regulations and is, *inter alia,* required to act with due skill, care and diligence in the conduct of all his business. In the present matter, I find that by allowing such repeated orders to be placed and deleted by Noticees 1 to 3 during the IP, Noticee failed to demonstrate integrity and due care and diligence in respect of the impugned transactions in the shares of Ejecta carried out by it on behalf of Noticees 1 to 3. Therefore, I find that the allegation that Noticee 4 violated Clauses A(1) and A(2) of Code of Conduct as specified in Schedule-II read with Regulation 9(f) of Broker Regulations stands established.

<u>Issue II: Do the violations, if established, attract monetary penalty under Section 15HA, and Section 15HB of SEBI Act?</u>

96. I note that the Hon'ble Supreme Court of India in the matter of SEBI v/s Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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...…".* Therefore, placing reliance on the aforesaid judgement, the above violations, as established in the foregoing paragraphs, make Noticees liable for monetary penalty as per details below:

96.1. Under Section 15HA of SEBI Act for the aforesaid violations of provisions of Sections 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d) and 4(1) of PFUTP Regulations by Noticees 1 to 3;

96.2. Under Section 15HA of SEBI Act for the aforesaid violations of provisions of Section 12 A (a), (b), (c) of SEBI Act and Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) of PFUTP Regulations by Noticees 1 to 2 and 5 to 8;

96.3. Under Section 15HB of SEBI Act for the aforesaid violations of Clauses A (1) and A (2) of Code of Conduct as specified in Schedule II under Regulation 9(f) of Broker Regulations by Noticee 4.

97. The text of Sections 15A(a), 15HA and 15HB of SEBI Act is reproduced below:-

SEBI Act

Section 15A(a) of the SEBI Act: Penalty for failure to furnish information, return, etc.:

15A. *If any person, who is required under this Act or any rules or regulations made there under,—*

(a) to furnish any document, return or report to the Board, fails to furnish the same, he shall be liable to penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less

Penalty for fraudulent and unfair trade practices

Section 15HA of SEBI Act:- *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.*

Section 15HB of SEBI Act: - *Penalty for contravention where no separate penalty has been provided: Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one crore rupees.*

<u>Issue III: If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act, 1992?</u>

98. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules, require that while adjudging the quantum of penalty, 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.

99. From the material available on record, it is difficult to quantify the exact disproportionate gains or unfair advantage enjoyed by the Noticee and the consequent losses suffered to the investors. With respect to the repetitive nature of the default, I find that no prior default of this nature by Noticees 1 to 8 is available on record. However, the fact remains that Noticees 1 to 3 were placing the large orders and subsequently deleting these orders to mislead the investors about the market depth in the shares of Ejecta by adding significantly to the liquidity displayed at the existing best bid or offer. Further, Noticees 1 and 2, by placing and deleting large orders, with net sell clients created artificial/fictitious volume and gave a false and misleading appearance so as to enable Noticees 5 to 8 to exit the illiquid shares of EML. I am of the view that acts of volume manipulation in shares have the potential to mislead and induce genuine investors to trade in the shares and harm them and, thus, violate the fundamental tenets of market integrity. Such acts of Noticees, if dealt with lightly, could seriously undermine investors' confidence in the securities market and therefore, deserve suitable penalty commensurate with such serious violations.

ORDER

100. Having considered all the facts and circumstances of the case, the material available on record, and also the factors mentioned in Section 15J of the SEBI Act, as enumerated above, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose the following penalty on Noticees:

Sr. No.	Name of Noticee	Penalty	Under the provisions of
1.	Mayur Maheshkumar Panchal	Rs. 10,00,000/- (Rupees Ten lakh only)	Section 15HA of SEBI Act
2.	Jay Kamleshbhai Bhavsar	Rs. 10,00,000/- (Rupees Ten lakh only)	
3.	Hiteshbhai Mistri	Rs. 5,00,000/- (Rupees Five lakh only)	
4.	Bhansali Value Creations Ltd.	Rs. 2,00,000/-(Rupees Two Lakh only)	Section 15HB of SEBI Act
5.	Fastner Machinery Dealers Pvt. Ltd.	Rs. 6,00,000/- (Rupees Six lakh only)	Section 15HA of SEBI Act
6.	Bhavishya Ecommerce Pvt. Ltd.	Rs. 6,00,000/- (Rupees Six lakh only)	
7.	Anurodh Infrastructure Ltd.,	Rs. 6,00,000/- (Rupees Six lakh only)	
8.	Patel Malay Shaileshbhai	Rs. 6,00,000/- (Rupees Six lakh only)	

101. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

102. Noticee 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 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, Noticee may contact the support at portalhelp@sebi.gov.in.

103. Noticee shall forward said Demand Draft or the said confirmation of e-payment made in the format as given in table below which should be sent to "The Division Chief, EFD – DRA - 4, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

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

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

105. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees viz. Mayur Maheshkumar Panchal, Jay Kamleshbhai Bhavsar, Hiteshbhai Mistri, Bhansali Value Creations Ltd., Fastner Machinery Dealers Pvt. Ltd., Bhavishya Ecommerce Pvt. Ltd., Anurodh Infrastructure Ltd., Patel Malay Shailesh bhai, Preeti Jain and also to SEBI.

Date: September 06, 2022 **SOMA MAJUMDER**
Place: Mumbai **Adjudicating Officer**