BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. EAD-2/AO/59-60/2012]

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 OFFICER) RULES, 1995

Against

Smt. Krupa Sanjay Soni (PAN: BVSPS9740P)

Shri. Sanjay Soni (PAN: BVSPS9741N)

In the matter of

Shree Global Tradefin Ltd.

Background

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted an investigation in the matter of trading activity of Krupa Soni Group in the scrip of Shree Global Tradefin Ltd. (hereinafter referred to as 'SGTL'), and into the possible violation of the provisions of the SEBI Act, 1992 (herein after referred to as the SEBI Act) and various Rules and Regulations made there under. The investigations covered the period from March 23, 2009 to November 20, 2009 (period of Investigation).

2. The investigation revealed that the scrip had opened at ₹ 325/- on March 23, 2009 and closed at ₹ 428.25 on November 20, 2009, i.e., an increase of

approximately 31.77% in 163 trading days. A group of entities namely Smt. Krupa Sanjay Soni (Noticee at S.No. 1), Shri Sanjay Soni (Noticee at S. No.2), J M Soni Consultancy, Shri Paresh Chauhan, Shri Krunal Rana, Shri Dharmendra Soni, Shri Dilipkumar Soni, Shri Jayeshkumar Soni, Shri Janakray Soni, Shri Dharmesh Soni, Shri Bhargav Patel, Shri Bhargav Vyas, Shri Kalpesh Chauhan, Shri Ashlesh Shah and Shri Dhiren Kumar Agarwal (herein after collectively referred to as 'Krupa Soni Group') related / associated/ connected with each other one way or the other had the highest concentration of trading in the scrip of SGTL. The Noticees along with the other entities of Krupa Soni Group had dealt in the scrip of SGTL in a fraudulent and manipulative manner during the period under investigation that created false and misleading appearance of trading, artificial volume and price manipulation in the scrip.

3. SEBI has therefore initiated adjudication proceedings under the Securities and Exchange Board of India Act, 1992 (hereinafter referred as the "SEBI Act") against the Noticees to inquire into and adjudge the alleged violations of the provisions of Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) & (g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the "PFUTP Regulations").

Appointment of Adjudicating Officer:

4. SEBI vide Order dated January 18, 2012 appointed Shri Satya Ranjan Prasad as the Adjudicating Officer (AO) under Section 15-I of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the "Adjudication Rules") to inquire into and adjudge under Section 15HA of the SEBI Act, the alleged violation of the abovementioned provisions of

PFUTP Regulations by the Noticees. SEBI vide Order dated May 22, 2012 appointed the undersigned as the AO.

Notice, Reply & Personal Hearing

5. The AO issued notices dated April 20, 2012 (hereinafter referred to as the 'SCNs') to the Noticees in terms of Rule 4 of the Adjudication Rules requiring them to show cause as to why an inquiry should not be held against them for the alleged violations. It was alleged in the SCNs that the Noticees had deliberately indulged in executing synchronized trades and self trades which are fictitious trades within the Krupa Soni Group thereby created false and misleading appearance of trading and artificial volume in the shares of SGTL. The Noticees allegedly violated Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) & (g) of the PFUTP Regulations.

6. The SCNs were sent to the Noticees by Registered Post Acknowledgment Due and the same were duly delivered. The Noticees neither submitted any reply to the SCN nor made any correspondence in this regard. In the interest of natural justice and in order to conduct an inquiry as per Rule 4 (3) of the Adjudication Rules, the undersigned vide letter dated August 13, 2012 granted an opportunity of personal hearing to the Noticees on August 22, 2012. The Noticees did not attend the hearing.

7. As the Noticees have not put up any defence or challenged the SCNs, it can be assumed that the charges levelled in the SCNs have been accepted by the Noticees. This is in accordance with the principle laid by Hon'ble Securities Appellate Tribunal in the matter of ***Classic Credit Ltd. v. SEBI*** **[2007] 76 SCL 51 (SAT - MUM.) wherein it was 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".

However, in order to pass a speaking order, the undersigned is going to analyse the evidence and allegations made against the Noticees.

Consideration of Issues, Evidence and Findings

8. I have carefully perused the charges against the Noticees mentioned in the SCNs and the materials and documents as available on record. The issues that arise for consideration in the present case are:

   a) **Whether the Noticees have violated the provisions of Regulations 3 (a), (b), (c), (d), 4 (1) and 4 (2) (a) & (g) of PFUTP Regulations?**
   b) **Does the violation, if any, on the part of the Noticees attract any penalty under Section 15HA of the SEBI Act?**
   c) **If yes, what should be the quantum of penalty?**

9. Before moving forward, it will be appropriate to refer to the relevant provisions of PFUTP Regulations which read as under:-

Prohibition of certain dealings in securities

3. *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.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely :—

(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

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

….;

10. I find from the SCNs that SGTL was incorporated on October 15, 1986 at Mumbai in the name of Bensons Steels Ltd. On November 10, 1986, the Company received the certificate for commencement of business. Its main objective was to carry on business as manufacturer, processors, re-rollers, smelters, traders, dealers etc. On October 24, 1996, the name of the

Company was changed to SGTL. As per the annual report of the Company for the year 2009-10, the Company's core business is trading and its total number of employees as on March 31, 2010 was 11. From the website of SGTL (www.sgtl.in), it is engaged in the business of trading in Steel Products and dealing in Shares, Stocks, Debentures and other securities. The financial results of SGTL for the years 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 is as below:

(Amount in ₹ crore)

Years	**2006 - 07**	**2007 - 08**	**2008 - 09**	**2009 - 10**	**2010 - 11**
Revenue	77.79	258.93	307.43	352.45	699.33
Other Income	0	0.85	3.76	1.2	0.49
Total Income	77.79	259.78	311.19	353.66	699.82
Expenditure	-77.77	-259.73	-311.09	-352.41	-703.19
Interest	--	--	--	0	--
PBDT	0.02	0.06	0.1	1.24	-3.38
Depreciation	0	0	0	0	-0.01
PBT	0.02	0.05	0.09	1.24	-3.39
Tax	0	0	0	0	0
Net Profit	**0**	**0.04**	**0.09**	**1.23**	**-3.38**
Equity	102.91	102.91	102.91	102.91	102.91
Reserves	109.77	114.94	115.03	116.26	114.72
EPS	**--**	**--**	**--**	**0.06**	**-0.65**

11. I find from **Annexure-II** to the SCNs that SGTL made certain corporate announcements during the period covered under the investigation.

S. No	Date and Time	Announcement/News	Price Impact/Shares Traded	Remarks
1	Tuesday, April 14, 2009 12:16:11 PM	➢ SGTL has informed BSE that the Company shall publish the Audited Results for the quarter and year ended March 31, 2009 within the period of 3 months from the end of the Financial Year i.e. on or before June 30, 2009. As such the Company is not contemplating the publication of the Unaudited Results for the said quarter ended March 31, 2009.	13/04/09 O: 312, H: 320, L: 294.6, C: 307.85 No. of shares traded: 26,523 15/04/09 (market was closed on 14/04/09) O: 313, H: 314.4, L: 296, C: 306.5 No. of shares traded: 57,527	The scrip opened at Rs. 313 on April 15, 2009 (1.67% higher than previous close price) and closed at Rs. 306.5 (0.44% lower than previous close price).
2	Friday, April 17, 2009 4:02:03 PM	➢ SGTL has informed BSE that the Company has sold its entire shareholding of M/s. Revive Buildzone and Dealers Pvt. Ltd. Consequently the said M/s. Revive Buildzone and Dealers Pvt. Ltd ceased to be a subsidiary of the Company.	17/04/09 O: 305, H: 317.35, L: 296, C: 317.35 No. of shares traded: 40,923 20/04/09 (market was closed on 18/04/09 and 19/04/09) O: 320, H: 325, L: 301.5, C: 301.5 No. of shares traded: 39,916	The scrip opened at Rs. 320 on April 20, 2009 (0.84% higher than previous close price) and closed at Rs. 301.5 (4.99% lower than previous close price).
3	Tuesday, June 30, 2009 12:03:23 PM	➢ SGTL has informed BSE about the audited financial results for the Year ended March 31, 2009.	29/06/09 O: 250, H: 251, L: 230, C: 245.55 No. of shares traded:22,577 30/06/09 O: 290, H: 290, L: 242, C: 250.85 No. of shares traded: 49,606	The scrip closed at Rs. 250.85 (2.16% higher than previous close price).
4	Saturday, July 18, 2009 1:19:15 PM	➢ SGTL has informed BSE that the Register of Members & Share Transfer Books of the Company will remain closed from September 21, 2009 to September 29, 2009 (both days inclusive) for the purpose of Annual General Meeting (AGM) of the Company to be held on September 29, 2009.	17/07/09 O: 318, H: 319, L: 310, C: 314.35 No. of shares traded: 34,303 20/07/09 O: 316, H: 327.9, L: 315.05, C: 325.4 No. of shares traded: 29,983	The scrip opened at Rs. 316 on July 20, 2009 (0.52% higher than previous close price) and closed at Rs. 325.4 (3.52% higher than previous close price).

<table>
<tr>
<td>5</td>
<td>Friday, July 31, 2009 4:49:59 PM</td>
<td>➢ SGTL has informed BSE about the Financial Results for the Quarter ended June 30, 2009.</td>
<td>31/07/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>349</td><td>354</td><td>278.6</td><td>289.1</td></tr></table>No. of shares traded: 1,52,143

03/08/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>292</td><td>329.8</td><td>281</td><td>325</td></tr></table>No. of shares traded: 34,068</td>
<td>The scrip opened at Rs. 292 on August 03, 2009 (1.00% higher than previous close price) and closed at Rs. 325 (12.42% higher than previous close price).</td>
</tr>
<tr>
<td>6</td>
<td>Tuesday, September 29, 2009 12:30:29 PM</td>
<td>➢ SGTL has informed BSE that the members at the AGM of the Company held on September 29, 2009, inter alia, have accorded to the following:

1. Adoption of the audited Balance Sheet as at March 31, 2009 and the Profit & Loss Account for the year ended March 31, 2009 and the Reports of the Directors and the Auditors of the Company.

2. Re-appointment of Shri. Vasudevan Yelleshwaram as Director of the Company who retires by rotation and being eligible offers himself for re-appointment.

3. Re-appointment of M/s. M. V. Krishna Moorthy, Chartered Accountants, Mumbai as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.

4. Appointment of Shri. N. K. Mohan as Independent Non-Executive Director of the Company.</td>
<td>25/09/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>319.25</td><td>341</td><td>319.25</td><td>339.5</td></tr></table>No. of shares traded: 35,705

29/09/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>336</td><td>348</td><td>336</td><td>345.65</td></tr></table>No. of shares traded: 39,118</td>
<td>The scrip closed at Rs. 345.65 on Sept 29, 2009 (1.81% higher than previous close price).</td>
</tr>
<tr>
<td>7</td>
<td>Wednesday, October 28, 2009 10:20:27 AM</td>
<td>➢ SGTL has informed BSE about the financial results for the Quarter ended September 30, 2009.</td>
<td>27/10/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>384</td><td>389.8</td><td>382.05</td><td>383</td></tr></table>No. of shares traded: 16,562

28/10/09
<table><tr><td>O</td><td>H</td><td>L</td><td>C</td></tr><tr><td>386</td><td>387</td><td>381.2</td><td>384.95</td></tr></table>No. of shares traded: 18,839</td>
<td>The scrip closed at Rs. 384.95 on Oct 28, 2009 (0.51% higher than previous close price).</td>
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12. The scrip of SGTL opened at ₹ 247/- on Jan 01, 2009 and closed at ₹ 325/- on March 20, 2009, i.e. an increase of approximately 31.58% in the price of the scrip in 52 trading days prior to the investigation period. The increase was despite the fact that during the same period the BSE Sensex had moved down from 9721 to 8967 i.e. a decrease of approximately 7.76%. During the investigation period, the scrip had opened at ₹ 325.00 on March 23, 2009 and closed at ₹ 428.25 on November 20, 2009, i.e. an increase of approximately 31.77% in 163 trading days whereas the Sensex had moved up from 9040 to 17022 i.e. an increase of approximately 88.29%. After the period of investigation the scrip had opened at ₹ 421.00 on November 23, 2009 and closed at ₹ 418.25 on December 31, 2009, i.e. decrease of approximately 0.65% in 27 trading days while the Sensex had moved up from 17,067.14 to 17,464.81 i.e. an increase of approximately 2.33% in 27 trading days.

13. I find from Annexure IV and V to the SCNs that the Noticees dealt in the scrip of SGTL along with other entities of the Krupa Soni Group namely J M Soni Consultancy, Shri Paresh Chauhan, Shri Krunal Rana, Shri Dharmendra Soni, Shri Dilipkumar Soni, Shri Jayeshkumar Soni, Shri Janakray Soni, Shri Dharmesh Soni, Shri Bhargav Patel, Shri Bhargav Vyas, Kalpesh Chauhan, Shri Ashlesh Shah and Shri Dhiren Kumar Agarwal. These entities are connected to each other by way of common addresses, phone numbers, e-mail IDs etc. Smt. Krupa Sanjay Soni and J M Soni Consultancy have the same address. Smt. Krupa Soni is the wife of Shri Sanjay Soni. Smt. Krupa Sanjay Soni and Shri Sanjay Soni have the same phone number. Shri Sanajay Soni is the Proprietor of J M Soni Consultancy. Shri Ashlesh Shah and Shri paresh Chauhan have the same phone number –

9327771515. Shri Krunal Gopaldas Rana was introduced by Shri Ashlesh Shah. Shri Ashlesh Shah and Shri Krunal Gopalds Rana share a common address. Shri Krunal Gopaldas Rana, Shri Dilipkumar Soni, Shri Dharmendra Soni, Shri Dhirenkumar agarwal, Shri Sanjay Soni, Shri Paresh Chauhan and Shri Jayesh kumar Soni have the same phone number – 9727548290 as per the Unique Client Code. Shri Sanjay Soni, Shri Dharmesh Soni and Shri Dhirenkumar Agarwal have the same phone number – 9879430033. Shri Bhargav Patel, Shri Dhilipkumar Soni and Shri Bhargav Vyas have the same phone number- 9427613394. Shri Aslesh Shah and Shri Krupa Sanjay Soni entered into off-market transaction with each other. So also Shri Kalpesh Chauhan eneterd into off-market transactions with Shri Paresh Chauhan. Shri Janakray Vithaldas Soni and Shri Jayeshkumar Soni were introduced by Shri Sanjay Soni. Shri Dharmesh Soni and Shri Krunal Gopaldas Rana had common introducer – Saurin Financial Services Ltd. (Shri Parul Shah).

14. The following are the trading details of the Krupa Soni Group in the scrip of SGTL during the investigation period:

Name of Client	Total Buy Qty by the client	% of total traded qty	Total Sell Qty by the client	% of total traded qty	Gross Qty	% of market gross	Net Buy / (Sell)
Krupa Sanjay Soni	**1196534**	**21.31**	**1224251**	**21.81**	**2420785**	**21.56**	**-27717**
Sanjay Soni	**862630**	**15.37**	**867723**	**15.46**	**1730353**	**15.41**	**-5093**
J M Soni Consultancy	106069	1.89	107069	1.91	213138	1.9	-1000
Janakray Vithaldas Soni	65839	1.17	65839	1.17	131678	1.17	0
Krunal Gopaldas Rana	48358	0.86	46758	0.83	95116	0.85	1600
Paresh R Chauhan	45452	0.81	45075	0.8	90527	0.81	377
Dharmesh Soni	20588	0.37	20588	0.37	41176	0.37	0
Jayeshkumar Soni (Science City Road)	18179	0.32	17633	0.31	35812	0.32	546
Jayeshkumar Soni (Himmatnagar)	17386	0.31	17439	0.31	34825	0.31	-53
Bhargav Patel	4525	0.08	3975	0.07	8500	0.08	550
Dharmendra Soni	2630	0.05	2330	0.04	4960	0.04	300
Bhargav Vyas	2350	0.04	1431	0.03	3781	0.03	919

Dilipkumar Soni	309	0.01	360	0.01	669	0.01	-51
Kalpesh Chauhan	0	0.00	80	0.00	80	0	-80
Total	**2390849**	**42.59**	**2420551**	**43.12**	**4811400**	**42.86**	**-29702**

15. I find that during the investigation period the Krupa Soni Group accounted for approximately 42.86% of the total market gross quantity of trades. The Noticees were the top two clients within the Group with their total gross quantity of 36.97% of the market gross (i.e. 82.28% of the Group's trades). Together they had offloaded 33620 shares of SGTL. During the investigation period the price rose from ₹ 325/- to ₹ 428.25. The other 12 clients of the Krupa Soni Group had the gross quantity of 5.88% of the market gross. Trades for 2,13,407 shares were executed between the Noticees, which constituted 8.87% of the Krupa Soni Group's trades and 3.8% of the total market volume in the scrip during the investigation period. Further, I find from Annexure VI to the SCNs that the Krupa Soni Group had traded amongst each other in a total of 6,86,175 shares, which constituted approximately 28.52% of the Group's trades and approximately 12.22% of the total traded quantity during the investigation period.

16. I find from Annexure VII to the SCNs that the order/trade logs show the execution of intra-group trades and self trades/fictitious trades by the Noticees. A major part of the trading done by the Noticees in the scrip was manipulative and fraudulent in nature as the Noticees at Serial No.1 and S. No. 2 had executed self trades/fictitious trades *(the trades where the buyer and seller was the same person and no actual beneficial ownership of shares was changed)* for 1,44,001 shares and 38,941 shares respectively. The total self trades executed by the Noticees were to the extent of 1,82,942 shares which constituted 7.60% of Krupa Soni Group's trades and 3.26% of the total market volume

in the scrip during the period of investigation. Such trades of the Noticees had resulted into creation of artificial volume in the scrip.

17. Smt. Krupa Soni executed self trades through several brokers such as Munoth Capital Market Ltd. (Client Code – AK 129), Centrum Broking Pvt. Ltd. (Client Code – 1210270), Kantilal Chhaganlal Securities (Client Code – AH1476), Prabhudas Lilladher Pvt. (Client Code- BO2772 & C91101), Religare Securities Ltd. (Client Code- KS6154), MTL Share & Stock Brokers (Client Code - V42206 & VTMB142) and MF Global Sify Securities (Client Code - N543341). Few instances of such trades where Smt. Krupa Soni has sold and purchased the same or similar quantity of shares of SGTL through 1) Munoth Capital Market Ltd., 2) Religare Securities Ltd., 3) Prabhudas Lilladher Pvt., 4) Kantilal Chhaganlal Securities and 5) Centrum Broking Pvt. Ltd. are given below:

S.No No	Trade Date	Trade Time	Quantity	Price	Order Time	Counter-party Order Time	Counter party Order Rate	Counter party Order Qty.
1.	3/26/2009	10:16:11 AM	500	305	10:16:11 AM	10:15:13 AM	305	500
2.	4/6/2009	10:39:30 AM	200	302	10:39:30 AM	10:39:22 AM	302	250
3.	4/16/2009	3:11:43 PM	500	305	3:11:43 PM	3:09:18 PM	305	3000
4.	4/17/2009	11:00:20 AM	9	301	10:31:04 AM	11:00:19 AM	301	10
5.	4/17/2009	2:08:57 PM	200	314	2:08:19 PM	2:08:57 PM	315	500
6.	4/17/2009	3:27:10 PM	70	317.35	3:25:04 PM	3:27:10 PM	317.35	100
7.	4/29/2009	3:09:43 PM	1	316	3:08:32 PM	3:09:43 PM	315	228
8.	4/29/2009	3:12:56 PM	250	315	3:12:09 PM	3:12:56 PM	315	250
9.	5/6/2009	3:27:10 PM	300	319	3:27:09 PM	3:26:43 PM	319	2000
10.	5/19/2009	2:37:09 PM	50	312	2:37:09 PM	2:35:30 PM	312	150
11.	5/19/2009	2:37:20 PM	100	312	2:37:20 PM	2:35:30 PM	312	150
12.	5/20/2009	1:38:48 PM	200	315	1:38:47 PM	1:32:27 PM	315	1895
13.	6/8/2009	3:28:47 PM	1	317.7	3:22:31 PM	3:28:46 PM	300	3500
14.	6/8/2009	3:28:47 PM	1	317.3	3:22:35 PM	3:28:46 PM	300	3500
15.	6/8/2009	3:28:47 PM	1	317	3:21:59 PM	3:28:46 PM	300	3500
16.	6/8/2009	3:28:47 PM	1	316	3:22:02 PM	3:28:46 PM	300	3500
17.	6/8/2009	3:28:47 PM	1	316	3:22:10 PM	3:28:46 PM	300	3500
18.	6/8/2009	3:28:47 PM	1	315	3:22:06 PM	3:28:46 PM	300	3500
19.	6/8/2009	3:28:47 PM	1	314	3:22:17 PM	3:28:46 PM	300	3500
20.	6/8/2009	3:28:47 PM	1	313	3:20:48 PM	3:28:46 PM	300	3500
21.	6/8/2009	3:28:47 PM	1	313	3:22:14 PM	3:28:46 PM	300	3500
22.	6/8/2009	3:28:47 PM	1	312	3:20:44 PM	3:28:46 PM	300	3500
23.	6/8/2009	3:28:47 PM	1	312	3:22:13 PM	3:28:46 PM	300	3500
24.	6/8/2009	3:28:47 PM	1	311	2:56:50 PM	3:28:46 PM	300	3500
25.	6/8/2009	3:28:47 PM	1	311	3:24:40 PM	3:28:46 PM	300	3500

26.	6/8/2009	3:28:47 PM	1	310	2:56:53 PM	3:28:46 PM	300	3500
27.	6/8/2009	3:28:47 PM	1	309	3:23:09 PM	3:28:46 PM	300	3500
28.	6/8/2009	3:28:47 PM	1	304	2:56:58 PM	3:28:46 PM	300	3500
29.	6/8/2009	3:28:47 PM	1	303	2:56:55 PM	3:28:46 PM	300	3500
30.	6/8/2009	3:28:47 PM	1	302	3:23:00 PM	3:28:46 PM	300	3500
31.	6/29/2009	2:18:26 PM	1500	240	2:08:52 PM	2:18:26 PM	240	2101
32.	7/6/2009	3:24:20 PM	500	270	3:18:59 PM	3:24:20 PM	270	500
33.	7/6/2009	3:24:29 PM	500	270	3:18:59 PM	3:24:29 PM	270	500
34.	7/6/2009	3:24:35 PM	1	271.9	3:24:31 PM	3:24:35 PM	270	500
35.	7/6/2009	3:24:35 PM	499	270	3:18:59 PM	3:24:35 PM	270	500
36.	7/6/2009	3:25:00 PM	500	270	3:18:59 PM	3:25:00 PM	270	500
37.	7/6/2009	3:25:16 PM	500	270	3:18:59 PM	3:25:15 PM	270	500
38.	7/6/2009	3:25:21 PM	500	270	3:18:59 PM	3:25:21 PM	270	500

18. Shri. Sanjay Soni executed self trades through several brokers such as Munoth Capital Market Ltd. (Client Code – AS 191), Kantilal Chhaganlal Securities (Client Code – AH1473 & 1B9664), MTL Share & Stock Brokers (Client Code - V42205 & VTMB141), MF Global Sify Securities (Client Code - N543342), BMA Wealth Creators Ltd. (Client Code – 10450001), Anand Rathi Financial Services (Client Code - AHM23K001), Veni Madhan Securities (Client Code - GUABS004) and K & A Securities (Client Code - NLR086). Few instances of such trades where Shri. Sanjay Soni has sold and purchased the same or similar quantity of shares of SGTL through 1) Munoth Capital Market Ltd. and 2) MTL Share and Stock Brokers Ltd. are given below:

S.No	Trade Date	Trade Time	Quantity	Price	Order Time	Counter-party Order Time	Counter party Order Rate	Counter party Order Qty.
1.	3/26/2009	3:22:13 PM	249	310	3:22:13 PM	3:20:52 PM	310	500
2.	3/26/2009	3:25:14 PM	11	310	3:25:13 PM	3:20:52 PM	310	500
3.	3/27/2009	10:30:00 AM	1	309.55	10:29:13 AM	10:30:00 AM	309	1000
4.	3/31/2009	2:37:46 PM	1	281	2:36:40 PM	2:37:46 PM	280	1000
5.	3/31/2009	2:42:39 PM	1	282	2:39:25 PM	2:42:39 PM	280	2000
6.	3/31/2009	2:42:39 PM	1	281	2:39:12 PM	2:42:39 PM	280	2000
7.	3/31/2009	2:42:39 PM	1	280	2:39:10 PM	2:42:39 PM	280	2000
8.	4/2/2009	1:15:56 PM	1	265.05	1:15:56 PM	1:13:11 PM	265.05	195
9.	4/2/2009	3:51:40 PM	21	295.25	3:51:40 PM	3:43:57 PM	295.25	1360
10.	4/8/2009	11:54:36 AM	77	239.2	11:54:35 AM	11:54:24 AM	239.2	2000
11.	4/8/2009	12:54:46 PM	1	250	12:54:46 PM	12:51:18 PM	250	1

12.	4/17/2009	12:22:55 PM	2	307	12:22:55 PM	12:22:21 PM	307	2
13.	4/17/2009	12:49:05 PM	2	311	12:49:00 PM	12:49:04 PM	310.5	2
14.	4/20/2009	1:32:59 PM	2	306	1:04:58 PM	1:32:58 PM	306	1000
15.	4/20/2009	1:32:59 PM	1	306	1:05:15 PM	1:32:58 PM	306	1000
16.	4/21/2009	10:33:53 AM	1	294	10:33:52 AM	10:33:42 AM	294	500
17.	4/22/2009	12:05:17 PM	1	290	12:05:16 PM	11:58:33 AM	290	1000
18.	4/29/2009	3:29:59 PM	50	318	3:29:28 PM	3:29:58 PM	318	1000
19.	5/12/2009	10:59:48 AM	1	316	9:56:02 AM	10:59:48 AM	315	2000
20.	5/12/2009	10:59:48 AM	1	315	9:57:00 AM	10:59:48 AM	315	2000
21.	5/19/2009	2:59:37 PM	1	318	2:57:32 PM	2:59:36 PM	315	1500
22.	5/19/2009	2:59:37 PM	1	317	2:57:28 PM	2:59:36 PM	315	1500
23.	5/19/2009	2:59:37 PM	1	316	2:57:24 PM	2:59:36 PM	315	1500
24.	5/27/2009	12:17:06 PM	11	288.65	12:17:05 PM	12:10:08 PM	288.65	123
25.	5/28/2009	2:42:13 PM	19	320	2:40:31 PM	2:42:13 PM	0	124
26.	5/28/2009	2:42:15 PM	134	320	2:40:31 PM	2:42:15 PM	0	134
27.	5/28/2009	2:42:18 PM	145	320	2:40:31 PM	2:42:17 PM	0	145
28.	5/28/2009	2:42:22 PM	89	320	2:40:31 PM	2:42:22 PM	320	89
29.	5/28/2009	2:42:24 PM	23	320	2:40:31 PM	2:42:24 PM	0	23
30.	5/28/2009	2:42:27 PM	100	320	2:40:31 PM	2:42:27 PM	320	100
31.	5/28/2009	2:42:30 PM	200	320	2:40:31 PM	2:42:30 PM	320	200
32.	5/29/2009	3:27:15 PM	1	283	3:26:34 PM	3:27:15 PM	270	2000
33.	5/29/2009	3:27:15 PM	1	280	3:26:27 PM	3:27:15 PM	270	2000
34.	6/12/2009	11:16:45 AM	5	275.85	11:16:45 AM	10:43:05 AM	275.85	15
35.	6/18/2009	12:08:29 PM	1	320	11:53:50 AM	12:08:29 PM	320	250
36.	6/23/2009	2:55:02 PM	1	268	2:38:23 PM	2:55:02 PM	260	2000
37.	6/23/2009	2:55:02 PM	1	267	2:38:16 PM	2:55:02 PM	260	2000
38.	6/23/2009	2:55:02 PM	1	266	2:38:21 PM	2:55:02 PM	260	2000

19. I find from Annexure VIII and IX to the SCNs that the Noticees had entered into synchronized trades created false and misleading appearance of trading in the scrip. Out of a total of 6,86,175 shares traded amongst Krupa Soni Group of entities, trades for a total of 1,11,526 shares were synchronized in nature i.e. there was no difference in the buy order and sale order quantity and price of shares and such buy and sell orders were placed almost at the same time (within time gap of less than a minute). The synchronized trades were approximately 16.52% of all trades amongst Krupa Soni Group and approximately 1.99% of the total market volumes during the period covered under the investigation.

20. Further, the Krupa Soni Group had traded in the scrip of SGTL on all the 163 trading days during the period of investigation and on 84 out of said 163 trading days they did synchronized trading. Out of those 84 days, on 25 days the volumes on account of such synchronized trades, were more than 5% and on 9 days it were more than 10% of the of the day's total trade volumes. The client wise detail of synchronized trades amongst the Krupa Soni Group is as below:

Name	**Total BUY by client**	**Total Sell by client**	**Total Gross (Buy + Sell)**	**As a % of total synchronized by Group**
Krupa Sanjay Soni	**40878**	**57310**	**98188**	**44.02**
Sanjay Soni	**49288**	**25963**	**75251**	**33.74**
Paresh R Chauhan	9877	6532	16409	7.36
Krunal Gopaldas Rana	2864	7035	9899	4.44
J M Soni Consultancy	0	7637	7637	3.42
Dharmesh Soni	2898	3990	6988	3.13
Jayeshkumar Soni (Himmatnagar)	2500	2759	5259	2.36
Janakray Vithaldas Soni	2700	250	2950	1.32
Jayeshkumar Soni (Science City Road)	348	0	348	0.16
Bhargav Patel	73	0	73	0.03
Dilipkumar Soni	0	50	50	0.02
Total	**111526**	**111526**	**223052**	**100**

21. From the foregoing it is evident that the Noticees along with the Krupa Soni Group traded among themselves and dealt in a fraudulent and manipulative manner resulting in the creation of false and misleading appearance of trades, artificial volume and price manipulation by entering into intra-group/self /synchronizing trades in the shares of SGTL during the investigation period.

22. Based on the above observations and findings, it is established beyond doubt that the Noticees had deliberately indulged in artificially raising the traded volumes and price of the shares of the Company by way of aforesaid manipulative /fraudulent trades and off loaded 33620 shares at manipulated price thereby, violated the provisions of Regulations 3 (a), (b), (c) & (d), 4 (1) and 4 (2) (a) & (g) of the PFUTP Regulations which makes them liable for penalty under Section 15HA of the SEBI Act.

23. The provisions of Section 15HA of the SEBI Act read as follows :

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

24. While imposing monetary penalty it is obligatory to consider the factors stipulated in Section 15J of the 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.*

25. I observe that from the material available on record it is difficult to quantify any gain or unfair advantage accrued to the Noticees or the extent of loss suffered by the investors. However, I note that the price of the scrip of

SGTL opened at ₹325/- on March 23, 2009 and closed at ₹ 428.25 on November 20, 2009 i.e. an increase of approximately 31.77% per share in 163 days. The Noticees have net sold 32,810 shares of SGTL acting as a part of a group and thus profited significantly during the investigation period from the offloading of the shares.

26. It will suffice to state that keeping in mind the practices indulged in by the Noticees and the Group entities, gains per se were made by the Noticees, in that it traded in the scrip in a manner meant to create artificial volumes and liquidity which is an important criterion, apart from price, capable of misleading the investors while making an investment decision. In fact, liquidity/volumes in particular scrip raise the issue of 'demand' in the securities market. The greater the liquidity, the higher is the investors' attraction towards investing in that scrip. Hence, anyone could have been carried away by the unusual fluctuations in the volumes and been induced into investing in the said scrip. Besides, this kind of activity seriously affects the normal price discovery mechanism of the securities market. People who indulge in manipulative, fraudulent and deceptive transactions, or abet the carrying out of such transactions which are fraudulent and deceptive, should be suitably penalized for the said acts of omissions and commissions. The information on record does not indicate that the violations of the Noticees are repetitive in nature.

Order

27. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose a penalty of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) each on the Noticees

amounting to a total of ₹ 60,00,000/- (Rupees Sixty Lakhs Only) [i.e. a penalty of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) on Smt. Krupa Sanjay Soni at S. No. 1 and a penalty of ₹ 30,00,000/- (Rupees Thirty Lakhs Only) on Shri Sanjay Soni at S. No.2] under Section 15HA of the SEBI Act. In my view, the penalty is commensurate with the default committed by the Noticees.

28. The penalty amount as mentioned above shall be paid by the Noticee through a duly crossed demand draft drawn in favour of "SEBI – Penalties Remittable to Government of India" and payable at Mumbai, within 45 days of receipt of this order. The said demand draft should be forwarded to the Division Chief, IVD-ID5, Securities and Exchange Board of India, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

29. In terms of the Rule 6 of the Adjudication Rules, copies of this order are sent to the Noticee and also to Securities and Exchange Board of India.

Date: September 14, 2012 **P K KURIACHEN**

Place: Mumbai **ADJUDICATING OFFICER**