BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO: EAD-12/AO/SM/16-22/2018-19]

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

In respect of:

Noticee No.	Noticee Name	Noticee No.	Noticee Name
1	Bhudev Building Materials Pvt. Limited (PAN No. AADCB4319H)	2	Glamour Builders Pvt. Limited (PAN No. AACCG9369B)
3	Reliable Township & Realtors Pvt. Limited (PAN No. AADCR4497C)	4	MBL & Co. Limited (PAN No. AADCM8349F)
5	Siddhartha Capital Market Limited (PAN No. AAECS4090H)	6	Elite Wealth Advisors Limited (PAN No. AAACE0759)
7	SMC Global Securities Limited (PAN No. AAACS0581R)		

In the matter of M/s Omaxe Limited

Facts Of The Case:

1. Securities and Exchange Board of India (hereinafter referred to as the SEBI) had conducted an investigation into the alleged irregularity in the matter of trading activities of certain entities in the scrip of M/s Omaxe Limited (hereinafter referred to as “Omaxe/Company) for the period from October 01, 2008 to December 31, 2008 (hereinafter referred to as “IP”) and into the possible violation of the provisions of the SEBI Act, 1992 and the various Rules, Regulations and Guidelines made there under.

2. The company operates in two segments Real Estate and Construction. The company is listed on Bombay Stock Exchange (hereinafter referred to as "BSE") and National Stock Exchange (hereinafter referred to as "NSE").

3. During the investigation period, the price of the scrip on NSE had moved from Rs 98.00 to Rs 64.50 i.e. fell by Rs. 33.50 (34.18%) and on BSE it moved from Rs. 98.00 to Rs. 64.00 i.e. fell by Rs. 34.00 (34.69%).

4. Based on the findings of the Investigation, it was alleged that :

Noticee	Allegations
Bhudev Building Material Pvt. Limited(hereinafter referred to as "Bhudev")	Entered into Self-trades, reversal trades and synchronized trades repeatedly amongst the group
Glamour Builders Pvt. Limited (hereinafter referred to as"Glamour")	
Reliable Township & Realtors Pvt. Limited (hereinafter referred to as"Reliable")	
MBL & Co. Limited (hereinafter referred to as"MBL")	Entered into Self trades repeatedly and acted as broker and counterparty broker for self-trades in its own account
Siddhartha Capital Market Limited (hereinafter referred to as"Siddhartha")	
Elite Wealth Advisors Limited (hereinafter referred to as"Elite")	Acted as broker and counterparty broker for self-trades of Noticee Bhudev and Glamour.
SMC Global Securities Limited (hereinafter referred to as"SMC")	Acted as broker and counterparty broker for self-trades of Noticee Bhudev and Reliable.

5. In view of the above, it was alleged that:

5.1. Noticee - Bhudev, Glamour and Reliable have violated the provisions of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations");

5.2. Noticee - MBL, Siddhartha have violated Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of PFUTP Regulations and Clause A(3) and A(4) of Code of Conduct specified under Regulation 9 as specified in Schedule II of SEBI (Stock Broker and Sub Broker) Regulations, 1992 (hereinafter referred to as “Broker Regulations”); and

5.3. Noticee - Elite and SMC have violated Clause A(2) of Code of Conduct specified under Regulation 9 as specified in Schedule II of Broker Regulations.

Appointment of Adjudicating officer

6. Shri D.S. Reddy was appointed as Adjudication Officer vide Order May 25, 2015 in terms of Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) read with section 15-I of SEBI Act to inquire and adjudge under Section 15 HA of SEBI Act, 1992 against Bhudev, Glamour and Reliable and Section 15HA and Section 15HB of SEBI Act, 1992 on MBL and Siddharth and Section 15HB of SEBI Act, 1992 on Elite and SMC for the aforesaid alleged contravention of provisions of law. Subsequent to transfer of the case, the undersigned have been appointed as Adjudicating Officer vide order dated May 18, 2017 to inquire and adjudge under the provisions as enumerated above.

Show Cause Notice, Reply and Personal Hearing:

7. Common show cause notice (hereinafter referred to as 'SCN') dated August 12, 2015, was issued to Noticees under the provisions of Rule 4 (1) of the Rules by the erstwhile Adjudicating Officer to show cause as to why an inquiry should not be initiated against initiated against the Noticees and penalty be not imposed under the provisions of law.

8. SCN issued to Glamour and Reliable was undelivered, hence it was affixed at their last known address.

Allegation in the SCN:

9. It was observed that Noticee(s) Bhudev, Glamour and Reliable as a group were connected / related to each other, had dealt in the scrip of Omaxe on NSE and BSE. Bhudev was the major client on NSE and hence, the said group of entities have been referred to as Bhudev Group in the Investigation Report. The connection details and gross buy and sell details of the Bhudev Group during the relevant period is given as under:

10. **Connection details:**

Sl No	Notice Name	Basis of connection
1	Bhudev	• As per MCA website, companies directors Shri Rahul Goyal and Shri Puneet Goyal) were common and registered mail id was same (secretarialrecords@yahoo.com) Sl no.2,3 registered office address was same.(2/55,Jangpura A Bhogal,New Delhi-110016) • As per KYC with the broker(s) Sl no 1,2,3 companies sharing common telephone number.(9818099247)) All the companies are having bank account with Axis bank, Malviya Nagar Branch, Delhi.
2	Glamour	
3	Reliable	
	Total	

11. Concentration by the trading members had contributed for 48% and 42.23% of the gross purchase and gross sales in the scrip of Omaxe, respectively.

Buy Broker Name	Total Traded quantity	% of Trade Volume	Selling Broker Name	Total Traded quantity	% of Trade Volume
SMC Global Securities Ltd.	3057830	19.22	SMC Global Securities Ltd.	2387756	15.01
Elite Wealth Advisors Limited	2335833	14.68	Elite Wealth Advisors Limited	2076256	13.05
MBL & Company Ltd.	1557931	9.79	MBL & Company Ltd.	1561184	9.81
Siddhartha Capital Market Limited	685561	4.31	Siddhartha Capital Market Limited	694061	4.36
Total	**7637155**	**48**	**Total**	**6719257**	**42.23**
Total Traded Volume	**15908979**	**100**	**Total Traded Volume**	**15908979**	**100**

12. From the above table, it was observed that during the relevant period, Noticee Elite and SMC, who were the trading members for Bhudev Group entities together had contributed for 33.90% and 28.06% of gross buy and gross sell, respectively, on NSE.

13. Further, on BSE, the contribution by the trading members was 27.72% and 27.84% of the gross purchase and gross sales, respectively, in the scrip of Omaxe.

Buy Broker Name	Total Traded quantity	% of Trade Volume	Selling Broker Name	Total Traded quantity	% of Trade Volume
MBL & Company Ltd.	1038764	24.84	MBL& Company Ltd.	1038764	24.84
Elite Stock Management Ltd.	120450	2.88	Elite Stock Management Ltd.	125458	3
Total by Broker Noticee	**1159214**	**27.72**	**Total by Broker Noticee**	**1164222**	**27.84**
Total Traded Volume	**4182086**	**100**	**Total Traded Volume**	**4182086**	**100**

14. From the above table, it was observed that during the relevant period, MBL had the highest contribution of 24.84% in gross buy and 24.84% in gross sell on BSE (trading in its proprietary account). Further, Elite who was the trading member of Bhudev Group entities, was observed to have contributed for 2.88% and 3.00% of gross buy and gross sell volume, respectively, in the scrip of Omaxe on BSE.

15. It was further observed that, on NSE, the following Noticee had contributed for 45.91% and 39.53% of the gross purchase and gross sales, respectively. The details are as under:

Buy Client Name	Total Traded quantity	% of Trade Volume	Selling Client Name	Total Traded quantity	% of Trade Volume
Bhudev	**2916889**	**18.34**	**Bhudev**	**2238615**	**14.07**
MBL	**1550619**	**9.75**	MBL	**1553872**	**9.77**
Glamour	**1510398**	**9.49**	**Glamour**	**1286784**	**8.09**
Siddhartha	**685411**	**4.31**	**Siddhartha**	**693911**	**4.36**
Reliable	**639644**	**4.02**	**Reliable**	**515667**	**3.24**
Total by Noticees	**7302961**	**45.91**	**Total by Noticees**	**6288849**	**39.53**
Total Traded Volume	**15908979**	**100**	**Total Traded Volume**	**15908979**	**100**

16. It was observed from the above table that Noticee(s) Bhudev, Glamour and Reliable were appearing on the gross buy as well as the gross sell side.

17. On BSE, Noticees (Glamour and Bhudev) had contributed for 27.71% and Noticees (MBL, Glamour and Bhudev) 27.84 % of the gross purchase and gross sales, respectively. The details are mentioned under:

Buy Client Name	Total Traded quantity	% of Trd Volume	Selling Client Name	Total Traded quantity	% of Trd Volume
MBL	1038764	24.84	MBL	1038764	24.84
Glamour	72030	1.72	Glamour	76513	1.83
Bhudev	48209	1.15	Bhudev	48819	1.17
Total by Noticees	**1159003**	**27.71**	**Total by Noticees**	**1164096**	**27.84**
Remaining Clients	**3023083**	**72.3**	**Remaining Clients**	**3017990**	**72.18**
Total Traded Volume	**4182086**	**100**	**Total Traded Volume**	**4182086**	**100**

18. It was observed from the above table that Noticee(s) Bhudev and Glamour were appearing on the gross buy as well as the gross sell side.

19. Upon analyzing the trade log for the entire investigation period on NSE, it was observed that Bhudev, Glamour and Reliable had traded on 59 trading days out of 59 trading days. It was observed that they had even traded amongst themselves and contributed to the total traded volume in the scrip of Omaxe. The details of the analysis are as under:

Gross Total (Market)	Gross Buy Qty of Bhudev Group	Gross Sell Qty of Bhudev Group	Total traded qty among the Bhudev Group	Traded qty among the group entities as a % of Market Vol.	Traded qty among the group as a % of total no. of shares bought	Traded qty among the group as a % of total no. of shares sold
15908979	50,66,931	40,59,166	2593038	16.30%	50.46%	63.21%

20. From the above table, it can be seen that the Bhudev, Glamour and Reliable had altogether entered into trades among themselves for 25,93,038 shares of Omaxe constituting for 16.30% of the market volume and 50.46% of the Gross buy quantity and 63.21% of the Gross sell quantity of Bhudev Group. Further, it was observed that the Bhudev Group had allegedly indulged in reversal trades amongst themselves for 6,10,555 shares i.e. 23.54% of the volume traded among the group. It was observed that Noticee(s) Bhudev, Glamour and Reliable were noticed to have indulged in the alleged reversal trades repetitively. Summary of the alleged reversal of trades is as under:

Client Name (A)	Client Name (B)	Reversal Qty.	% of Reversal Qty. to mkt vol.	No. of Reversal trades	No. of days of Reversal trades
Glamour	Bhudev	330682	2.08	620	23
Glamour	Reliable	141444	0.89	421	9
Bhudev	Reliable	138429	0.87	431	14
Grand Total		**610555**	**3.84**	**1472**	

21. Details of day-wise repetitive reversal of trades (where alleged reversal trade quantity of more than 20,000 shares and 10 or more than 10 counts of trades executed on a given day) is a under:

Date (A)	Client Name (B)	Client Name (C)	Qty. bought by Client B from Client C	Qty. bought by Client C from Client B	Reversal Qty.	% of reversal Qty to day mkt volume	No. of Reversal trades
14.10.2008	Glamour.	Bhudev	52236	59754	52236	14.70	17
05.12.2008	Glamour.	Reliable	32385	32565	32385	11.19	28
19.12.2008	Glamour.	Bhudev	27414	29660	27414	4.42	30
13.10.2008	Glamour.	Bhudev	28499	27389	27389	10.92	14
08.12.2008	Glamour.	Bhudev	27793	22902	22902	8.10	53
27.10.2008	Glamour.	Bhudev	26918	21843	21843	4.16	10
10.12.2008	Glamour.	Reliable	23732	20747	20747	7.62	88
31.12.2008	Glamour.	Bhudev	37962	20068	20068	5.06	100

22. In view of the above, it was alleged that Noticee(s) Bhudev, Glamour and Reliable had indulged in reversal of trades and thereby created artificial volume in the scrip of Omaxe on NSE. Further, it was alleged that by indulging in the said fraudulent trades, the said Noticees had depicted a false and misleading appearance of trading in the scrip of Omaxe on NSE.

23. Further, it was alleged that the Bhudev Group entities, while dealing in the scrip of Omaxe on NSE, had even entered into synchronized trades for 9,37,884 shares i.e. 36.2% of the volume traded among the group and 5.90% of the total market volume. Noticee(s) Bhudev, Glamour and Reliable had indulged in alleged synchronized trades on repetitive basis. Summary of such alleged synchronized trades is as under:

Client Name	Sync Trades as Buyer			Sync Trades as Seller		
	Sum of Synchronized Qty.	Sum of No. of Trades	Sum of % of Client Synchronized Vol. to Mkt. Vol.	Sum of Synchronized Qty.	Sum of No. of Trades	Sum of % of Client Synchronized Vol. to Mkt. Vol.
Bhudev	512885	177	3.22	582531	215	3.66
Glamour	237421	137	1.49	280021	121	1.76
Reliable	187578	116	1.18	75332	94	0.47
Grand Total	**937884**	**430**	**5.90**	**937884**	**430**	**5.90**

24. Details of day - wise transactions of the alleged synchronized trade volume amongst Noticee(s) Bhudev, Glamour and Reliable are as under:

Date	Buy Client Name	Sell Client Name	Synch Qty.	No. of Trades	% of Buy Client Synch Vol. to Buy Client's day total buy Vol.	% of Sell Client Synch Vol. to Sell Client's day total sell Vol.	% of Client Synch Vol. to Day Mkt. Vol.
21-Nov-08	Bhudev	Bhudev	215853	53	40.78%	57.36%	26.32%
14-Oct-08	Bhudev	Glamour	56701	3	43.76%	94.50%	15.95%
07-Nov-08	Glamour	Bhudev	44053	8	70.92%	74.58%	17.10%
25-Nov-08	Glamour	Bhudev	28627	35	65.43%	63.32%	18.67%
05-Dec-08	Reliable	Glamour	22405	8	55.60%	40.75%	7.74%
27-Oct-08	Bhudev	Glamour	17367	3	13.05%	57.89%	3.31%
02-Dec-08	Glamour	Reliable	17349	45	65.72%	36.57%	8.15%
14-Oct-08	Glamour	Bhudev	17334	2	28.89%	28.82%	4.88%
02-Dec-08	Reliable	Bhudev	16987	22	35.81%	39.44%	7.98%
20-Nov-08	Bhudev	Glamour	14561	8	40.39%	31.57%	7.73%
18-Nov-08	Bhudev	Glamour	14413	3	37.46%	28.17%	7.30%
15-Dec-08	Glamour	Bhudev	12948	5	8.25%	7.79%	1.87%
28-Nov-08	Bhudev	Reliable	12574	4	37.54%	33.09%	7.12%
04-Nov-08	Glamour	Bhudev	12125	3	60.63%	15.88%	2.71%
02-Dec-08	Reliable	Glamour	10466	10	22.06%	39.64%	4.91%
24-Nov-08	Bhudev	Bhudev	10000	11	25.18%	32.30%	10.12%

25. It was observed that the Bhudev Group entities had entered into alleged synchronized trades and 24.92% of the total synchronized trades were entered within five seconds and 53.25% within twenty seconds. Further, as Noticee(s) Bhudev, Glamour, Reliable were observed to have entered into the said fraudulent trades repetitively, it was alleged that the said Noticees by entering into the said fictitious trades had created artificial volumes and misleading appearance of trading in the scrip of Omaxe on NSE.

26. It was also observed that during the relevant period, the following Noticee(s) had executed trades which were self-trades in nature.

On NSE:

Sl No	Client Name	Buy Broker Name	Sell Broker Name	Sum of Self Trade Qty.	Sum of No. of Self Trades	No of days on which self trades done	Sum of % of Self Traded Qty. to Market Vol.	Sum of % of Self Traded Qty. to Clients Buy Vol.	Sum of % of Self Traded Qty. to Clients Sell Vol.
I	Bhudev	Elite Wealth Advisors Limited	Elite Wealth Advisors Limited	3356	23	6	0.02	0.11	0.15
			SMC Global Securities Ltd.	208191	95	9	1.31	7.14	9.3
		SMC global securities ltd.	Elite Wealth Advisors Limited	307769	198	8	1.93	10.55	13.75
			SMC Global Securities Ltd.	11893	14	5	0.08	0.41	0.53
	Bhudev Total			**531209**	**330**	**28**	**3.34**	**18.21**	**23.73**
III	Glamour	Elite Wealth Advisors Limited	Elite Wealth Advisors Limited	14969	89	19	0.09	0.99	1.17
			SMC Global Securities Ltd.	5650	2	1	0.04	0.37	0.44
	Glamour Total			**20619**	**91**	**20**	**0.13**	**1.36**	**1.6**
III	Reliable	SMC Global Securities Ltd.	SMC Global Securities Ltd.	3699	15	6	0.02	0.58	0.72
Total of Bhudev Group				**555527**	**436**		**3.49**	**20.15**	**26.05**
IV	MBL & Co. Limited	MBL & Co. Limited	MBL & Co. Limited	86066	9916	59	0.54	5.55	5.54
V	Siddhartha Capital Market Ltd	Siddhartha Capital Market Limite	Siddhartha Capital Market Limited	16793	728	42	0.1	2.44	2.42

27. It was observed that. Noticee(s) Bhudev, Glamour, Reliable, MBL and Siddhartha had allegedly entered into self-trades on NSE on several occasions without the intention of change of beneficial ownership.

28. On BSE, it was observed that MBL had allegedly entered into 2338 self-trades without the intention of change of beneficial ownership of shares and had acted

as broker and counter party broker for the trades in its own account. The details of the said alleged self-trades are as under:

Client Name	Buy Broker Name	Sell Broker Name	Sum of Self Trade Qty.	Sum of No. of Self Trades	No of days on which self trades done	Sum of % of Self Traded Qty. to Market Vol.	Sum of % of Self Traded Qty. to Clients Buy Vol.	Sum of % of Self Traded Qty. to Clients Sell Vol.
Mbl & Co. Ltd.	Mbl & Company Ltd.	Mbl & Company Ltd.	98468	2338	58	2.36	9.48	9.48

29. In view of the above, it was alleged that:

30. Noticee - Bhudev, Glamour and Reliable have violated the provisions of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations");

31. Noticee - MBL, Siddhartha have violated Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of PFUTP Regulations and Clause A(3) and A(4) of Regulation 9 as specified in Schedule II of SEBI (Stock Broker and Sub Broker) Regulations, 1992 (hereinafter referred to as “Broker Regulations”) and

32. Noticee - Elite and SMC have violated Clause A(2) of Regulation 9 as specified in Schedule II of Broker Regulations.

Reply pursuant to the SCN:

33. Bhudev vide letter dated September 24, 2015 submitted their reply:

33.1. At the time of trading in the scrip of Omaxe on NSE we were neither aware of, nor concerned with, nor had means to verify the contribution of being SMC and Elite the trading members through whom we traded during the period of investigation.

33.2. Elite, the trading member through whom we traded during the period of investigation has contributed only for 2.88% and 3.00% of gross buy and gross sell volume, respectively, in the scrip of Omaxe on BSE which is quite insignificant to market volumes.

33.3. When we bought shares we believed that the scrip will rise and yield profits. However the Market Index fell bringing down the price of the scrip of Omaxe.

33.4. It may be appreciated that when observed on a consolidated basis at the Exchange level, it may appear as self-trades but at the individual level when the trades are scrutinized it is clear that these were individual trades independent of each other. We say that this is undertaken.

33.5. Further, just a mere is a universally observed practical issue across the industry, whenever jobbing activities matching of trades without going into details like what was the original order quantity for buy and sell (i.e., not same order quantities), in what time difference these orders placed, orders placed at different terminals, orders getting executed after a significant time gap, etc, cannot be regarded as self-trade since for someone to manipulate, he will place orders for same quantities and that too, m close proximity of time to rule out any possibility of the trade getting executed with an outside market participant.

33.6. Further we re-iterate that "matching" was a mere coincidence and not with the intention to commit a "self-trade" and thus, was not fraudulent or malafide. Further, if we represent the above trading in the form of a table, you will notice that there is substantial time gap between the placements of the orders, implying that there was no intention to match trades. Further on a simple analysis it is evident that there is no malafide intent in executing the alleged trades and these trades arise out of the normal course of business and are within the prescribed Rules and Regulations.

34. Reliable vide letter dated August 26, 2015 sought for extension to submit detailed reply.

35. Glamour vide letter dated August 26, 2015, Glamour sought for extension of reply. Vide letter dated September 24, 2015 submitted their reply and sought for inspection of documents.

36. Reliable and Glamour also replied on the similar lines as of Bhudev**.**

37. **Inspection of documents:** Vide letter dated October 05, 2015, Reliable and Glamour were requested to conduct inspection within two weeks of obtaining the letter. Both letters were undelivered.

38. MBL vide letter dated August 31, 2018 made the following submission:

36.1 That the account jobbing and delivery of account shares are small and insignificant quantity. Most of the shares are on account of proprietary account jobbing and arbitrage.

36.2 We are on intra-day jobber/arbitrageur.

36.3 None of our directors/Employees/Associates have any relationship with any of the entities.

36.4 Use very large number of ID's for trading (Jobbing/Arbitrage) NSE- 126 IDs BSE – 83 IDs

36.5 We have traded in 324 scrips during the investigation period.

36.6 The percentage of Omaxe Ltd quantity in NSE against the quantity of all other scrips traded is only is 0.50% .

36.7 The percentage of Omaxe Ltd quantity in BSE against the quantity of all other scrips traded is only is 1.04%

Self Trade:

36.8 The quantity of self trade where we are broker as well counter broker in NSE the quantity is 86066 against 15908979 quantity traded in the market which is only 0.50%.

36.9 Similarly in BSE the quantity of self-traded is 98468 against total quantity 4182086 traded in the market which is only 2.35%.

36.10 The reason for single quantity executed.

36.11 To enable to know the LTP so as to take further necessary action.

36.12 We are far behind as there is dissemination of information as compared to HFT.

39. Reply of Elite:

39.1. There are 40 dealers associated with us and 400 terminals for conducting trades on behalf of our clients. We have a total trading volume of Rs. 160 Crores per day in our firm.

39.2. We have a registered client base of (40,000 Nos.), clients which includes:

- *Bhudev Building Material Private Limited.*
- *Glamour Builders Private Limited. (Noticee No.2)*

39.3. Our clients, Bhudev had opened its account with us in the year July 05, 2008 and Glamour has opened its trading account on March 20, 2008 and ever since their registration, they have been engaged in the business of buying, selling and dealing in stocks and have never been held liable by SEBI or any other regulatory authority in relation to their trading/ dealing in the securities market, which clearly shows their impeccable integrity and adherence to statutory norms. They have always fulfilled the margin requirements and has always been prompt in making payments towards their debits.

39.4. It may please be noted that Bhudev and Glamour being regular traders trade daily in various scrips in the securities market. These clients used to place orders over telephone through their authorized representatives to our dealers and on the basis of the margin requirements the trades are executed by us on behalf of them. The average turnover of Bhudev and Glamour in various scrips was approx. 8.78 crore and 16.92 crore respectively depending on the market conditions. As a regular trader, these clients followed a trading pattern wherein they tried to take benefits from executing trades in the scrips which were very volatile in nature and thus by executing their trades they can earn profits by ups and downs in.

39.5. With regard to the alleged connection between the alleged Bhudev Group, it is submitted that the trades executed by us on behalf of Bhudev and Glamour were independent trades and the same were not done as a part of the group. It is humbly submitted that not a single trade was executed by us on behalf of Glamour and Bhudev as part of any manipulative scheme. The trades executed by us on behalf of Bhudev and Glamour were independent transaction and the instructions given to us were given by different authorised persons of Bhudev and Glamour, which clearly show that there was no knowledge to us and the trade instructions given to us were independent of each other's transactions .

39.6. With regard to the observation in relation to the trades executed by the alleged Bhudev group amongst each other, it is submitted that connections have been *shown in the Notice between Bhudev and Glamour and thereby on the basis of the same, they have been termed as a part of Bhudev Group. It may please be noted that the Notice fails to show any connection of us with any of the alleged Bhudev Group except we being broker of Glamour and Bhudev. It is humbly submitted that the Notice fails to show any kind of common understanding between us and the alleged Bhudev Group.*

39.7. *The trades executed by us on behalf of Bhudev and Glamour were independent in nature and thus cannot be combined with the trades executed by another broker i.e. SMC Global Securities Ltd.*

39.8. *All the trades executed by us on behalf of Bhudev were independent and there was no link of any of our trade with the alleged Bhudev Group members;*

39.9. *On comparing the gross buy trades executed by Bhudev through us, it can be observed that the said gross buy was only 5.25% of the total buy volume of the shares traded in the scrip of Omaxe at NSE.*

- *Similarly the gross sales of Bhudev for the trades executed by us was only 4.85% of the total sell volume of the shares trades in the scrip of Omaxe at NSE.*
- *On comparing the gross buy trades executed by Glamour through us, it can be observed that the said gross buy was only 9.2% of the total buy volume of the shares traded in the scrip of Omaxe at NSE.*
- *The gross sales of Glamour for the trades executed by us was only 8.04 % of the total sell volume of the shares trades in the scrip of Omaxe at NSE.*

39.10. *Similarly analysing the details regarding BSE, gross buy of Bhudev for the shares traded through us was only 1.15% and gross sales percentage was 1.17% of the total buy volume and sell volume of the shares traded in the scrip of Omaxe at BSE.*

39.11. *For Glamour, gross buy contributed to 1.72% and gross sell contribution was 1.83% for the trades executed by us on its behalf in the scrip of Omaxe.*

39.12. *It is submitted that being in top 10 trading members does not show that there was any alleged connection between the broker and its client. We were not the only brokers of Bhudev and Glamour as they were trading with other brokers also. Therefore, if various figures as indicated in the SCN are recalculated taking into account only our contribution in the trades executed by Bhudev and Glamour, then these figures will get reduced. For e.g. the total gross buy of Bhudev on NSE is 2916889 shares contributing to 18.34 % to total buy volume on NSE and gross sell on NSE is 2238615 shares contributing to 14.07% to total sell volume on NSE . However, the gross buy contribution by us on behalf of Bhudev on NSE were for 835858 shares which is only 5.25% to total buy volume and gross sell contribution by us on behalf of Bhudev were only 771992 shares which is only 4.85 % .*

39.13. *The trades executed by us on behalf of our clients Bhudev and Glamour is a matter of fact and record. However, it may please be noted that the same does not support the allegation against us that we have not exercised due skill and care.*

39.14. *The trades executed by us were independent of each other and the same cannot be clubbed with the trades executed by any other entity. It may please be noted that our gross buy for the trades executed on behalf of Bhudev was 5.25% and 1.15% at NSE and BSE respectively, and for Glamour was 9.26% and 1.72% at NSE and BSE respectively.*

39.15. *With regard to the observation in relation to the reversal trades executed by the alleged Bhudev Group, it is humbly submitted that the trades executed by us were* *devoid of any manipulative intent and the same were done without any intent of executing reversal trades.*

39.16. It is strongly denied that any of the e trade executed by us on behalf of our client has contributed to the artificial volume in the scrip of Omaxe and had depicted a false and misleading appearance of trading in the scrip of Omaxe on NSE.

39.17. The reversal trades executed between Bhudev and Glamour, as our client can be taken into account which were executed through our end and not by other broker, as the if the due diligence was not exercised by other broker through our clients, then we cannot be held liable for the same.

39.18. The reversal trades executed by us and the trades which got rnatched with the alleged Bhudev Group were incidental in nature and there was no pre schemed plan

39.19. With regard to the alleged synchronized trades, all the trades executed by us were on the instructions of our clients and the same were executed in the ordinary course of business.

39.20. Not even single evidence has been placed on record to prove/show that the alleged group had any sought of common understanding with us for entering into such synchronized trades

39.21. In the instant case all the trades executed were genuine trade transactions since they were:

- *Executed through the Price & Order Matching mechanism of the Exchange.*
- *At the prevailing market prices.*
- *In conformity with the applicable rules and regulations followed.*
- *That our trading was very meagre as compared to the total market volume during the investigation period.*

39.22. In determining whether we were due diligent while executing trades which were allegedly synchronised trades, your goodself must take into account only the synchronised trades executed between Bhudev and Glamour, as they are the only Noticees who were also our client, and only those synchronised trades executed between Bhudev and Glamour can be taken into account which were executed through our end.

39.23. On October 08, 2008 there was one trade executed from our end for 350 shares, on November 19, 2008 there were 8 trades executed from our end for 3980 shares, on November 21, 2008, there were total 53 trades between 2,15,853 shares, however from our end there were only 2 trades for 296 shares, on December 02, 2008 there were 2 trades for 8850 shares and on December 12, 2008 there was one trade for 4533 shares. Hence for the entire period, in totality there were just 14 trades for 18009 shares, which is meagre 0.001% of the total market volume.

39.24. We have not exercised due diligence as when a broker is doing such heavy trading on behalf of his clients for a long period then the execution of few synchronised trades for such negligible shares for just 5 days can happen in due course of business.

39.25. On November 21,2008 for 2,15,853 shares by 53 trades, except one in which shares executed from our end were meagre 296 shares by 2 trades not to hold guilty for the violations of Stock Brokers Regulations as we were diligent in the execution these trades and mere execution of 18009 shares from our end does not prove that we were not diligent while trading on behalf of our clients.

39.26. With regard to the alleged self-trades, it is submitted that your goodself has stated that there are 23 self trades executed by us on behalf of Bhudev and 89 self trades executed by us on behalf of Glamour. However it appears that the data on the *basis of which your goodself has reached to this conclusion appears to be faulty, and this is why so much trades are appearing on our end. The reason we are stating the same is that all the buy order number and sell order number appearing in the data provided by your goodself to us are same which cannot be possible. Further, there are numerous instances where a single trade number is appearing multiple times in the trade log of NSE provided to us by you. For e.g. both Trade No. 200812153424131 0 appearing on December 12, 2008 where buyer and seller is Bhudev is repetitively appearing for five times on the trade log. Further Trade No. 2008121833785830 appearing on December 18, 2008 where buyer and seller is Glamour is repetitively appearing for six times on the trade log. Like this, there are many other instances where trade number is app earing on repetitive basis. It must be observed here that unlike the order number, a trade number cannot be same for multiple trades as for every trade occurred there is a different trade number. This proves that the data is faulty and so it would be unreasonable and arbitrary to proceed against us on the basis of a faulty data.*

40. SMC Reply:

40.1. At the time of establishing broker-client relationship with said clients, we had taken all reasonable steps to assess their background, genuineness, financial soundness and trading-cum-investment objectives as per SEBI prescribed guidelines.

40.2. we submit that our dealers placed orders of said 3 clients' on trading terminal without any knowledge, idea or reason to suspect/ doubt the bonafide of trades of said clients since value & volume of their orders were within all prudential norms of exchange.

40.3. Further, the trading in scrip of Omaxe Ltd on behalf of 209 clients was carried out on almost 15 terminals Ids and hence it was impossible to filter or gauge if any entity indulged in alleged reversal/ synchronized trade, as alleged or otherwise. In fact, we submit that order punched on anonymous trading terminal of exchange gets matched on Price Time priority basis.

40.4. We understand that said clients were dealing from other broker as well viz. Elite Wealth Advisors Ltd. Therefore, for execution of any alleged reversal/Synchronized trades by said clients, we ought not to be held responsible because it is impossible for us to know with whom the order of said clients get matched.

40.5. Bhudev executed alleged self-trades on meagre 5 days out of 59 days of investigation period.

40.6. On all 5 days, percentage of alleged self-trades is negligible/Nil viz-a-viz market volume for day.

40.7. Further, the client viz. Reliable Township and Realtors Ltd (hereinafter, "Reliable") is alleged to have executed self- trades on 6 out of 59 days of investigation period.

40.8. On all 6 days, percentage of alleged self-trades is negligible/Nil viz-a-viz market volume for day.

40.9. On Terminal ID 4268 on which aforesaid trades were executed, a total buy quantity of 3,43,825 shares and total sell quantity of 60,161 shares were executed during aforesaid 6 days out of which meagre 3,699 shares (constituting meagre 0.91% of total traded quantity) is alleged to be self-trades.

40.10. Further, we would like to state that self-trades per se are not illegal particularly when executed at the then prevailing market price and without any manipulative intent. The regulators have from time to time come out with relevant circulars *recognizing existence of self-trades and measures to prevent the same SEBI in its circular dated 08.02.2013 had itself clarified.*

40.11. In pursuance thereto, BSE in its circular dated 11.02.2013 informed trading members that it shall not incentivize trading members in form of cash payments, warrants, discount in fees, etc for the trades where the counter-party is self. Thus, BSE stopped incentive scheme of liquidity enhancement to brokers for self- trade which implies that self-trades can't be completely prevented.

40.12. Indeed, it was only as late as in October 2015 that BSE introduced the Self Trade Prevention check mechanism which was introduced vide Circular dated 07.10.2015.

40.13. Further all orders in client's trading account were placed as per their instructions and authority of clients. The said clients honored all their pay-in/pay out obligation and there has not been any default of any nature whatsoever in this regard.

40.14. We state, assert and declare that we had no relationship of any other nature beyond the broker-client relationship with said clients.

40.15. Further all orders in client's trading account were placed as per their instructions and authority of clients. The said clients honored all their pay-in/pay out obligation and there has not been any default of any nature whatsoever in this regard.

40.16. We state, assert and declare that we had no relationship of any other nature beyond the broker-client relationship with said clients.

40.17. We had in compliance to KYC norms, got filled in "Client Registration Form" (KYC) and obtained all necessary documents as statutorily required and only thereafter, we allowed them to place orders with us as per routine practice uniformly followed for all our clients.

40.18. Currently, software systems and surveillance systems have improved meaningfully and technology is available with us that makes it possible to track suspicious trades or mis-happenings on daily basis and appropriate warning is issued and immediately effective measures are taken at our end.

41. Siddharth Capital reply:

41.1. This was particularly due to the fact that the prices and quantities shown on the Touchline of the Trading terminal were not updated all the time and the only recourse to know the correct price was to do a small trade and see at what price it was matched at. This sometimes resulted in matching with the passive orders in our order book pending at that time. As said earlier this was purely accidental and certainly not designed to create any artificial volumes.

41.2. We have also been in constant touch with the Stock Exchange regarding poor updation of data on our trading screens which necessitates our doing small trades for price discovery as the prices reflecting on the screen are very often not the correct price and which puts us at a significant disadvantage as we are unable to trade at the prevalent market price. Since the arbitrage trades are executed at very small price difference between the cash and futures market, incorrect price information due to non updation of the touchline data can put us at a significant disadvantage not to mention losses if trades are not executed at the touchline prices. This problem continues to this day and we attach herewith some of our correspondences with the Stock Exchange/Service Provider for a solution in this matter.

41.3. Most of our volumes in the Securities Market involve hedged trades by taking advantage of the price differentials between the Cash Market and Futures Market in various scrips. This has been our Regular Trade practice for a considerable period of time and generates most of the volumes for our business.

41.4. The very nature of our business or hedged trades is to utilize the price differential between futures and cash market to make gains, many trades in both the segments are executed to maximise profit from the ever changing nature of the price differential in both markets. This price variation occurs many time during a trading day and our open positions are squared up in both the markets many times and fresh positions are created again. This often results in trades which are squared up at the end of the day and no deliveries are generated. However, deliveries are also regularly generated for positions which are not squared up during the day. Our intention is maximising profits by squaring up favourable positions of our hedged trades in Futures and Cash Markets and hence there cannot be a pre conceived intention of creating deliverable positions or squaring up the position on the same day.

41.5. All our activities in Omaxe ltd are in line with our strict vigilance and control maintained at all times and are within the prescribed Statutes, Rules and Regulations and Guidelines and are not in any way deviant from the normal market activities.

41.6. The trades executed in the Cash Market segment have been offset by a reverse position in the futures market at market prices and no artifice has been created in either cases and, there is no question of manipulation or deception of any nature.

41.7. For all our orders in the given period of time more than 21000 trades have been executed in the market at rates which were prevalent at that time and for varying quantities.

41.8. In this regard we submit as under:

- *We are also carrying our arbitrage business in our self-account along with client trades.*
- *Our trades in Omaxe Ltd. in one segment are also complimented by our reversal trade in the other segment. There is hardly any outstanding position at all.*
- *We are enclosing a day wise position of our trades in both the segment (CM & FO) in NSEIL for your ready reference.*
- *It may be noted that when the scrip was removed from the derivative segment, we stopped arbitrage activities in the scrip.*
- *It may be noted that when the scrip was removed from the derivative segment, we stopped arbitrage activities in the scrip.*

40.9 There were practically no trading activities in self-account except arbitrage business i.e. if there is a buy in CM of specific quantity then there is also an off-setting sell in derivative segment and vice-versa, in most cases.

40.10 We have been carrying on such Arbitrage trades in Omaxe Ltd in both Capital Market and Futures & Options segment of NSEIL, along with many other scrips for a long period of time and we can submit all the necessary data for earlier period also if required. All such trades are bona fide trades done with arbitrage motive and there is no intention of any unfair trade practice as is evident from the enclosed Trades Data for both CM and F&O segments of the exchange.

Personal Hearing:

42. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Rules, Noticees were granted an opportunity of personal hearing before the undersigned on November 27, 2017 at SEBI, which was sent by Speed Post A.D and

e-mail was also sent to the Noticees. The hearing notice via letter was undelivered to the following Noticees:

i) Bhudev ii) Reliable iii) Glamour iv) Elite

43. Another opportunity of Personal hearing was granted to Bhudev, Reliable, Glamour and Elite on December 13, 2017 and affixture was done on the last address known.

44. The hearing Notices were also uploaded on the website of SEBI under Unserved Summons/Notices (www.sebi.gv.in).

45. Vide letter dated January 18, 2018 to Noticee(s) Bhudev and Glamour last and final opportunity of personal hearing was granted on February 08, 2018 and also an e-mail was sent through digital signature to Noticee(s) Bhudev, Glamour and Reliable. In case the Noticee(s) Bhudev and Glamour continued to trade through Broker-Elite, the attempt was also made to strive to communicate of the hearing notice. It was informed by AR of Elite that Noticee(s) Bhudev and Glamour have stopped trading with Elite since August 30, 2010 and December 13, 2010 respectively.

46. Personal hearing was attended by the following:

47. **Siddarth Capital on November 27, 2017** and the Authorized representative reiterated the submission made pursuant to SCN and requested for copy of Trade log and order log to make further submission.

48. **MBL on November 27, 2017,** Authorized representative reiterated to the submission made pursuant to SCN and was advised to provide details of Turnover of IP. Thereafter made the following submission:

A. Percentage of scrip traded value wise more or less in NSE

Total No. of Scrips traded	**Total No of scrips traded more than Omaxe turnover**	**Total No. of scrips less than Omaxe turnover**
333	83	250

B. Percentage of scrip traded value wise more or less in BSE

Total No. of Scrips traded	**Total No of scrips traded more than Omaxe turnover**	**Total No. of scrips less than Omaxe turnover**
301	57	244

C. Total Turnover on NSE from 01.04.2008 to 31.03.2009

Grand Total Turnover	Buy Turnover (Rs. Crores)	Sell Turnover (Rs. Crores)	Total Turnover (Rs. Crores)	Jobbing Turnover (Rs. Crores)	Delivery Turnover (Rs. Crores)
	4747.72	4742.58	9490.31	9230.19	260.11
Omaxe	10.26	10.29	20.55	20.34	0.22

D. Total Turnover on BSE from 01.04.2008 to 31.03.2009

Grand Total Turnover	Buy Turnover (Rs. Crores)	Sell Turnover (Rs. Crores)	Total Turnover (Rs. Crores)	Jobbing Turnover (Rs. Crores)	Delivery Turnover (Rs. Crores)
	1912.84	1916.85	3829.69	3787.74	41.95
Omaxe	6.59	6.61	13.20	13.20	0.00

49. **SMC vide letter dated November** 15, 2017 informed that they have filed an application for settlement under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 before SEBI and requested to keep the scheduled hearing under abeyance. It was informed vide e-mail dated

November 17, 2017, since there is no intimation of your settlement application, it was requested to attend the hearing on scheduled date. SMC requested for adjournment of the personal hearing. The next opportunity of personal hearing was granted on January 17, 2018.

50. The AR along with Whole Time Director and Vice President-Operations attended the personal hearing and reiterated to the submission made pursuant to the SCN. It was informed by SMC vide letter dated February 19, 2018 that Settlement Application filed in the matter has been withdrawn.

51. **Elite:** AR of Elite attended the Personal hearing on February 08, 2018 and the also reiterated to the submission made pursuant to the SCN.

Consideration of Issues and Evidences:

52. I have carefully perused the charges levelled against the Noticees in the SCN, their replies and the material/documents available on record. In the instant matter, the following issues arise for consideration and determination:

Issue I: Whether

53. Noticee - Bhudev, Glamour and Reliable have violated the provisions of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of SEBI(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations");

54. Noticee - MBL, Siddhartha have violated Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of PFUTP Regulations and Clause A(3) and A(4) of Code of Conduct specified under Regulation 9 as specified in Schedule II of SEBI (Stock Broker and Sub Broker) Regulations, 1992 (hereinafter referred to as "Broker Regulations") and

55. Noticee - Elite and SMC have violated Clause A(2) of Code of Conduct specified under Regulation 9 as specified in Schedule II of Broker Regulations.

Issue II: Does the violations, if any, attract monetary penalty under

i. Section 15 HA of SEBI Act, 1992 on Noticee – Bhudev, Glamour and Reliable;
ii. Section 15HA and Section 15HB of SEBI Act, 1992 on Noticee- MBL and Siddharth;
iii. Section 15HB of SEBI Act, 1992 on Noticee - Elite and SMC.

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

56. Upon careful perusal of the material available on record and submission made by the Noticees, I find the following

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In regard to Bhudev Group (Bhudev, Glamour and Reliable)

57. I note that Noticee(s) Bhudev, Glamour and Reliable were sharing common director i.e Mr. Rahul Goyal and Mr. Puneet Goyal at the time of IP.They also had common registered e-mail id, common telephone number, office address and bank account. Therefore they were acting in concert and since the directors of all three companies were the same and hence it is likely that common person was taking trading decisions in these companies

58. I note that these three had traded during the entire period of investigation on 59 trading days out of 59 trading days. I note that these three entities was found to

be entering into transaction which were in nature of synchronized, reversal and self trade. I note that most of the synchronized trades by these entities within time gap of 1 minute.

Reversal trades by the Noticee(s) Bhudev, Glamour and Reliable:

59. I note that Noticee(s) Bhudev, Glamour and Reliable have done repetition of large number of reversal trades thru 1472 trades contributing to 6,10,555 shares i.e. 3.84% of market volume by trading among themselves. I note that Noticee(s) Bhudev, Glamour and Reliable have contributed reversal quantity in the range of 20068-52236 shares i.e. contributing to the market volume in the range of 4.16% to 14.70%, which I note is a substantial volume to the total market volume traded.

60. I also note from the above that Noticee(s) Bhudev, Glamour and Reliable had executed 430 trades on NSE among themselves in the buying and selling side contributing 9, 37,884 shares i.e. 5.90% of market volume. The buy and sell order quantity and rate were identical and orders of these were placed within time gap of one minute.

61. I find that aforesaid trades by Bhudev, Reliable and Glamour has substantially created artificial volume by reversal, synchronized and Self-trades.

62. It may be noted that Synchronized trades and reversal trades are different from Self-trades but are considered manipulative under provisions of PFUTP Regulations similar to self-trades. Hon'ble Supreme Court in the matter of SEBI vs. Kishore R Ajmera (C.A. no.2818 of 2008) vide its order dated 23/02/2016 has observed that based on the attended circumstances being the hugged and repeated trading in illiquid scrips, the inference can reasonable be drawn that the broker is involved in the devise of synchronized trades which leads to unnatural rise in hiking the price/value of the scrip(s). The Hon'ble Court has laid down parameters, though non-exhaustive, that can be used to arrive at a conclusion with respect to liability in such cases for violation of the provisions of the SEBI Act, 1992 and regulations framed thereunder. The parameters are:

63. Volume of the trade affected;

- The period of persistence in trading in the particular scrip;
- The particulars of the buy and sell orders, namely the volume thereof;
- The proximity of time between the two and such other relevant factors.

- The fact that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the scrips.

64. Volume traded in the matter through synchronized trade and reversal trade was 3.84% and 5.90% respectively. I am inclined to apply the above parameters in the instant matter to check the veracity of violations allegedly committed by the Noticees.

    a. **Period of persistence in trading:** The number of reversal trades executed was 1472 and synchronized trades in this matter was 430. I note the reversal trades were done on 46 days and synchronized trades were done on 45 days during 59 days of IP. With this it can be concluded that on majority of days trading done by these Noticees in Omaxe was largely through synchronized trades or through reversal trades only. I note that the alleged reversal and synchronized trades were repetitive. Repetition of any activity is crucial factor in deciding whether there is a deliberate attempt to manipulate the price/volume. I find that Noticee(s) Bhudev, Glamour and Reliable have contributed substantial volume in the scrip during IP which cannot be ignored.

    b. **The particulars of the buy and sell orders, namely the volume thereof:** I note that the quantity of buy and sell order was same on the alleged synchronized trades on NSE. This corroborates that there was a meeting of mind elsewhere and orders were placed with an intention to get them match with other group entities.

    c. Proximity of time: I note that the maximum traded quantity among the Noticee(s) were in the time gap of 20 seconds on the alleged synchronized trade on NSE.

    d. The fact that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading. The time difference (between buy and sell orders) of majority of the synchronized trades was very less and the price and quantity was matching. The said synchronization cannot take place in the absence of any specific understanding/arrangement between the noticees at the first instance, especially when the shares of the company were highly liquid at the time of the trades. I find that by cumulative analysis of the reversal transactions between the group, quantity, time and significant variation of prices, without major variation in the underlying price of the securities clearly indicate that the trade by Bhudev, Glamour and Reliable are not genuine and had only created misleading appearance of trading in the securities market.

e. LTP Contribution by these synchronized trade. I note that LTP contribution of alleged synchronized trade was Rs. -0.50 to 1.90.

65. I find that the extant matter fit into most of the parameters set out by Hon’ble SC for synchronized trading and reversal trading. I find that the trades as executed by the Noticee(s) were not of one instance but such transactions were carried out over a period of time. This coupled with the repeated nature of such transactions clearly establishes the malafide intent of the Noticees while entering into such transactions.I find that during the IP the volume of the scrip rose in NSE from 305572 to 396707 and the price had fallen down from Rs. 98/- to Rs. 64.50/- .The Bhudev group created artificial volume by trading among themselves and all the alleged trades were synchronized in terms of quantity, time and price. The above trading pattern of Noticee(s) Bhudev, Glamour and Reliable suggests their manipulative intent.

66. In this regard, it is important to note the Judgment of Hon’be SAT in Ketan Parekh vs SEBI (Appeal No. 2 of 2004) “ 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 ‘synchronization’ or negotiated deal ipso facto is not illegal. A synchronized transaction will, however, be illegal or violative of the Regulations if it is executed with a view

a. To manipulate the market or
b. Results in circular trading or
c. dubious in nature and is executed with a view to avoid regulatory detection or
d. does not involve change of beneficial ownership or
e. To create false volumes resulting in upsetting the market equilibrium.
f. Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal.

67. I note in the instant matter the matching of these trades was not noted in a solitary incident or two, instead, a large number of synchronized trades got matched regularly. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Noticee (s) Bhudev, Glamour and Reliable in the scrip possibly to induce other persons to invest in the said scrip.

68. It is also worth considering the self-trades executed by these noticees, It is a matter of record that Bhudev, Glamour and Reliable had executed 330(28 days), 91 (20 days) and 15 (6 day) self-trades. Considering that noticees Bhudev, Reliable and Glamour had indulged extensively in Synchronized trades, Reversal trades and self-trades in the scrip Omaxe, I am of the view that the present case clearly brings out the role played by the Noticee(s) Bhudev, Glamour and Reliable in a manipulative manner in the market which indulged an element of fraud and unfair trade practices, hence allegation of creation of artificial volume stands concluded.

Role of Stock Brokers Elite and SMC in Self trades

69. I note that Elite has confirmed that it had collected requisite margin from Bhudev and Glamour on all occasions and exposure was provided to these clients based on their margin position.

70. I note there is no allegation of any connection between noticees and their stock brokers through whom alleged trades were executed (Except MBL and Siddhartha as it had traded in their respective prop book).

71. The relationship between Elite and Bhudev and Reliable is the broker-client relationship.

72. I note that Brokers had acted an agent of their principal and thereby executed the orders given by to them.

73. I note that there are multiple dealers who put trades on behalf of their clients and it is quite possible that the orders from the same brokerage house are matched internally due to sheer number of terminal operators working in same securities at the same time.

74. From the foregoing, I find that the Investigation Report has not brought out enough material on record from which it can be inferred that the Noticee(s) Elite and SMC failed to exercise due diligence and/or was involved in market manipulation while dealing with Noticee(s) Bhudev, Glamour and Reliable.

75. There is no case to draw any adverse inference on the Noticee(s) Elite and SMC who acted as broker/counter broker to Bhudev, Glamour and Reliable as regards its role on due diligence under Code of Conduct as prescribed under

Schedule II read with Regulation 9 of SEBI (Stock Broker and Sub Broker) Regulations, 1992.

76. There is nothing on record to suggest that Noticee(s) Elite and SMC is related to Noticee(s) Bhudev, Glamour and Reliable except the professional relationship. It is not in dispute that there was no default on the part of the Noticee(s) Bhudev, Glamour and Reliable in meeting with the market obligations. I also rely on the order of *Hon'ble SAT in the appeal no. 176/2011 in the matter of SMC Global Securities Limited***,** wherein, SAT has held that *"due skill, care and diligence can only mean that broker shall act in such a way that a person of ordinary prudence would act in the normal circumstances in carrying out activities and functions relating to its business and remain careful and diligent so that nothing untoward happens in the market or over the activities with it"*

77. In view of the above, allegation of violation of Clause A (2) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulation 9 of Stock Broker Regulations 1992 does not stand established against Noticee(s) Elite and SMC.

Role of MBL and Siddharth Capital in case of self-trades:MBL

78. I note that the self-trade percentage / volume of the MBL is 0.54% of the market volume in NSE and 2.36% of market volume in BSE of the total trades executed in the scrip during the IP. Contribution of Siddartha was 0.1% on NSE

79. I note that MBL is engaged in the business of intra-day/jobbing/arbitrage activity and extensively deals in other scrips as well in BSE and NSE. The total turnover of MBL during IP in NSE was 9490.31 crores out of which 9230.19 crores was the jobbing and delivery based was 260.11 crores and total turnover in BSE was 3829.69 crores out of which 3787.74 crores was jobbing consist of 41.9 crores was delivery turnover.

80. I note that Noticee Siddarth is engaged in arbitrage business, wherein all trades executed in the cash market are offset with an offsetting position at market prices in the Futures and Options segment.

81. Siddarth has submitted that price and quantities shown on the trading terminal were not updated all the time and the only recourse to know the correct price was to do a small trade and see at what the price matched. This resulted in matching passive orders in their order book pending at that time.

82. I note from the submission made by MBL and Siddarth such negligible percentage in the scrip, it is difficult to arrive at the conclusion that these self trades were executed by the Noticee MBL and Siddarth with an 'intent' to create misleading appearance of trading in the securities. I note there is nothing on record which suggest that how much these self-trades contributed to the price of the scrip with its last traded price.

83. There is nothing on record to suggest how these self-trades have manipulated the market.

84. Apparently from such negligible percentage of volume created by self-trades, it is difficult to arrive at the conclusion that these self-trades were executed by the Noticee MBL and Siddharth with an intent to create misleading appearance of trading in the securities

85. *Hon'ble SAT in case of* ***Smt. Krupa Sanjay Soni vs. SEBI (***order dated January 09, 2014) also held that "a few instances of self-trades in themselves would not, *ipso facto*, amount to an objectionable trades".

86. Even Investigation Report has stated that there are no connections between the Noticee MBL and Siddharth with the promoters and directors of the company and with other Noticees like Bhudev, Reliable and Glamour. From the foregoing, I find that Self-trades of Noticee MBL and Siddharth are non-intentional and non-manipulative in the light of the total transactions that the Noticees had been doing on daily basis on the exchanges platform.

87. In the light of the above ,it is concluded that the violation of Regulations 3(a), (b), (c) and (d) and Regulation 4(1), 4(2)(a) and (g) of PFUTP Regulations and Clause A(3) and A(4) of Code of Conduct specified under Regulation 9 as specified in Schedule II of SEBI (Stock Broker and Sub Broker) Regulations, 1992 (hereinafter referred to as "Broker Regulations") does not stand established against the Noticee(s) MBL and Siddarth.

Issue II: Does the violations, if any, attract monetary penalty

a. Section 15 HA of SEBI Act, 1992 on Noticee – Bhudev, Glamour and Reliable;
b. Section 15HA of SEBI Act, 1992 and Section 15HB of SEBI Act, 1992 on Noticee- MBL and Siddharth;
c. Section 15HB of SEBI Act, 1992 on Noticee - Elite and SMC.

Penalties and Adjudication

*"**15HA.** Penalty for fraudulent and unfair trade practices. - If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher."*

*"**15HB**. 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 there under for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees."*

88. Since, the violations against the Noticee(s) Bhudev, Glamour and Reliable has been established, therefore, I am of the view that monetary penalty should be levied under Section 15 HA of the SEBI Act on Noticee(s) Bhudev, Glamour and Reliable.

89. Since violations not established against Noticee(s) MBL, Siddharth, Elite and SMC, hence not liable for penalty.

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

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

***15J** - Factors to be taken into account by the adjudicating officer while adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-*

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

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

(c) the repetitive nature of the default.

91. The defaults of the noticees are repetitive in nature. I find from the material on record that the loss caused to an investors as a result of the said defaults cannot be quantified.I find that the investigation did not bring out the disproportionate gain or unfair advantages to the Noticees.

ORDER

92. In view of the above, after considering all the facts and circumstances of the case, the material available on record, the submission made by the Noticees, in

exercise of the powers conferred upon me under 15-I of the SEBI Act read with Rule 5 of Rules, I hereby impose a monetary penalty as under :

Sl. No.	Name of the Noticee	Penal Provision under SEBI Act, 1992	Amount of Penalty (Rs.)
1	Bhudev Building Materials Pvt. Limited (PAN:AADCB4319H)	Under Section 15HA of SEBI Act	10.00,000/- each (Ten Lakh each)
2	Glamour Builders Pvt. Limited (PAN: AACCG9369B)		
3	Reliable Township & Realtors Pvt. Limited (PAN: AADCR4497C)		

93. The Noticee(s) Bhudev Building Materials Pvt Ltd, Glamour Builders Pvt Ltd and Reliable Township & Realtors Pvt Ltd shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

94. The Noticee(s) Bhudev Building Materials Pvt Ltd, Glamour Builders Pvt Ltd and Reliable Township & Realtors Pvt Ltd shall forward said Demand Draft or the details/confirmation of penalty so paid through e-payment to the General Manager (Enforcement Department - DRA- IV) of SEBI. The format for forwarding details/confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID- tad@sebi.gov.in:

Date	
Department of SEBI	
Name of Intermediary/other Entity	
Type of Intermediary	
SEBI Registration Number (if any)	
PAN	
Amount (in Rs.)	
Purpose of payment (including the period for which payment was made e.g Quarterly, annually	
Bank Name and Account Number from which payment is remitted	
UTR No	

95. In terms of Rule 6 of the Rules, copies of this order are sent to the Noticee(s) and also to the Securities and Exchange Board of India.

Date: April 20, 2018 **SAHIL MALIK**
Place: Mumbai **ADJUDICATING OFFICER**