BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER No.: ORDER/AP/AS/2021-22/11426 - 11449]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

In respect of:

Noticee No.	Noticee Name	PAN No.
1	Cyber Netix Automation P Ltd	AAAFC1219P
2	Cybernetix Automation Private Limited	AAECC4392G
3	Odathi Trading Private Limited	AABCO7697K
4	Bluepearl Trading Company Private Limited	AACCB6592M
5	Newtree Trading Company Private Limited	AACCN1418L
6	Kautik Properties Private Limited	AAECK9482B
7	Mahavishal Printing Solutions Private Limited	AAECM7751M
8	Prayer Tech-Solutions Private Limited	AAFCP9303F
9	Ashtvakra Properties Private Limited	AAHCA5431D
10	Abhirati Trading Private Ltd	AAICA2271N
11	Seahorse Mercantile Company Pvt Ltd	AAJCS1507L
12	Aachman Consultancy Private Limited	AALCA3441M
13	Sameena Multitrade Private Limited	AASCS4758A
14	Mr. Sunil Mohan Arya	AHKPA9296P
15	Mr. Vinod Kumar Bohra	AIRPB9318F
16	Mr. Ashok Kumar Gautam	AKAPG1487H
17	Mr. Mahendra Singh Amar Singh Gaur	AKVPG5510A
18	Mr. Nirmal Laxminarayan Bohra	ALIPBS242L
19	Mr. RanjanRamdasGocher	AQAPG9510F
20	Mr. Vishal Chalia	AFLPC4917L
21	Mr. Ram Babu Vijay	ALPV5282A
22	Abhilasha Money Operations Private Limited	AABCA8262G
23	Highpoint Trading Company Pvt. Ltd.	AABCH5827N
24	Sehej Multitrade Private Limited	AATCS2193N

In the matter of trading in the scrip of Vakrangee Limited – (Investigation Period: 01.01.2015 - 30.09.2015)

1. M/s Vakrangee Limited (hereinafter referred to as "the Company") is a listed company having its shares listed on Bombay Stock Exchange Limited ("BSE"), National Stock Exchange Limited ("NSE") and Metropolitan Stock Exchange of India Limited ("MSE"). Securities and Exchange Board of India (SEBI) undertook an investigation in the scrip of the Company during the period January 1, 2015 to September 30, 2015 (hereinafter referred to as "investigation period") to investigate the trading activities of the certain entities for violations of the provisions of the SEBI Act and SEBI (Prohibition of Fraudulent and Unfair Trade

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

2. During the investigation following was observed:

a. It was observed that 32 entities, who had traded in the scrip of the Company during the investigation period were found to be connected with each other and also with the promoters of the Company namely; Vakrangee Capital Pvt Ltd and Vakrangee Holdings Pvt Ltd. The list of the these 34 suspected entities (including the said two promoters) is as follows:

TABLE 1

Sl. No.	PAN of the entity	Name of the entity	Sl. No.	PAN of the entity	Name of the entity
1	AADCH1919B	Hetanshi Properties P Ltd	18	AFLPC4917L	Vishal Chalia
2	AATCS2193N	Sehej Multitrade Private Limited	19	AALCA2254J	Abheek Consultancy Private Limited
3	AAICA2271N	Abhirati Trading Private Limited	20	AAFCP9303F	Prayer Tech-Solutions Private Limited
4	AADCJ0477A	Jeshtha Properties Private Limited	21	AYCPP3320Q	Vishnuprasad Prahladka
5	ALIPB5242L	NirmalLaxminarayan Bohra	22	AHKPA9296P	Arya Sunil
6	AAAFC1219P	Cyber Netix Autom Ltd	23	AABCH5827N	Highpoint Trading Company Pvt Ltd
7	AAECC4392G	Cyber Netix Automation P Ltd	24	AAHCS4031R	Signora Finance Private Limited
8	AKVPG5510A	Mahendra Singh Amar Singh Gaur	25	AABCA8262G	Abhilasha Money Operations Pvt Ltd
9	AASCS4758A	Sameena Multitrade Private Limited	26	AAHCA5431D	Ashtvakra Properties Pvt Ltd
10	AALCA3441M	Aachman Consultancy Pvt Ltd	27	AABCO7697K	Odathi Trading Private Limited
11	AAUPT4341B	Radhey Shyam Thanvi	28	AQAPG9510F	Ranjan Gocher
12	AIRPB9318F	Bohra Vinod Kumar	29	AKAPG1487H	Ashok Kumar Gautam
13	AAECK9482B	Kautik Properties Private Limited	30	AAECM7751M	Mahavishal Printing Solutions Pvt Ltd
14	AACCB6592M	Bluepearl Trading Company Pvt Ltd	31	ABFPV6232K	Madhu Vijay
15	AYSPS2796P	Ramchandra Houshila Sharma	32	AALPV5282A	Ram Babu Vijay
16	AAJCS1507L	Seahorse Mercantile Company Pvt Ltd	33	AABCD9966C	Vakrangee Capital Pvt Ltd (now NJD Capital Pvt Ltd)
17	AACCN1418L	Newtree Trading Company Pvt Ltd	34	AACCN6504D	Vakrangee Holdings Pvt Ltd

b. The connection/ relation among the aforesaid 34 suspected entities was based on common directorship, common address, common e-mail Id, common contact number, shareholding in private limited companies, fund transactions, off market transfers, etc.

c. It was observed that 32 out of the 34 suspected entities have traded in the scrip of the Company during the investigation period on BSE and NSE. Summary of the trading done by aforesaid 32 suspected entities is as follows:

TABLE 2

Sl. No.	Client Name	BSE				NSE			
		Gross Buy	% to Mkt. Volume	Gross Sell	% to Mkt. Volume	Gross Buy	% to Mkt. Volume	Gross Sell	% to Mkt. Volume
1	Hetanshi Properties	373929	0.359	360767	0.346	1224405	0.527	405505	0.174
2	Sehej Multitrade	1378185	1.323	1181243	1.134	1736542	0.747	1914019	0.824
3	Abhirati Trading	2610460	2.507	3731062	3.582	6374742	2.743	6946604	2.989
4	Jeshtha Properties	16500	0.016	84054	0.081	7500	0.003	40808	0.018
5	Nirmal Laxminarayan Bohra	135718	0.13	2087923	2.005	941235	0.405	2711492	1.167
6	Cyber NetixAutom	1280694	1.23	4336472	4.163	0	0	0	0
7	Cyber Netix Automation	2255792	2.166	1114955	1.07	4615791	1.986	7171220	3.086
8	Mahendra Singh	898042	0.862	866810	0.832	176000	0.076	276824	0.119
9	Sameena Multitrade	1067200	1.025	1188326	1.141	970000	0.417	693500	0.298
10	Aachman Consultancy	790702	0.759	1118205	1.074	1133762	0.488	985526	0.424
11	Radhey Shyam Thanvi	177863	0.171	195470	0.188	175510	0.076	177903	0.077
12	Bohra Vinod Kumar	2665284	2.559	4142068	3.977	83003	0.036	3878158	1.669
13	Kautik Properties	1440709	1.383	3968054	3.81	678233	0.292	4145786	1.784
14	Bluepearl Trading	5987574	5.749	3755926	3.606	4822953	2.075	8142997	3.504
15	Ramchandra Houshila Sharma	0	0	0	0	75000	0.032	619461	0.267
16	Seahorse Mercantile	1604473	1.54	3336638	3.204	2917872	1.256	3913026	1.684
17	Newtree Trading	759510	0.729	1575719	1.513	3849272	1.656	1906496	0.82
18	Vishal Chalia	185931	0.179	364931	0.35	214580	0.092	205580	0.088
19	Abheek Consultancy	70000	0.067	150335	0.144	4250	0.002	272435	0.117
20	Prayer Tech-Solutions	1660000	1.594	1492000	1.432	200000	0.086	998000	0.429
21	Vishnuprasad Prahladka	100000	0.096	100000	0.096	148586	0.064	1425964	0.614
22	Arya Sunil	174650	0.168	485800	0.466	659800	0.284	179150	0.077
23	Highpoint Trading	2413111	2.317	827514	0.795	3587072	1.544	2469112	1.062
24	Signora Finance	18931	0.018	179048	0.172	1557018	0.67	737860	0.318
25	Abhilasha Money	82973	0.08	1035622	0.994	3284275	1.413	1047164	0.451
26	Ashtvakra Properties	1510258	1.45	2300858	2.209	871872	0.375	4449474	1.915
27	Odathi Trading	2916097	2.8	2130243	2.045	3231220	1.39	2288536	0.985
28	Ranjan Gocher	895978	0.86	760719	0.73	969056	0.417	1424171	0.613
29	Ashok Kumar Gautam	619935	0.595	924770	0.888	1588415	0.684	914494	0.394
30	Mahavishal Printing	900200	0.864	447840	0.43	1129873	0.486	334369	0.144
31	Madhu Vijay	138698	0.133	136676	0.131	9240	0.004	10742	0.005
32	Ram Babu Vijay	223805	0.215	223197	0.214	1000	0	55941	0.024
Total		**3,53,53,202**	**33.944**	**4,46,03,245**	**42.822**	**4,72,38,077**	**20.33**	**6,07,42,317**	**26.14**

d. From the above table 2, it was observed that during the investigation period, the suspected entities had purchased 33.94% and sold 42.82% of the market volume of the shares of the Company on BSE, and bought 20.33% and sold 26.14% of the market volume of the shares of the Company on NSE.

e. It was observed that the substantial number of trades of the aforesaid suspected entities were synchronized trades. A synchronized trade is a trade where the buy and sell order quantity

and rate were identical and orders for these transactions were placed within time gap of one minute. The details of synchronized trades by the aforesaid suspected entities during the investigation period on BSE and NSE in the scrip of the Company is as follows:

TABLE 3

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of Total market volume	Sum of LTP contribution through Sync Trades
BSE						
3,53,53,202	4,46,03,245	2,51,07,511	77,08,633	30.70	7.402	5.65
NSE						
4,72,38,077	6,07,42,317	1,76,67,123	25,29,983	14.32	1.091	-0.1

f. From the above table 3, it was observed that the percentage of synchronized volume by the suspected entities to the market volume in the scrip of the Company at BSE and NSE was 7.402% and 1.091%, respectively.

g. It was further observed that, 26 out of the 32 suspected entities had more than 95% trading concentration in the scrip of the Company. Further their contribution of synchronized trades to market volume in the scrip of the Company on BSE was on a higher side i.e. 7.402% during the investigation period. Patch-wise analysis of the trade data of suspected entities in the scrip of the Company at BSE was carried out to ascertain, if there was any effort by the suspected entities to create misleading appearance of trading through generation of artificial volumes during particular parts/ patch of the investigation period. The summary of the analysis in this regard is as follows: –

TABLE 4

Patch	Total no. of shares traded	Total no of shares traded by suspected entities	Total traded qty among the suspected entities	% of mkt volume traded by suspected entities	No. of tradin g days	Average daily volume (ADV)	Sync traded quantity by suspected group	Sync trades as % of total market volume	Avg price
Jan 2015	59,26,376	40,08,464	24,85,169	67.64	21	2,82,208	7,34,120	12.39	126.82
Feb 2015	58,99,435	31,89,142	22,87,753	54.06	20	2,94,972	9,95,284	16.89	125.16
Mar 2015	99,92,352	63,48,518	39,41,880	63.53	21	4,75,826	22,03,240	22.05	113.54
April 2015	91,84,578	40,27,717	21,89,434	43.85	19	4,83,399	8,13,855	8.86	117.99
May 2015	1,09,28,521	74,32,833	19,77,033	68.01	20	5,46,426	5,75,531	5.27	109.66
June 2015	1,05,55615	75,81,479	46,24,530	71.82	22	4,79,801	8,49,085	8.04	108.28
July 2015	2,46,38319	97,17,722	16,72,951	39.44	23	10,71,231	21,616	0.09	152.12
Aug 2015	1,56,95,872	60,67,363	15,00,569	38.66	21	7,47,422	3,44,915	2.20	141.88
Sep 2015	1,13,33,914	64,75,698	44,28,192	57.14	20	5,66,696	11,70,987	10.33	116.24
Total	**10,41,54,982**	**5,48,48,936**	**2,51,07,511**	**52.66**	**187**	**-**	**77,08,633**	7.40	-

h. From the above table 4, it was observed that the total market volume (quantity) in the scrip of the Company during the investigation period was 10,41,54,982 shares of which 5,48,48,936

shares were contributed by the suspected entities. On an average throughout the investigation period, the traded volume contributed by the suspected entities was more than 50% of the market volume in the scrip of the Company.

i. It was also observed that during the patches - January 2015, February 2015, March 2015 and September 2015, wherein the contribution by the suspected entities towards market volume was above 50%, the synchronized trades by the suspected entities were more than 10% of the market volume. For the period January 2015 to March 2015, the synchronized trades as a percentage of market volume were between the range 12.39% - 22.05%. Additionally, for the patch - September 2015, the synchronized trades as a percentage of market volume were 10.33%. It was further observed that out of 32 suspected entities who had traded in the scrip of the Company during the investigation period, following 24 entities were observed to be indulged in synchronized trades:

Table 5

Name of the Entitiy	Noticee No.	PAN No.
Cyber Netix Automation P Ltd. ("Cyber Netix")	Noticee No. 1	AAAFC1219P
Cybernetix Automation P Ltd ("Cybernetix")	Noticee No. 2	AAECC4392G
Odathi Trading Private Limited ("Odathi")	Noticee No. 3	AABCO7697K
Bluepearl Trading Company Private Limited ("Bluepearl")	Noticee No. 4	AACCB6592M
Newtree Trading Company Private Limited ("Newtree")	Noticee No. 5	AACCN1418L
Kautik Properties Pvt. Ltd. ("Kautik")	Noticee No. 6	AAECK9482B
Mahavishal Printing Solutions Private Limited ("Mahavishal")	Noticee No. 7	AAECM7751M
Prayer Tech Solutions Private Limited ("Prayer Tech")	Noticee No. 8	AAFCP9303F
Ashtvakra Properties Private Limited ("Ashtvakra")	Noticee No. 9	AAHCA5431D
Abhirati Trading Private Ltd ("Abhirati")	Noticee No. 10	AAICA2271N
Seahorse Mercantile Company Pvt Ltd ("Seahorse")	Noticee No. 11	AAJCS1507L
Aachman Consultancy Private Limited ("Aachman")	Noticee No. 12	AALCA3441M
Sameena Multitrade Private Limited ("Sameena")	Noticee No. 13	AASCS4758A
Mr. Sunil Mohan Arya ("Sunil Arya")	Noticee No. 14	AHKPA9296P
Mr. Vinod Kumar Bohra ("Vinod Bohra")	Noticee No. 15	AIRPB9318F
Mr. Ashok Kumar Gautam ("Ashok Gautam")	Noticee No. 16	AKAPG1487H
Mr. Mahendra Singh Amar Singh Gaur ("Mahendra")	Noticee No. 17	AKVPG5510A
Mr. NirmalLaxminarayan Bohra ("Nirmal Bohra")	Noticee No. 18	ALIPB5242L
Mr. Ranjan Ramdas Gocher ("Ranjan Gocher")	Noticee No. 19	AQAPG9510F
Mr. Vishal Chalia ("Vishal Chalia")	Noticee No. 20	AFLPC4917L
Mr. Ram Babu Vijay ("Ram Babu")	Noticee No. 21	AALPV5282A
Abhilasha Money Operations Private Limited ("Abhilasha")	Noticee No. 22	AABCA8262G
Highpoint Trading Company Private Limited ("Highpoint")	Noticee No. 23	AABCH5827N
Sehej Multitrade Private Limited ("Sehej")	Noticee No. 24	AATCS2193N

j. It was observed that the aforesaid 24 entities out of the 34 suspected entities, created misleading appearance of trading in the scrip of the Company without any intention of change in ownership of the security.

3. In the above facts and circumstances, it was alleged that in the patches January 2015, February 2015, March 2015 and September 2015 the synchronized trades to market volume was higher than 10% in the scrip of the company. The aforementioned 24 Noticees had executed average

synchronized trades of 15.41% of the market volume in the scrip of the Company, across the four patches and had created a misleading appearance of trading in the scrip without any intention of change in ownership of the security, by entering into synchronized trades. It has been alleged that the said 24 Noticees have violated the provisions of Section 12A of SEBI Act 1992 read with Regulations 3(a), (b), (c), and (d), 4(1) and 4(2)(a) and (g) of the PFUTP Regulations.

4. Pursuant to submission of the investigation report, the competent authority in SEBI *prima facie* felt satisfied that there are sufficient grounds to inquire and adjudicate upon the aforesaid violations by the 24 Noticees (hereinafter together referred as "the Noticees"). By a *communication-order* dated December 20, 2018, Shri Santosh Shukla was appointed as Adjudicating Officer ("erstwhile AO") to inquire into and adjudge under Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'the Adjudication Rules') and under 15HA of the SEBI Act for the aforesaid alleged violations by the Noticees.

5. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act, a notice to show cause no. EAD/SS/AKS/OW/P/2699/1-30/2019dated January 28, 2019 (hereinafter referred to as 'the SCN') was issued to the Noticees by erstwhile AO calling upon him to show cause as to why an inquiry should not be held against him in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15HA of the SEBI Act for the aforesaid alleged violations. The SCN sent to the Noticees was duly served at the address of the Noticees via Speed Post Acknowledgement Due. Thereafter, after seeking extension, the Noticees filed their reply, additional reply and additional written submissions during the course of proceedings as following:

Table 6

Name of the Entity	SCN Service Mode	Reply/ Additional Written Submission dates
Cyber Netix Automation P Ltd.	Speed Post	25.03.2019/ 15.07.2020 / 01.01.2021
Cybernetix Automation Pvt. Ltd.	Speed Post	25.03.2019/ 15.07.2020 / 01.01.2021
Odathi Trading Private Limited	Speed Post	23.03.2019/ 06.07.2020
Bluepearl Trading Company Private Limited	Speed Post	26.03.2019/27.03.2019/15.07.2020/ 31.12.2020
Newtree Trading Company Private Limited	Speed Post	25.03.2019/ 08.07.2020 / 15.01.2021
Kautik Properties Pvt. Ltd.	Speed Post	29.03.2019/ 16.07.2020 / 07.01.2021
Mahavishal Printing Solutions Private Limited	Speed Post	23.03.2019/ 07.07.2020
Prayer Tech-Solutions Private Limited	Speed Post	22.03.2019/ 15.07.2020 / 04.01.2021
Ashtvakra Properties Private Limited	Speed Post	26.03.2019/ 10.06.2020
Abhirati Trading Private Ltd	Speed Post	21.03.2019/ 15.07.2020
Seahorse Mercantile Company Pvt Ltd	Speed Post	23.03.2019/ 15.07.2020 / 14.01.2021
Aachman Consultancy Private Limited	Speed Post	25.03.2019/ 11.06.2020 / 01.01.2021
Sameena Multitrade Private Limited	Speed Post	25.03.2019/ 11.06.2020
Mr. Sunil Mohan Arya	Speed Post	23.03.2019/ 13.07.2020 / 16.01.2021

Mr. Vinod Kumar Bohra	Speed Post	29.03.2019/ 10.07.2020 / 08.01.2021
Mr. Ashok Kumar Gautam	Speed Post	23.03.2019/ 10.06.2020
Mr. Mahendra Singh Amar Singh Gaur	Speed Post	25.03.2019/ 11.06.2020 / 01.01.2021
Mr. Nirmal Laxminarayan Bohra	Speed Post	22.03.2019/ 01.07.2020
Mr. Ranjan Ramdas Gocher	Speed Post	26.03.2019/ 10.06.2020
Mr. Vishal Chalia	Speed Post	25.03.2019/ 01.07.2020 / 22.01.2021
Mr. Ram Babu Vijay	Speed Post	25.03.2019/ 14.05.2020 / 14.01.2021
Abhilasha Money Operations Private Limited	Speed Post	20.03.2019/ 10.06.2020
Highpoint Trading Company Private Limited	Speed Post	21.03.2019/ 09.07.2020
Sehej Multitrade Private Limited	Speed Post	21.03.2019/ 01.07.2020

6. Vide their aforementioned letters the Noticees sought additional documents such as trade log and order log for entire investigation period for the scrip of the Company, copy of Investigation Report, any other documents etc. and 21 Noticees sought inspection of the relied upon documents. Vide letter dated May 31, 2019, the erstwhile AO informed the Noticees that the copies of the relied upon documents in the instant proceedings have been already provided to them along with the SCN and no additional documents are considered and relied upon in the matter and thus, denied the request for additional documents. However, the erstwhile AO allowed the Noticees request for inspection of documents, wherein, after seeking several request for adjournment of inspection, 8 Noticees have undertaken the inspection of documents. The details of the Noticees who sought inspection and who availed the inspection of documents are as follows:

Table 7

Name of the Entity	Inspection Request Date	Inspection Availed / Remarks
Cyber Netix Automation P Ltd.	25.03.2019	On 17.09.2019 and 26.09.2019.
Cybernetix Automation Pvt. Ltd.	25.03.2019	On 17.09.2019 and 26.09.2019.
Odathi Trading Private Limited	23.03.2019	Not Availed despite several reminders.
Bluepearl Trading Company Private Limited	12.03.2019	Not Availed despite several reminders.
Newtree Trading Company Private Limited	25.03.2019	Not Availed despite several reminders.
Kautik Properties Pvt. Ltd.	29.03.2019	Not Availed despite several reminders.
Mahavishal Printing Solutions Private Limited	21.03.2019	Not Availed despite several reminders.
Prayer Tech-Solutions Private Limited	22.03.2019	Not Availed despite several reminders.
Ashtvakra Properties Private Limited	23.03.2019	Not Availed despite several reminders.
Abhirati Trading Private Ltd	21.03.2019	On 17.09.2019 and 26.09.2019.
Seahorse Mercantile Company Pvt Ltd	23.03.2019	Not Availed despite several reminders.
Aachman Consultancy Private Limited	25.03.2019	On 17.09.2019 and 26.09.2019.
Sameena Multitrade Private Limited	25.03.2019	On 17.09.2019 and 26.09.2019.
Mr. Sunil Mohan Arya	25.03.2019	Not Availed despite several reminders.
Mr. Ashok Kumar Gautam	23.03.2019	Not Availed despite several reminders.
Mr. Mahendra Singh Amar Singh Gaur	25.03.2019	On 17.09.2019 and 26.09.2019.
Mr. Nirmal Laxminarayan Bohra	21.03.2019	On 17.09.2019 and 26.09.2019.
Mr. Ranjan Ramdas Gocher	23.03.2019	Not Availed despite several reminders.
Mr. Vishal Chalia	25.03.2019	Not Availed despite several reminders.
Highpoint Trading Company Private Limited	21.03.2019	Not Availed despite several reminders.
Sehej Multitrade Private Limited	21.03.2019	On 17.09.2019 and 26.09.2019.

7. During the proceedings, erstwhile AO granted an opportunity of hearing to the Noticees on March 12, 2019 in terms of Rule 4(3) of the Adjudication Rules and allowed them to file their replies to the SCN prior to the date of hearing. Through their aforementioned replies the Noticees sought adjournment of the hearing, additional documents and inspection of documents as discussed above.

8. Subsequently, on transfer of erstwhile AO, vide *communication order* dated January 07, 2020 the case has been transferred to undersigned. It has been advised that except for the change of the Adjudicating Officer, the other terms and condition of the original orders (whereby the aforesaid Adjudicating Officers was appointed) '*shall remain unchanged and shall be in full force and effect'*. It has also been advised that '*I should proceed in accordance with the terms of reference made in the original orders*'.

9. On receipt of records, vide hearing notice dated February 13, 2020, the Noticees were granted an opportunity of personal hearings under Rule 4(3) of the Adjudication Rules on March 02 and 03, 2020. The Noticees sought adjournment of the hearings so scheduled and requested for another date for the scheduled hearing. Accordingly, the Noticees were granted another opportunity of hearings on March 26, 2020, however, the scheduled hearings were postponed due to Covid-19 related restrictions. Finally, the hearings in the matter were scheduled on December 14, 2020 and December 15, 2020, wherein the Noticees availed the hearing through their authorized representative and their authorized representatives made submissions on the basis of Noticees replies (please refer table 6). The hearings in the matter concluded on December 14, 2020 and December 15, 2020, wherein, the Noticees were allowed time to make additional written submissions, if any, respectively. The details of the aforesaid hearings are as follows:

Table 8

Name of the Entity	Date of Hearing	Authorised Representative
Cyber Netix Automation P Ltd.	14.12.2020	Mr. Pulkit Sharma, Advocate
Cybernetix Automation Pvt. Ltd.	14.12.2020	Mr. Pulkit Sharma, Advocate
Odathi Trading Private Limited	14.12.2020	Mr. Saurabh Bachhawat, Advocate
Bluepearl Trading Company Private Limited	14.12.2020	Mr. Pulkit Sharma, Advocate
Newtree Trading Company Private Limited	14.12.2020	Mr. Chetan Shah, Advocate and Ms. Akshata Pasi, Advocate
Kautik Properties Pvt. Ltd.	14.12.2020	Ms. Tamanna H.V., Advocate and Mr. Vikrarn Naik, Advocate
Mahavishal Printing Solutions Private Limited	14.12.2020	Mr. Mutahhar Khan, Advocate
Prayer Tech-Solutions Private Limited	14.12.2020	Mr. Pulkit Sharma, Advocate
Ashtvakra Properties Private Limited	14.12.2020	Mr. Saurabh Bachhawat, Advocate
Abhirati Trading Private Ltd	14.12.2020	Ms. Rishika Harish, Advocate and Mr. Sukrut Mahatre, Advocate

Seahorse Mercantile Company Pvt Ltd	14.12.2020	Mr. Varun Nathani, Advocate and Mr. Niraj Bhagat, Advocate
Aachman Consultancy Private Limited	14.12.2020	Mr. Pulkit Sharma, Advocate
Sameena Multitrade Private Limited	14.12.2020	Mr. Pulkit Sharma, Advocate
Mr. Sunil Mohan Arya	14.12.2020	Mr. Chetan Shah, Advocate and Ms. Akshata Pasi, Advocate
Mr. Vinod Kumar Bohra	14.12.2020	Ms. Tamanna H.V., Advocate and Mr. Vikrarn Naik, Advocate
Mr. Ashok Kumar Gautam	14.12.2020	Mr. Saurabh Bachhawat, Advocate
Mr. Mahendra Singh Amar Singh Gaur	14.12.2020	Mr. Pulkit Sharma, Advocate
Mr. Nirmal Laxminarayan Bohra	14.12.2020	Ms. Rishika Harish, Advocate and Mr. Sukrut Mahatre, Advocate
Mr. RanjanRamdasGocher	14.12.2020	Mr. SaurabhBachhawat, Advocate
Mr. Vishal Chalia	14.12.2020	Mr. Varun Nathani, Advocate and Mr. Niraj Bhagat, Advocate
Mr. Ram Babu Vijay	15.12.2020	Mr. Nirman Sharma, Advocate and Mr. Priyanshu Mishra, Advocate
Abhilasha Money Operations Private Limited	15.12.2020	Ms. Surabhi Agrawal, Advocate and Ms. Rachna Annamaria Gonsalves, Advocate
Highpoint Trading Company Private Limited	14.12.2020	Mr. Mutahhar Khan, Advocate
Sehej Multitrade Private Limited	14.12.2020	Ms. Rishika Harish, Advocate and Mr. Sukrut Mahatre, Advocate

10. The submissions made by the Noticees vide their replies and additional submissions to the SCN are as follows:

10.1 Common Submissions of the Noticees

A. **Concept of Synchronisation:**

i. The Glossary of Capital Markets, as made available by SEBI defines the "*Synchronized Trades*" as:

> *"Trading on the electronic screen in such a way that trades are put simultaneously in the system of the stock exchange with prior understanding with counterparty by synchronizing the logging in or of trades so that desired quantity matches at desired price"*

ii. In the SCN, the "*Synchronized Trades*" has been defined as:

> *"synchronized trades to be those trades where the difference between buy and sell order quantity and rate were identical and the orders for these transactions were placed within the time gap of one minute."*

iii. The concept of synchronised trading has been explained by Hon'ble Securities Appellate Tribunal ("SAT") in *Ketan Parekh. Vs. SEBI (Appeal No. 2/2004)* decided on July 14, 2006 where in the Hon'ble Tribunal observed that the synchronized trades

are illegal only when it has been committed by the parties with a view to manipulate the market and not otherwise. The relevant extract of the same is reproduced here with as:

> *"20. .... "A synchronized trade is one where the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. This could be done through the same broker (termed a cross deal) or through two different brokers. Every buy and sell order has to match before the deal can go through. This matching may take place through the stock exchange mechanism or off market. When it matches through the stock exchange, it may or may not be a synchronized deal depending on the time when the buy and sell orders are placed...."*
>
> *"It would, therefore, follow that a synchronised trade or a trade that matches off market is per se not illegal. …… A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium."*

iv. Therefore, from the perusal of the aforesaid judgment along with definition of Synchronized trades as mentioned in SEBI Glossary read with the explanation of Synchronized trade intended in the present Noticees, the following facts are imperative to determine whether the trade is a synchronized trade:

a. Collusion between the parties to the trades;
b. Time difference between the orders of the transaction less than one minute;
c. Identical quantity; and
d. Identical price.

B. **Connection on basis of Common Directors**

i. The Noticees have been shown connected to each other on the basis of common directorship in the Company, however, the concerned Noticee, who was the director of the Company resigned from the Company prior to the investigation period. Post the cessation of ex-directors, he/they has/have not been in connection with the respective Company(ies). Moreover, he/they ceased to be director in the respective Company(ies) years before the investigation period and hence, in no way he/ they could have influenced their trading decisions. Accordingly, common directorships of past director with other Noticees in no way deduce meetings of mind.

ii. The Noticees, wherever they are admittedly connected with their director(s) and/ or group company(ies) specifically denies any nexus between it, its directors and its group companies and/or any prior meeting of mind in relation to their investment and trading activity or any nexus between them and/or any prior meeting of mind in relation to participating in any manipulative scheme as described in the SCN. The Noticees submitted and clarified that they had no information or knowledge regarding functioning of any manipulative scheme in the market or participation of any person/entity in the same.

iii. Common directorship of one of the past director with other entities can in no way be used to deduce that there was meeting of minds between the Noticee Company and other entities.

iv. The Noticees submitted that the Common directorship in various companies does not mean sharing of common objective with the Company regarding their respective trading. Further, connection on basis of common directorship is too farfetched.

C. **Connection on basis of Common Address / Phone Number/ E-mail**

i. Address, E-mail Id, Contact Numbers etc. of ex-director had been captured in UCC details of the Company and on the basis of same the connections have been established with the ex-director and/ or the company(ies) in whom he is currently a director or was director in the past.

ii. Further, in most of the cases UCC records have not been updated and same is the reason behind the capturing of address, e-mail Id, contact numbers etc. for the Noticee, which in-fact belongs to its ex-director. It may be noted that post resignation there had no connection with the ex-director and/or the company(ies) with which he was associated in present or in past.

iii. In several cases the address appearing in the UCC records is an old address and it seems that same have not been updated. Further, respective Noticee cannot comment on the UCC records of the other Noticees.

iv. Such connections on the basis of ex-directorship and ex-director contact details are erroneous in the nature and doesn't hold good. It is also submitted that the commonality of address, residence, telephone number or otherwise cannot be a decisive factor for establishing a connection among the Noticees.

D. **Off Market Transfers**

i. Transactions with Broker: Such transactions are furtherance to their regular trading and investment activity with his/its broker and therefore, no adverse inference can be drawn from the same. The Noticee had availed margin funding facility from the broker or broker related entity and transferred securities in lieu of the said transaction. Further, there is no allegation of synchronized trading between the Noticee and the broker (who is also the Noticee) and this connection has only been included in the investigation to create a bias towards the Noticees. Further, since this off-market transfer is in the normal course of business no negative inference can be drawn out of the same.

ii. Transactions for arranging finance: The entity was in the need of finance and other entity (who alleged to be connected) had arranged the private finance for it in lieu of the shares of the Company as collateral. However, the transaction arranging finance could not get materialised, hence the shares of the Company were reverted through off market transfer to it. The terms and conditions of arranging finance were entered into Memorandum of Understanding ("MOU) between it and other entity. Moreover, there are no alleged synchronized trades between them, hence, no negative inference can be drawn from the same.

iii. Transactions w.r.t. goods/ services supplied: The entity supplied goods/ services to other entity (who alleged to be connected) on credit basis and the entity was to make payment two months later. Therefore, to insure safety of funds, it asked for collateral from the Noticee and the shares of the Company have been provided as collateral in lieu of said transaction. The terms and conditions of said transaction were duly recorded in an MOU between it and other entity.

E. **Trades by the Noticees:**

i. Complete Trade log and Order Log for the entire investigation period in the scrip of the Company and the copy of investigation report had not been provided in this matter, therefore, making it difficult for the Noticees to chalk out the proper and complete picture of the trades executed by them.

ii. The Noticees transactions were on delivery basis and against consideration adhering to the payment and settlement norm of the stock exchange. The Noticees were intended to change the ownership by giving/ taking the delivery and no circular trading had been done by them.

iii. Trades executed by the Noticees as mentioned in the SCN, it is imperative to point out that the Noticees have traded in the scrip of the Company on the platform of both the exchanges i.e. BSE and NSE and the same is duly acknowledged in the SCN. However, the allegation in the SCN is only pertaining to the trading done by the Noticees on the platform of BSE, however, the trading done on the NSE is not treated as manipulative, whereas, in this regard it is clarified that the trading executed on both exchanges were executed simultaneously with the same intent.

iv. The allegation of manipulating the volume of any scrip cannot be levied on the Noticee only pertaining to a single exchange (BSE) when the trades were executed on both the exchanges simultaneously. The allegation that there was no change in the beneficial ownership of the shares cannot survive in such scenario.

v. Analysis of the trades of the Noticees as submitted by the Noticees are as follows:

   a. The Noticees have traded in less number of trading days than total trading days' period of 187 days during the investigation period.
   b. The Noticees individual trades are miniscule in terms of total trades of 6,40,138 during the investigation period. Further, their trade volumes in comparison to the total market volume are miniscule.
   c. The synchronized trades of the Noticees are miniscule in terms of their total trades and insignificant when compared to total volume during the investigation period. Further, the alleged synchronized with admittedly connected entities are insignificant to their total synchronized trades in the scrip of the Company during the investigation period.
   d. There is substantial time difference in placing of their order and matching of their order which ranges from 0 seconds to 6 hours (approximately) for respective Noticees during the investigation period and same is a wide range so as to allege synchronization.
   e. There is substantial price difference in the orders placed by the Noticees during the investigation period.
   f. The number of orders placed by the Noticees further breaks down into multiple trades, which implies that the orders of the Noticees were split to many more trades and if they would have had any intention of synchronization of trades, the orders would not have split into different trades.
   g. The SCN alleges synchronized trading by the Noticees with 23 other counterparties, however, the Noticees have actually traded with a lot more counterparties during the Investigation Period and same shows that a lot of the counterparties have been conveniently been left out of the allegations.

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

vii. It can also be seen in the analysis that the matching of the transactions of the Noticees with respective connected entities is a result of mere coincidence and does not involve any manipulative intent on the part of the Noticees. The Noticees submitted that the trades had been done with good faith, keeping *bona fide* interest in mind and devoid of any *mala fide* interest.

viii. The Noticees submitted that the no connection has been drawn between the Noticees and the counterparty to the alleged synchronized trades let alone any possibility of meeting of minds between them, so as to hatch any scheme involving any manipulative trading in the market. The synchronization of trades cannot be proved until connection is established between the parties.

ix. In relation to the alleged trades, it is submitted that there were transactions wherein the seller had entered the order first into the system and subsequently the Noticees had inserted the buy order in the system, and hence no adverse inference in relation to the same can be taken against the Noticees.

F. Submissions on Collusion:

i. The Noticees did not have any relation/connection with the entities/persons mentioned in the SCN or with any of the counter party to the trades except to who the connection is admitted in the submissions. It is further submitted that the trades by the Noticees were done in normal course devoid of any *mala fide* intentions and knowledge of any such alleged scheme as carved out in the SCN.

ii. The Noticees have no share market transactions with the promoters of the Company, nor is there any connection with any of the Directors/Promoters of the Company, in which the Noticees inadvertently executed synchronized trades with the counterparties.

iii. In furtherance, of a missing collusion between the entities and the Notice, the analysis of the trades will further show how baseless the allegations of creating a misleading appearance and synchronized trading are.

iv. To have a common connection, the Noticees should have common shareholding or directorship. The Noticees does not have common shareholding / directorship with alleged connected entities and its directors were not having shareholdings/ directorship in other companies during the investigation period apart from the connection admitted by the Noticees.

v. Following are the essential elements for alleging the charge of collusion:

   a. There should be an agreement among two or more than two people.
   b. The agreement should be secretive.
   c. The agreement should be made with an intent of doing something illegal such as defrauding or doing something for disadvantage of others or for something which is not permitted by law.

   Nothing of this sort, as is required in terms of the settled principles for alleging the charge of collusion, has been stated in the SCN against the Noticees.

G. **Other Submissions:**

i. The allegations against the Noticees are based on low preponderance of probabilities thus; the same is bad in law. Not even a single evidence has been placed on record to prove/show that the alleged group of suspected entities had any sought of common understanding for entering into such synchronized trades. It strengthens the fact that the alleged connections have been included just to create a bias against the Noticees.

ii. All the trades done in the scrip of the Company were genuine trading decisions. It is submitted that the Company is one of the leading e-governance Systems Integrators in India offering end to end services including hardware, software, and integration. It is also Asia's fastest variable data printing capability with an output of 2180 impressions per minute. With the projects it has completed, the Company has proven capabilities in handling large volumes of physical documents for digitisation and workflow automation. Therefore, during the investigation period, the person taking the trading decisions for the Noticee Company or the individual entity thought that the Company's share was good scrip to trade in and the matching of trades with the specific entities was merely incidental and nothing else.

iii. The charge of violation of PFUTP Regulations is a serious charge and there has to be strong evidence for the same. The decision to make any investment in any scrip or lend funds to anybody ultimately rests with the entities, which in this case took their own independent and professional decision and it did not have any role in such decisions. The findings in the said notice are entirely in the realm of conjecture and surmise, which are insufficient to sustain a charge of fraud and alleged artificial volume under the PFUTP Regulations.

iv. If any person/entity is alleged to have carried out fraudulent contributing to alleged creation of artificial volume, its counter party in such trades should also be alleged with the same. In the entire scheme of contributing to the volume, both the parties are to be alleged and if the allegation is only levelled on merely one trading party, such allegation does not hold any water. Further, no reasons for such specific inclusions and exclusions were given by SEBI in the SCN. Thus, it is humbly submitted that, such proceedings where only selected persons/entities are alleged are strictly against the principle of justice, equity and good conscious and thus is liable to be aside.

v. It is also to be noted that while examining the whole scheme your good self has failed to observe any motive or reason for such fraudulent trading, based on these observations a logical interpretation can be drawn that if the parties were acting as a group then their motive should have been the same and efforts would have been in such a manner in order to achieve the desired result. Now, if it is established that one member of the group is not having any intention and their conduct is legal and genuine then the whole premise or argument of entities acting as a group with illegal motive fails. In such a case it can be concluded that the alleged synchronization is merely a coincidence and nothing more.

vi. It has been accepted and affirmed by SEBI before the Joint Parliamentary Committee (JPC) on Stock Market Scam and matters relating thereto, 2001 which tabled its report in the Parliament in December, 2002, that:

> *"SEBI has also confirmed that in the screen based trading that is prevalent in the stock exchange now, the buyer or the broker will not be aware of the identity of the seller or the broker."*

vii. It is submitted that under the current market mechanism of screen based trading it is impossible to know the identity of the parties and further, it is highly improbable to intentionally match trades on the screen based platform.

H. Imposition of Penalty:

i. The findings do not lead to the conclusion that there has been disproportionate gain or unfair disadvantage by the Noticees, neither have complaints been filed at any Stock Exchange or SEBI in respect of the present case and the same has also not been alleged n the Notice nor the notice has ever been held guilty of the alleged default on the present case. It is submitted that the instances pointed in the SCN are isolated and hence, there is no question of repetitive nature of default.

ii. The allegation levied in the SCN does not corroborate with the corresponding evidence provided in the instant matter and needs to be quashed.

iii. Since no collusion has been established for the alleged synchronized trading and no evidence is given to support their allegations, mere surmises cannot lead to any penalty against the Noticee under Section 15 J of SEBI Act.

10.2 Noticees Specific Submissions on Connection is as follows:

Table 9

Name of the Entitiy	Reply/ Additional Written Submission dates
Cyber Netix Automation P Ltd.	Cyber Netix, Cybernetix, Sameena and Aachman are group companies and Mr. Mahendra Singh Gaur and Mr. Radheshyam Thanvi are common directors in group companies. Mr. Mahendra was director in Ashtvakra IT Solutions in past and he resigned on 10.03.2017. It specifically denies connection with other entities and Abhirati, Mr. Vinod Bohra and Mr. Nirmal Bohra. Mr. Rajeev Sharma was ex-director and resigned from directorship on 31.03.2017. Mr. Vinod Bohra was ex-director and resigned from directorship on 01.09.2010. Mr. Vimal Bohra was ex-director and resigned from directorship on 05.07.2011. Arch Finance is its broker and handling its trading and demat account and off-mkt. transfers with it are in regular course of investment activity.
Cybernetix Automation Pvt. Ltd.	Cyber Netix, Cybernetix, Sameena and Aachman are group companies and Mr. Mahendra and Mr. Radheshyam Thanvi are common directors in group companies. Mr. Mahendra was director in Ashtvakra IT Solutions in past and he resigned on 10.03.2017. It specifically denies connection with other entities and Abhirati, Mr. Vinod Bohra and Mr. Nirmal Bohra. Mr. Rajeev Sharma was ex-director and resigned from directorship on 31.03.2017. Mr. Vinod Bohra was ex-director and resigned from directorship on 01.09.2010. Mr. Vimal Bohra was ex-director and resigned from directorship on 05.07.2011. Arch Finance is its broker and handling its trading and demat account and off-mkt. transfers with it are in regular course of investment activity.
Odathi Trading Private Limited	Mr. Ashok Gautam and Mr. Ranjan Gocher are common directors of group companies – Odathi, Ashtvakra, Ashtvakra IT Solutions and Prahlad. The contact details in KYC documents for its group companies belong to its common directors. Mr. Ashok Gautam was earlier director in Prayer Tech (25.02.2011 – 25.06.2011) and Mahavishal (01.08.2012 – 08.02.2013). Common

	Address belongs to group company Prahlad. Mr. Nirmal Bohra might have common address prior to investigation period. It is not connected with any other entity apart from mentioned one.
Bluepearl Trading Company Private Limited	Mr. Sunil Arya was ex-director and he resigned in 2010 and his detail is captured in KCC documents. Other UCC details does belongs to it or belongs to one of its directors who might have used the same for account opening purpose or was its old address. Mr. Ramchandra Housila is director of the Company and he is not a Noticee in the instant matter.
Newtree Trading Company Private Limited	Mr. Sunil Arya is current Director. Mr. Sunil Arya previously a director in Bluepearl (till 29.07.2010), Seahorse (10.09.2010) and Highpoint (06.09.2008). Currently, the registered address for the Noticee is : 407, A Wing, Bhaveshwar Arcade Premises Co. Op. Soc. Ltd, LBS Marg, Ghatkopar (W), Mumbai – 400086, which is changed in 2017.
Kautik Properties Pvt. Ltd.	Mr. Vinod Bohra is director in Kautik. The common contact number in UCC belongs to Mr. Vinod Bohra who submitted the same to exchanges for regulatory compliance. Mr. Vinod Bohra appointed as director of Vakrangee Infraprojects, Vakrangee Energy Pvt. Ltd. and NJD Biotech on March 01, 2017 i.e. post investigation period. He was ex-director in Cybernetix (30.09.2003 – 01.09.2010), Ashtvakra (01.01.2010 – 15.01.2011) and Mahavishal (12.06.2009 – 30.01.2013). Mr. Nirmal Bohra was ex-director from 19.10.2012 – 30.01.2013. Mr. Nirmal Bohra is director in various other companies and was ex-director in Mahavishal, however, it is not connected to any of the mentioned entities.
Mahavishal Printing Solutions Private Limited	Common address with Odathi, Ashtvakra and Mr. Nirmal Bohra is its old address of shared premise and same has been changed on 26.06.2017. Mr. Nirmal Bohra ceased to be its director in 02.08.2012. Mr. Ashok Gautam ceased to be its director in 08.02.2013. Mr. Vimal Bohra ceased to be its director in 08.08.2012. Mr. Vishal Chalia ceased to be its director in 12.01.2010. Therefore, common address and common director in past is too obscure and far-fetched to conclude that the entities came together to manipulate the scrip of Vakrangee.
Prayer Tech-Solutions Private Limited	Mr. Ashok Gautam was earlier director in Prayer Tech (25.02.2011 – 25.06.2011) and Mahavishal (01.08.2012 – 08.02.2013). Mr. Vishal Chalia was director in it till 2017.
Ashtvakra Properties Private Limited	Mr. Ashok Gautam and Mr. RanjanGocher are common directors of group companies –Odathi, Ashtvakra, Ashtvakra IT Solutions and Prahlad. The contact details in KYC documents for its group companies belong to its common directors. Mr. Ashok Gautam was earlier director in Prayer Tech (25.02.2011 – 25.06.2011) and Mahavishal (01.08.2012 – 08.02.2013). Common Address belongs to group company Prahlad. Mr. Vinod Bohra was ex-director in itfrom 01.01.2011 – 15.01.2011. It is not connected with any other entity apart from mentioned one.
Abhirati Trading Private Ltd	Mr. Nirmal Bohra and Mr. Rajeev Sharma are common directors in Abhirati, Sehej, Hetanshi and Jestha Properties, which are group companies. Mr. Nirmal was ex-director in Mahavishal (12.01.2010 – 02.08.2012) and Kautik (19.10.2012 – 30.01.2013). Mr. Vimal Bohra was director in it till 04.10.2010.
Seahorse Mercantile Company Pvt Ltd	Mr. Vishal Chalia is director of Seahorse. He was director in Prayer Tech from 22.07.2015 to 15.03.2017 and in Mahavishal from 06.09.2006 to 12.01.2010. Common Address with Seahorse is due to him being a director and same details are captured in UCC and the address has been changed in 2014. Mr. Sunil Arya was director in it from 30.09.2005 – 10.09.2010. Mr. Sunil Arya

	was also director in Newtree and was director in Highpoint (30.09.2005 – 06.09.2008) and Bluepearl (30.090.2005 – 29.07.2010). Trades with Mr. Sunil are independent of each other. With regard to common e-mail/ address, Mr. Sunil had provided his contact details for KYC documents and same has not been updated in UCC details. Off-mkt transaction with its broker Arch is in regular course of the investment activity. It denies connection with other entities.
Aachman Consultancy Private Limited	Cyber Netix, Cybernetix, Sameena and Aachman are group companies and Mr. Mahendra Singh Gaur and Mr. Radheshyam Thanvi are common directors in group companies. Mr. Mahendra was director in Ashtvakra IT Solutions in past and he resigned on 10.03.2017. It specifically denies connection with other entities and Abhirati, Mr. Vinod Bohra and Mr. Nirmal Bohra. Mr. Rajeev Sharma was ex-director and resigned from directorship on 31.03.2017. Mr. Vinod Bohra was ex-director and resigned from directorship on 01.09.2010. Mr. Vimal Bohra was ex-director and resigned from directorship on 05.07.2011. Arch Finance is its broker and handling its trading and demat account and off-mkt. transfers with it are in regular course of investment activity.
Sameena Multitrade Private Limited	Cyber Netix, Cybernetix, Sameena and Aachman are group companies and Mr. Mahendra Singh Gaur and Mr. Radheshyam Thanvi are common directors in group companies. Mr. Mahendra was director in Ashtvakra IT Solutions in past and he resigned on 10.03.2017. It specifically denies connection with other entities and Abhirati, Mr. Vinod Bohra and Mr. Nirmal Bohra. Mr. Rajeev Sharma was ex-director and resigned from directorship on 31.03.2017. Mr. Vinod Bohra was ex-director and resigned from directorship on 01.09.2010. Mr. Vimal Bohra was ex-director and resigned from directorship on 05.07.2011. Arch Finance is its broker and handling its trading and demat account and off-mkt. transfers with it are in regular course of investment activity.
Mr. Sunil Mohan Arya	He is currently director of Newtree. He was previously a director in Bluepearl (till 29.07.2010), Seahorse (10.09.2010) and Highpoint (06.09.2008). Contact No. 9967773153 is his old number, no longer in use and same has been wrongly capture under Mr. Nirmal Bohra's name. He has used e-mail id in KYC details wherein he was earlier director and same has been captured in UCC record of those companies. Common Address with Seahorse is due to shared office space of Seahorse wherein he was director and UCC record had not been updated. Mr. Ashish Sharma is an acquaintance to him through a business connection and off-mkt. transaction was for private finance.
Mr. Vinod Kumar Bohra	He is director in Kautik. The common contact number in UCC belongs to him, who he submitted to exchanges for regulatory compliance. Other common address, contact details are due to his earlier directorship in the respective companies. Common address shown with Mr. Mahendra Singh Gaur is erroneously captured, as his flat no. is B-404 and flat no. B-304 belongs to Mr. Mahendra Singh Gaur. He was appointed as director of Vakrangee Infraprojects, Vakrangee Energy Pvt. Ltd. and NJD Biotech on March 01, 2017 i.e. post investigation period. He was ex-director in Cybernetix (30.09.2003 – 01.09.2010), Ashtvakra (01.01.2010 – 15.01.2011) and Mahavishal (12.06.2009 – 30.01.2013). Mr. Nirmal Bohra was ex-director from 19.10.2012 – 30.01.2013 in Newtree. Mr. Nirmal Bohra is director in various

	other companies and was ex-director in Mahavishal, however, it is not connected to any of the mentioned entities.
Mr. Ashok Kumar Gautam	He and Mr. Ranjan Gocher are common directors of group companies - Odathi and Ashtvakra. He has given his contact details in KYC documents for its group companies wherein it is common directors. He was earlier director in Prayer Tech (25.02.2011 – 25.06.2011) and Mahavishal (01.08.2012 – 08.02.2013). He is not connected with any other entity apart from mentioned one.
Mr. Mahendra Singh Amar Singh Gaur	Cyber Netix, Cybernetix, Sameena and Aachman are group companies and he and Mr. Radheshyam Thanvi are common directors in group companies. He was director in Ashtvakra IT Solutions in past and he resigned on 10.03.2017. He specifically denies connection with other entities.
Mr. Nirmal Laxminarayan Bohra	He is common director in Abhirati, Sehej, Hetanshi and Jestha Properties, which are group companies. He was ex-director in Mahavishal (12.01.2010 – 02.08.2012) and Kautik (19.10.2012 – 30.01.2013).
Mr. Ranjan Ramdas Gocher	He and Mr. Ashok Gautam are common directors of group companies – Odathi, Ashtvakra Properties and Ashtvakra IT Solutions. He denies connection with other entities.
Mr. Vishal Chalia	He is director of Seahorse. He was director in Prayer Tech from 22.07.2015 to 15.03.2017 and in Mahavishal from 06.09.2006 to 12.01.2010. Common Address with Seahorse is due to him being a director and same details are captured in UCC and the address has been changed in 2014. He specifically denies connection with other entities.
Mr. Ram Babu Vijay	He is being showed connected to Mrs. Madhu Vijay, who is his wife. He is not connected to promoters of the Company or any other Noticee. No other connection has been referred in the SCN and Mrs. Madhu Vijay is also not a Noticee in the instant matter. His 2 trades with one of Noticee foe 912 shares have been alleged to be part of synchronized trades.
Abhilasha Money Operations Private Limited	It did not have any relation/connection with the entities/persons mentioned in the SCN or with any of the counter party to the trades. Noticee does not have any connection or share market transaction with the entities mentioned in the SCN in regards to the alleged trade. Connection alleged on the basis of single trade with one of the Noticee.
Highpoint Trading Company Private Limited	Mr. Vimal Bohra is a director of the Company since 2011. He was director in the Abhirati (01.01.2010 – 04.10.2010) and in Cybernetix (30.09.2003 – 05.07.2011). Mr. Sunil Arya ceased to be director from 06.09.2008. It had a trading and demat account with Hem Securities Pvt. Ltd.
Sehej Multitrade Private Limited	Mr. Nirmal Bohra is common director in Abhirati, Sehej, Hetanshi and Jestha Properties, which are group companies. He was ex-director in Mahavishal (12.01.2010 – 02.08.2012) and Kautik (19.10.2012 – 30.01.2013).

11. I have considered the allegations levelled against the Noticees, the replies/submissions received from the Noticees during instant proceedings and the relevant material available on record. The Noticees have raised some technical objections and therefore, before dealing the case on merit basis, I would first deal with several preliminary technical/legal contentions raised by the Noticees as under: -

a. **Delay in issuance of SCN**

i. The first contention is that there is long and unexplained delay in the initiation of proceedings. SCN was issued in year 2019 and the alleged nefarious committed in securities market in year 2015-2016, i.e., after a lapse of nearly more three years from the date of execution of the instant trades. In this regard, I note that a reference was received with regard to alleged manipulative trades in the scrip of the Company on July 29, 2015 and thereafter an examination was carried out by the Surveillance Department of SEBI. On the basis of observations of Surveillance Department, the matter has been transferred to Investigation Department for detailed investigation on November 17, 2015. Thereafter, an extensive investigation was carried out by SEBI. The said investigation included various entities and detailed analysis carried out of their trades, their KYC details, their fund transactions, off-market trades, their directorships etc. and finding connection amongst them. Further, investigation revealed a *prima facie* synchronization of trades in the scrip of the Company, where the connected entities executed substantial synchronized trades of market volume during the investigation period and had created a misleading appearance of trading in the scrip without any intention of change in ownership of the security, by entering into synchronized trades. Investigation was concluded on October 22, 2018 and the action was approved by the Competent Authority on December 11, 2018. The Adjudicating Officer in the matter appointed on December 11, 2018 and file has been received on December 21, 2018. Thereafter, the SCN was issued by erstwhile AO on January 29, 2019. In this regard, I note that, initiating a proceeding under the appropriate provisions of SEBI Act is a regulatory prerogative of SEBI depending upon the outcome of the fact finding exercise, which is the investigation done in this case, and just because the alleged violation was committed in a distant past cannot be a ground to vitiate initiation of these proceedings. Moreover, in this case the SCN makes a serious allegation of fraud under the PFUTP Regulations on ground of artificial trades. I am also of a view that, Hon'ble SAT in past has held that the reasonable period would depend on the facts and circumstances of each case and that no hard and fast rule can be laid down in this regard. I am of the view that present proceedings do not suffer from any infirmity on the ground of delay. I, therefore, hold that there is no protracted delay as contended and hence, the contention of the Noticees in this regard is rejected.

ii. The Noticees have placed reliance upon various judgments of Hon'ble SAT on the question of delay. In this regard, I note that there is no provision in the SEBI Act which lays down any limitation period for initiating any proceedings/ action under the SEBI

Act. Therefore, citing such arguments is flawed in itself. For establishing the delay, if any, in the matter, the date when the violation came to the notice of the SEBI would be the relevant point and not the date of violation. Whether a delay in a particular case is justified or not depends on the facts and circumstances of each case. I have perused the judgments pronounced by the Hon'ble SAT in *Subhkam Securities Private Limited Vs. SEBI* (Appeal no. 73 of 2012 decided on July 25, 2012), *Khandwala Securities vs. SEBI* dated 07.09.2012 in Appeal no. 19 of 2012 (SAT) and *HB Stockholdings Ltd. Vs. SEBI* (Appeal no. 112 of 2013 decided on August 08, 2013) and note that the decisions in these judgments, also endorses to the legal position regarding the delay, as stated above. In fact, in *HB Stock Holding's case* (*supra*), the Hon'ble SAT held that "*delay is not fatal in each and every case*". Further, in the case of *Ravi Mohan & Ors. Vs. SEBI (SAT Appeal No. 97 of 2014 decided on 16.12.2015)*, Hon'ble SAT while referring to its own decision in *HB Stock Holdings case* (*supra*) and decision of Hon'ble Supreme Court in the matter of *Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C.),* held as follows:

> *"...Based on decision of this Tribunal in case of HB Stockholdings Ltd. vs. SEBI (Appeal no. 114 of 2012 decided on 27.08.2013) it is contended on behalf of the appellants that in view of the delay of more than 8 years in issuing the show cause notice, the impugned order is liable to be quashed and set aside. There is no merit in this contention, because, this Tribunal while setting aside the decision of SEBI on merits has clearly held in para 20 of the order, that delay itself may not be fatal in each and every case. Moreover, the Apex Court in case of Collector of Central Excise, New Delhi vs. Bhagsons Paint Industry (India) reported in 2003 (158) ELT 129 (S.C) has held that if there no statutory bar for adjudicating the matter beyond a particular date, the Tribunal cannot set aside the adjudication order merely on the ground that the adjudication order is passed after a lapse of several years from the date of issuing notice……"*

iii. I also note that, the Supreme Court recently in the case of Adjudicating Officer, *SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294* held that where the period of limitation is not prescribed, such power must be exercised within a reasonable time and what would be reasonable time, would depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third-party rights had been created etc.

b. **<u>Non furnishing of Documents/ Documentary Evidence</u>**

i. The Noticees have raised an issue relating to non-furnishing of certain documents such as the complete copy of Investigation Report, complete Order and Trade Log for the

trades executed in all the scrips during Investigation Period by the Noticees. They further contended that no documentary evidence provided to them regarding allegation of connection with other Noticees. There is no basis/ material provided to them with SCNs to prove the allegations and therefore, the documents provided by the SEBI do not clearly establish the allegations. In this regard, I note that all the documents relied upon in the SCN has been provided to the Noticees in the instant matter. The documents provided to the Noticees along with SCN includes – *the Unique Client Code (UCC) related KYC details shared by the exchanges, the fund transactions details of several Noticees, the off-market transactions details of the Noticees, etc. as Annexure A; details of their synchronized trades for the four months i.e. January, February, March and September of year 2015 as Annexure B; and the relevant extracts of trade log in respect of the said synchronized trades by the 24 suspected entities at BSE is enclosed as Annexure C.* Further, vide letter dated May 31, 2019, the erstwhile AO informed the Noticees that the copies of the relied upon documents in the instant proceedings have been already provided to them along with the SCN and no additional documents are considered and relied upon in the matter and thus, denied the request for additional documents. Therefore, the request of the Noticees in this regard is not tenable. In this regard, reference may be made to the order dated February 12, 2020 passed by Hon'ble SAT in Appeal (L) No. 28 of 2020 – *Shruti Vora Vs. SEBI*, wherein it was observed as under:

> *"In the light of the aforesaid, we are of the opinion that concept of fairness and principles of natural justice are in-built in Rule 4 of the Rules of 1995 and that the AO is required to supply the documents relied upon while serving the show cause notice. This is essential for the person to file an efficacious reply in his defence."*

ii. The aforesaid observations made in Shruti Vora's case has been reiterated with confirmation by Hon'ble SAT in its order dated July 17, 2020 passed in *Anant R Sathe Vs. SEBI* wherein it was observed as under:

> *"…….8. The said principle elucidated in Shruti Vora's judgement is squarely applicable in the instant case. The authority is required to supply the documents that they rely upon while serving the show cause notice which in the instant case has been done and which is sufficient for the purpose of filing an efficacious reply in his defence……"*

12. I have perused the judgments of Hon'ble Supreme Court in the matter of *Seth Gulabchand vs. Seth Kudilal* (AIR 1966 SC 1734), *Sea Customs Act and Land Customs Act*(*Ambalal vs. Union of India*AIR 1961 SC 264); *Razikram vs. J.S. Chauhan* - AIR 1975 SC 667: (1975) 4 SCC 769); *Mousam Singha Roy v. State of West Bengal* (2003) 72 ScC 377 and *Naraindas N Punjabi* (1976)

1SCC354: AIR1976SC373 relied upon by the Noticees on test of evidence and I am of a view that the relied upon documents in the instant proceedings have been provided to the Noticees along with the SCN and these documentary evidence are the relied upon in these proceedings. Therefore, I reject such contentions of the Noticees.

13. I now proceed to deal with the merits of the case. In this case, the allegations against the Noticees are that:

a. they are part of a group of 24 entities, which are connected to each other; and

b. being connected entities, they have traded in the scrip of the Company and have created a misleading appearance of trading in the scrip without any intention of change in ownership of the security, by entering into synchronized trades at the relevant times.

Accordingly, there are two facets of the charge in the matter before me i.e. firstly these 24 Noticees are connected entities and secondly, through their synchronised trades, these Noticees have created misleading appearance of trading in the scrip of the Company. Therefore, before further proceeding with the facts of the case, I will deal with the issue of connection among these 24 Noticees and thereafter, deal with the issue of their synchronized trades.

14. In the instant proceedings, charge of connection among these 24 Noticees are based upon – common address, common contact number, common e-mail id, common directorship, shareholding in private limited companies, fund transactions, off market transfers, etc. After perusing the available records and contentions raised by the Noticees regarding connection, I have considered following parameters for establishing connection among the Noticees and I note that these connections are specific to this case only and will not squarely applicable to any other case:

a. If the Noticees are part of Group Company, they are considered connected entities.
b. If the Noticees have common director during the relevant investigation period, they are considered connected entities.
c. If the Noticee has frequent and repeated fund transactions with other Noticee(s), even prior to investigation period, they are considered connected entities.
d. If the Noticee has off-market transfer of shares of the Company with other Noticee(s) and also have synchronized trades with same Noticee(s), they are considered connected entities.

15. On the basis of aforementioned parameters, I note that:

a. Cyber Netix (Noticee No. 1), Cybernetix (Noticee No. 2), Aachman (Noticee No. 12) and Sameena (Noticee No. 13) are group companies and Mr. Mahendra (Noticee No. 17) is common Director of these companies. Mr. Mahendra (Noticee No. 17) was also director in Ashtvakra IT solutions, a group company of Ashtvakra Group, during relevant time and therefore, he is found to be connected to Ashtvakra (Noticee No. 9).

b. Odathi (Noticee No. 3), Ashtvakra (Noticee No. 9) and Ashtvakra IT solutions are group companies and Mr. Ashok Gautam (Noticee No. 16) and Mr. Ranjan Gocher (Noticee No. 19) are common Directors of these companies.

c. Mr. Sunil Arya (Noticee No. 14) is a director of Newtree (Noticee No. 5).

d. Mr. Vinod Bohra (Noticee No. 15) is a director of Kautik (Noticee No. 6).

e. Mr. Vishal Chalia (Noticee No. 20) is a director of Seahorse (Noticee No. 11). He was also a director of Prayertech (Noticee No. 8) during relevant time.

f. Abhirati (Noticee No. 10) and Sehej (Noticee No. 24) are group companies and Mr. Nirmal Bohra (Noticee No. 18) and Mr. Rajeev Sharma are common Directors of these companies. Mr. Rajeev Sharma was also a director in Cybernetix (Noticee No. 2) during relevant time.

g. Kautik (Noticee No. 6) has off-market transaction with Cybernetix (Noticee No. 2) and on-market transactions with Abhirati (Noticee No. 10), Ashtvakra (Noticee No. 9) and Mr. Ashok Gautam (Noticee No. 16). Further, director of Kautik, Mr. Vinod Bohra (Noticee No. 15) also has on-market synchrinised transactions with Cybernetix (Noticee No. 2), Abhirati (Noticee No. 10), Aachman (Noticee No. 12), Newtree (Noticee No. 5), Mr. Ranjan Gocher (Noticee No. 19) and Mr. Sunil Arya (Noticee No. 14).

h. With regard to aforementioned off-market transactions in sub-para (g) between the aforementioned Noticees, the Noticees submitted that these off-market transactions were either for arranging finance of for purchase and sale of goods, wherein the shares of the Company have been placed as "security/ collateral" and returned back later on. In support of the same the Noticees have provided copies of the Memorandum of Understanding ("MoU") executed between/ among them. I have perused the aforesaid MoU and I note that the said MoU are neither registered nor notarized or not even executed on a stamp paper or on respective Company letter heads, instead these MoU are prepared on plain paper. Further, these Noticees have not provided any other supporting documents in

support of their claim i.e. sale/ purchase bills, invoices, delivery challans, finance related fund transaction details etc. In absence of any supporting documents, I am of a view that the Noticees failed to substantiate their claims regarding the justification for their off-market transactions.

i. I further note that off-market transactions are possible only amongst known parties, who are aware of holdings and willing to buy/ sell the particular securities outside the exchange and also knows about worthiness of parties, as it involves counter party risk and these trades are not settled through clearing corporation of a stock exchange, nor there is any benefit of settlement guarantee fund of stock exchange in case of default by the counter party. Since off-market transfers do not take place on the anonymous platform of the exchange, it is understood that the parties know each other and also know that the seller is holding shares of particular scrip say the Company and willing to sell and the buyer is willing to buy and are required to negotiate the quantity and price to come to an understanding among themselves to carry out off-market trades. Therefore, it further implies that the parties were known to/ connected with each other.

j. The Noticees Authorised Representatives during the hearing have placed reliance upon the judgments of Hon'ble SAT in the matter of *Rajendra G. Parikh vs SEBI* (Appeal no. 44 of 2009 decided by this Tribunal on January 1, 2010) on connection on the basis of off-market transactions. I have perused the said judgment, wherein Hon'ble SAT has held that off-market transactions are *per se* not illegal and there should be other supporting material apart from off-market transactions to substantiate the charge of fraudulent act. In this regard, I note that in this case the Noticees have not been found connected only on the basis of off-market transactions, but there is other supporting evidence such as – their on-market synchronized trades in the scrip of the Company, their fund transactions with other Noticees, their directorship, etc. I also note that in the recent judgment of the Hon'ble SAT in the matter of *Kaushik Rajnikant Mehta vs SEBI* (Appeal No. 378 of 2020) decided on January 07, 2021, the Hon'ble SAT held that "*we find that the appellant made an off-market transaction with Vipul Hiralal Shah who is one of the entities of the Walmiki Shah Group and therefore the finding that the appellant is connected with Walmiki Shah Group does not suffer from any error*". Considering the aforesaid factum and judgment, I am of a view that the Noticees reliance on judgment of *Rajendra G. Parikh (Supra)* is out of place and is of no help to the Noticees.

k. To analyse fund Transactions among the following Noticees during 01/01/2013 – 30/06/2014 i.e. prior to investigation period, I have perused Annexure A of the SCN and following is observed:

Table 10: Fund Transactions

S.No.	Noticee Name & Account Number	Number of Fund Transactions with other Noticees
1	Cybernetix (Noticee No. 2) - 0592232000003	349 fund transactions with Highpoint (Noticee No. 23). 192 fund transactions with Bluepearl (Noticee No. 4). 125 fund transactions with Vinod Bohra (Noticee No. 15). 70 fund transactions with Sameena (Noticee No. 13). 49 fund transactions with Mr. Mahendra (Noticee No. 17). 36 fund transactions with Ashtvakra (Noticee No. 9). 12 fund transactions with Aachman (Noticee No. 12). 10 fund transactions with Newtree (Noticee No. 5).
2	Bluepearl (Noticee No. 4) - 05922320000094	125 fund transactions with Cybernetix (Noticee No. 2). 42 fund transactions with Newtree (Noticee No. 5). 25 fund transactions with Highpoint (Noticee No. 23). 13 fund transactions with Seahorse (Noticee No. 11). 6 fund transactions with Prayertech (Noticee No. 8).
3	Newtree (Noticee No. 5) - 05922320000077	101 fund transactions with Ashtvakra (Noticee No. 9). 82 fund transactions with Highpoint (Noticee No. 23). 35 fund transactions with Bluepearl (Noticee No. 4). 11 fund transactions with Mr. Sunil Arya (Noticee No. 14). 7 fund transactions with Cybernetix (Noticee No. 2). 5 fund transactions with Seahorse (Noticee No. 11).
4	Mahavishal (Noticee No. 7) - 315501010050821	9 fund transactions with Abhirathi (Noticee No. 10). 4 fund transactions with Mr. Vishal Chalia (Noticee No. 20). 2 fund transactions with Kautik (Noticee No. 6). 2 fund transactions with Highpoint (Noticee No. 23).

5	Prayertech (Noticee No. 8) - 05922560005276	70 fund transactions with Highpoint (Noticee No. 23). 138 fund transactions with Bluepearl (Noticee No. 4).
6	Abhirathi (Noticee No. 10) - 315501010050816	39 fund transactions with Highpoint (Noticee No. 23). 10 fund transactions with Mr. Nirmal Bohra (Noticee No. 18). 8 fund transactions with Mahavishal (Noticee No. 7). 1 fund transactions with Kautik of Rs 1 Crore (Noticee No. 6).
7	Seahorse (Noticee No. 11) - 05922000007265	35 fund transactions with Highpoint (Noticee No. 23). 13 fund transactions with Bluepearl (Noticee No. 4). 4 fund transactions with Newtree (Noticee No. 5). 3 fund transactions with Cybernetix (Noticee No. 2).
8	Highpoint (Noticee No. 23) - 05922320000102	328 fund transactions with Cybernetix (Noticee No. 2). 97 fund transactions with Abhirathi (Noticee No. 10). 86 fund transactions with Newtree (Noticee No. 5). 72 fund transactions with Prayertech (Noticee No. 8). 59 fund transactions with Seahorse (Noticee No. 11). 38 fund transactions with Mahavishal (Noticee No. 7). 25 fund transactions with Bluepearl (Noticee No. 4). 25 fund transactions with Mr. Nirmal Bohra (Noticee No. 18).

l. From the aforesaid fund transactions details, I found that the aforesaid Noticees were transacting on frequent basis and have substantial financial interest involved among them. I also found that Noticees No. 2, 4, 5, 8, 11 and 23 have bank account with HDFC Bank and all these accounts have been opened in same branch i.e. Branch Code: 0592 – Mumbai Marol Branch. Similarly, Noticees No. 7 and 10 have bank account with Union Bank of India, Andheri (East) Branch. I further note that the aforesaid Noticees in their replies/ submissions have not provided any clarification w.r.t. aforesaid fund transactions.

16. In view of the above, I found Noticees No. 1 – 20, 23 and 24 connected with each other on the basis of aforesaid parameters and findings based on common group companies, directorships, fund transactions, off-market trades, common address, common contact number, common e-mail id, etc. I further note that, connection of Noticee No. 21 has been

shown with her wife Mrs. Madhu Vijay and Mrs. Madhu is not a Noticee in the instant proceedings. Also, only 2 trades of the Noticee No. 21 for 912 shares of the Company have been alleged to be synchronized. Therefore, in a background where no connection with other Noticees and insignificant trades in the scrip of the Company, I am of a view that Noticee No. 21 do not qualify to be part of suspected group and is therefore not a connected entity. With regard to Noticee No. 22, I note that Noticee No. 22 has not been found connected to other Noticees and its sole trade of 92,340 shares of the Company have been alleged to be synchronized. In such a background, I am of a view that Noticee No. 22 is not a part of suspected group and is not a connected entity. Noticees No. 1 – 20, 23 and 24 are found to be connected entities and therefore, their trades in the scrip of the Company during the investigation period have to be analysed in the aforesaid background.

17. After dealing with the issue of connection, the second facet of the charge i.e. synchronized trades in the scrip of the Company have to be dealt with. In this regard, I note that following are the basic ingredients of a "synchronized trade":

    a. buy and sell order quantity are identical;
    b. buy and sell order rate are identical; and
    c. orders placed within time gap of one minute.

18. Insofar as issue of synchronisation of trades is concerned, I note that mere synchronisation of trades *per se* is not illegal. To elaborate, all trades executed on the stock exchange platform are the result of synchronisation that emerged between buyer and seller of scrip, at a particular price point. However, in the genuine trades, such synchronisation emerges from the market mechanism and its underlying principle of demand and supply. For example, a person wants to sell 1000 shares of Company ABC, which the other person wants to buy. In case the orders of the aforesaid two people, match on the exchange platform on price-time priority, they will be exchanging the shares/money, through the established mechanism. However, there have been notable instances which have triggered regulatory actions, where a group of persons, who are connected to a common thread by various factors like common directorship, group companies, fund transactions, common address, contact numbers, e-mail ids etc., deliberately and repeatedly synchronise their trades, by using the market platform. The vested interest of such persons can carry any shade of manipulation like to increase the volume, to maintain trading every day, to increase the price, to circulate same set of shares within a limited group and indicate trading to general public.

19. In view of above, synchronised trade will be considered in violation of the Regulations framed under SEBI Act, if the said trade is executed between connected entities, with a view to manipulate the securities market or if it is dubious in nature and is executed with a view to

avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. Any transaction executed with the purpose to defeat the market mechanism would be considered illegal. Therefore, all the trades which match within a closed group of interconnected persons, as found in this case need to be examined in the backdrop of other factors like liquidity, connection between the persons, frequency of matching of trades and their overall impact. It would be only the attending circumstances, based on which a reasonable inference can be culled out.

20. In view of above discussion on synchronized trades, I note from Table 3 that 7.40% trades of total market volume in the scrip of the Company were synchronized by these 24 Noticees on BSE during the investigation period. Since, Noticees No. 21 and 22 are not found to be connected with other Noticees, their trades have been excluded in analysis or discussion hereinafter. The synchronized trades for Noticees No. 1-20, 23 and 24 comes to 7.31% of total market volume in the scrip of the Company during the investigation period from 01/01/2015 to 30/09/2015. Further, from Table 4, it is observed that the traded volume contributed by the Noticees No. 1-20, 23 and 24 during the investigation period is in excess of 50% of the market volume in the scrip of the Company. The investigation period has been further divided into 9 months or patches and on the basis of same it is found that during the patches - January 2015, February 2015, March 2015 and September 2015, the contribution by the Noticees No. 1-20, 23 and 24 towards market volume is above 50% and the synchronized trades by these Noticees is more than 10% of the market volume. For the period January 2015 to March 2015, the synchronized trades as a percentage of market volume is between the range 12.39% - 22.05%. Additionally, for the patch - September 2015, the synchronized trades as a percentage of market volume is 10.33%.

21. I have noted following from the synchronized trades of Noticees No. 1-20, 23 and 24 on both buy and sell sides for January 2015, February 2015, March 2015 and September 2015 patches of the investigation period:

Table 11

Name of Entity	Buyer				Seller			
	Trades	**Sync Quantity**	**Sync. Vol. in particular month to Mkt. Vol. of Month**	**Sync. Vol. to Mkt. Vol. of 4 Months**	**Trades**	**Sync Quantity**	**Sync. Vol. in particular month to Mkt. Vol. of Month**	**Sync. Vol. to Mkt. Vol. of 4 Months**
Cyber Netix Automation P Ltd.	6	48140	0.82	0.15	10	116227	1.95	0.35
Cybernetix Automation	2	123719	2.1	0.37	5	63688	0.56	0.19
Odathi	15	253170	3.13	0.76	11	305221	3.45	0.92

Bluepearl Trading Company Private Limited	41	1519182	17.47	4.58	17	413850	4.77	1.25
Newtree Trading Company Private Limited	26	217932	2.37	0.66	14	414242	4.52	1.25
Kautik Properties Private Limited	7	140787	1.84	0.42	14	536512	5.55	1.62
Mahavishal Printing Solutions Private Limited	1	24718	0.25	0.07	2	32331	0.32	0.10
Prayer Tech-Solutions Private Limited	1	200000	2	0.60	0	0	0.00	0.00
Ashtvakra	39	639737	6.74	1.93	8	171366	2.29	0.52
Abhirati	24	240540	2.92	0.73	20	673929	6.54	2.03
Seahorse Mercantile Company Pvt Ltd	7	275445	2.67	0.83	3	88635	0.78	0.27
Aachman	10	64825	0.78	0.20	2	30000	0.27	0.09
Sameena	167	375188	5.48	1.13	94	270192	4.06	0.82
Sunil Mohan Arya	0	0	0	0.00	51	424943	4.50	1.28
Vinod Kumar Bohra	7	256747	2.49	0.77	6	263006	3.82	0.79
Ashok Gautam	3	39570	0.67	0.12	10	109430	1.32	0.33
Mahendra	95	317628	4.48	0.96	167	375188	5.48	1.13
Nirmal Bohra	1	706	0.01	0.00	5	346856	4.54	1.05
RanjanGocher	7	148845	2.51	0.45	8	69401	1.18	0.21
Vishal Chalia	0	0	0	0.00	8	151190	2.56	0.46
Highpoint Trading Company Pvt. Ltd	0	0	0	0.00	3	23896	0.21	0.07
Sehej	0	0	0	0.00	1	6776	0.06	0.02
Total	**459**	**4886879**	**58.73**	**14.74**	**459**	**4886879**	**58.73**	**14.74**

22. In view of above, it is noted that these Noticees have contributed significantly towards synchronized trades in the aforementioned 4 months of the investigation period i.e. 14.74% of the market volume of the scrip of the Company for said 4 months of the investigation period. The contribution by each of the aforesaid Noticees ranges from 0.06% - 6.54%. I further note that the scrip of the Company was "liquid scrip" during the relevant period and synchronizing in such "liquid scrip" requires a higher degree of precision and meticulousness. Executing trades with such a precision in "liquid scrip", so that it gets repeatedly, synchronized requires a close coordination among the trading parties and in the instant case the aforesaid 22 Noticees have been found to be closely connected. I also note that, though the fact that some of the Noticee's directorship in other entities (Noticees) prior to period of violation has not been considered a basis for the connection, however, frequent synchronised trades and certain fund transactions between the company(ies) in which they are currently director and in which they were previously a director is sufficient to prove their connection

with connected group. As such Noticees contention, that their synchronized trades are not based on market mechanism, I found that these synchronized trades are part of a manipulative and fraudulent scheme and these synchronized trades have created misleading appearance of trading in the scrip of the Company. I am of a view that these synchronized trades have been performed among closed connected group of 22 Noticees without having any intention to change the ownership of the shares of the Company.

23. I note that the Noticees have admitted the impugned trades; however, they have raised several contentions. One of the contentions of the Noticees is that there was no connection or prior meeting of minds between the contracting parties. They were completely unaware of the identity of the actual buyer and counter party broker. No evidence or averments has been put forth in the SCNs to suggest that they had any prior consensus or there existed a meeting of minds with the counter party. Trading was done in normal course devoid of any *mala fide* intentions and knowledge of any such alleged scheme as carved out in the SCNs. A serious charge of fraud and manipulation cannot be levelled merely on the possibility of reversal. There has to be some collusion / connection / relation / nexus / prior meeting of minds to be shown so as to substantiate such trading between the entities. In this regard, I note that the details of the connection among the entities have been provided in Annexure A of the SCN and discussed in detail in above paras. Further, the substantial synchronised trades to the extent of 7.31% at BSE during the investigation period and 14.74% of the market volume of the scrip of the Company for said 4 months of the investigation period, contributed by the 22 Noticees, suggests that trades among these Noticees were not genuine and were executed with manipulative intent. The Noticees claim of non-involvement in execution of alleged synchronised trades and not having any specific role in creating artificial volume through alleged trades is not acceptable. Although direct evidence is not available in the present matter as regards to meeting of minds or collusion of the Noticee with other entities, but the genuineness of trading has to be determined based upon circumstantial evidence involving multiple factors such as trading pattern, connection, substantial volume, liquidity in the scrip, etc. In this context, the Hon'ble SAT vide its order dated July 14, 2006, in the case of *Ketan Parekh vs. SEBI* (Appeal no. 2/2004) observed that-

> *"The nature of transactions executed, the frequency with which such transactions are undertaken, the value of the transactions, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn."*

24. The trading pattern as found in this case cannot occur just by accident or coincidence. The trading behavior of the Noticees in this case makes it clear that aforesaid trades of the Noticees could not have been possible without prior meeting of minds. The synchronized trading by the Noticees with connected entities at same time for same quantity at same price in the same scrip without any basis indicate that the trades executed by these Noticees were not genuine trades and being non-genuine, created an appearance of artificial trading volumes in the scrip in question. I have perused various judgments of the Hon'ble Supreme Court and Hon'ble SAT (*M/s. Jagruti Securities Ltd vs. SEBI (SAT), Vintel Securities Pvt. Ltd vs. SEBI,* Appeal No. 219/2009 order dated November 23, 2009 (SAT)*, Ketan Parekh (Supra), Subhkam Securities Private Limited v. SEBI* (2012)*, Vikas Ganeshmal Bengani vs. SEBI,* (Appeal No. 225/09 dated February 25, 2010)*, Smitaben N. Shah vs. SEBI* (Date of decision 30/07/2010)*, Kapil Chatrabhuj Bhuptani vs. SEBI* (Appeal No. 95 of 2013)*, ESS ESS Intermediaries v. SEBI* (Order dated June 19, 2013)*, S.P.J. Stock Brokers Pvt. Ltd. vs SEBI (SAT Order dated 04.09.2013 Appeal No. 52 of 2013), Nishith M. Shah HUF vs. SEBI* dated 16th January, 2020*, Administrative Law Judge of US Securities Exchange Commission in the case of Carole. L. Haynes)* relied upon by the Noticees on the question of collusion and prior meeting of minds and I am of a view that facts of the aforementioned judgments are different from the facts and circumstances in the instant case and therefore, I found the contentions of the Noticees are not tenable.

25. I further place reference to the Order of the Hon'ble Supreme Court in the matter of *SEBI v Kishore R Ajmera (AIR 2016 SC 1079)*, wherein, it was held:

> *"…in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; 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 illustrations are not exhaustive...".* The Hon'ble Supreme Court further observed that – "*It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion.*"

26. The Noticees have further contended that charge of the fraud should be based on the higher degree of probability and should not be based on mere surmise, conjuncture or suspicion. In this regard the Noticees have placed reliance upon the judgments of the Hon'ble Supreme Court and Hon'ble SAT in the matters of *Union of India vs. Chaturbhai M. Patel* (AIR 1976 SC 712), *Sterlite Industries vs. SEBI* (Appeal No. 20/2001 dated 22nd October 2001) (SAT), *R.K. Global Vs. SEBI* (Appeal no. 158/2008 Date of Order: September 16, 2010) and *M.S.Bindra V Vol (1998) 7 SCC 310*. I have considered the submissions of the Noticees and the various judgments relied upon by the Noticees to substantiate their arguments that there is not enough evidence to hold them in violation of manipulating the scrip of the Company. I find the submissions of the Noticees untenable as sufficient evidence has been put forward in the above paras with regard to connection among the Noticees and how these Noticees have resorted to artificial inflation of the trading volumes in the scrip of the Company by entering into synchronized trades in order to create misleading appearance of trading. As pronounced in aforementioned judgment that the test to establish the meeting of minds is on the preponderance of probabilities, which in my opinion, has been established from the connection and the trading pattern of the Noticees. Thus, I reject such contentions of the Noticees.

27. The Noticees have contended that their trading in BSE treated as manipulative, while trading in NSE is not treated as manipulative. Further, SEBI in the SCN alleged against the Noticee ignoring the very counter parties of the Noticees other than few entities. In this regard, I note that the Noticees have traded on both NSE and BSE. However, the synchronized at NSE in comparison to BSE were less i.e. 1.09% in comparison to 7.31% at BSE. Considering the aforesaid parameter, BSE trades has been further analysed and alleged to be manipulative trades, wherein the Noticees are charged for synchronization of trades with manipulative intent. Since, the synchronized trades at NSE of the Noticees had not been alleged to be manipulative, same cannot be a basis to exonerate them or consider that they were not involved in implementing such manipulative device. I also note that the reasoning for selecting 24 entities from the entire set of 34 entities investigated in the matter have been provided in the SCN. The aforesaid 22 connected Noticees were involved in the synchronization of trades on BSE and the details of their synchronized trades have been provided in the SCN. Further, once the Noticees have been found to have indulged in such synchronised transactions, they are liable for their acts and omissions and it is immaterial whether counter party/stock broker who facilitated or associated with trades have been charged or not. Therefore, I do not found the Noticees contentions tenable.

28. The Noticees further contended that, they have traded in less number of trading days during the investigation period and their individual trades are miniscule in terms of total trades of 6,40,138 during the investigation period. Further, there is substantial time difference in placing of their order and matching of their order which ranges from 0 seconds to 6 hours (approximately) for respective Noticees and substantial price difference in the orders placed by the Noticees during the investigation period. Also, the number of orders placed by the Noticees further breaks down into multiple trades. The SCN alleges synchronized trading by the Noticees with counterparties mentioned in the SCN, however, the Noticees have actually traded with a lot more counterparties during the Investigation Period. In this regard, I note that the charge of synchronized trades in the scrip of the Company upon the Noticees in this case is based upon the connection within a group. Therefore, I am of a view that miniscule number of trades of individual Noticee is immaterial, as impact in this case is to be viewed on the background of 22 connected Noticees collective manipulative and fraudulent effort to create artificial volume in the scrip of the Company during the investigation period. I found that these 22 connected Noticees being a group has created substantial synchronized volume of 7.31% of the total volume in the scrip and their fraudulent act cannot be viewed in seclusion. I further note that, in the instant case only those counterparties in this case has been considered for violation, which are part of the group of 22 connected Noticees and with whom these Noticees involved in synchronized trades during the investigation period in the scrip of the Company. Also, only those trades of these Noticees are considered as synchronized trades, wherein time difference is of one minute. With regard to above contentions of the Noticees, they have placed reliance upon the judgement of Hon'ble SAT in the matter of *Ashlesh Shah vs SEBI* (SAT Order dated 18/04/2018), wherein Hon'ble SAT had given benefit of doubt to Applicant on the basis of specific facts and circumstances of that case. I have perused the aforesaid judgment of Hon'ble SAT and I am of a view that fact of this case are entirely different from *Ashlesh Shah (Supra).* In view of the above, I reject such contentions of the Noticees.

29. The Noticees also contended that they traded on the screen-based system and it is almost impossible to know the identity of the parties in a screen-based transaction. They also contended that all the transactions were on a delivery basis and against consideration and were adhering to the payment and settlement norms of the stock exchange. It is noted from the foregoing findings that the trading pattern of the Noticees in terms of volume of synchronised trades, proximity of buy/sell and subsequent synchronised evidences the indulgence, clearly demonstrates the manipulative practice by the Noticees by using the stock exchange platform to carry out non-genuine trades with the aim to execute such trades for various manipulative purposes. Further, considering the matching of quantity, price and time and sale in the said

transactions, it would be naïve to hold that such transactions were by mere coincidence, as also held by the Hon'ble Supreme Court in its judgment in *SEBI Vs. Kishore Ajmera (Supra)*. In this regard, the reference is drawn to Hon'ble Supreme Court judgement in the matter of *SEBI vs. Rakhi Trading Private Ltd.*, in Civil appeals no., 1969 of 2011 with Civil Appeal Nos., 31743177 of 2011 and Civil Appeal No., 3180 of 2011 decided on February 8, 2018, wherein, the Apex court held that:

> *"The stock market is not a platform for any fraudulent or unfair trade practice. The field is open to all the investors. By synchronization and rapid reverse trade, as has been carried out by the traders in the instant case, the price discovery system itself is affected. Except the parties who have pre-fixed the price nobody is in the position to participate in the trade. It also has an adverse impact on the fairness, integrity and transparency of the stock market."*

30. The Noticees have contended that as per the definition of "*fraud*", there has to be an "*inducement*" for the transaction to be termed fraudulent. I note that the Hon'ble Supreme Court in the matter of *SEBI vs. Rakhi Trading Private Ltd.* (*supra*), had recognized that, if the factum of manipulation is established, it will necessarily follow that the investors in the market have been induced to buy or sell and that no further proof in this regard is required. Further, the market is so widespread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and the Board cannot be imposed with a burden which is impossible to be discharged. Considering the same, I reject such contention of the Noticees.

31. In view of the aforesaid facts and circumstances, it cannot be ignored that synchronization of trades in pre-determined manner as found in this case had an adverse impact on the fairness, integrity and transparency in the securities market. In view of the above, I find that the allegation of violation of regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) and (g) of the PFUTP Regulations by the 22 connected Noticees i.e. Noticees No. 1-20, 23 and 24, stand established. Thus, I hold Noticees No. 1-20, 23 and 24 are liable for penalty under Section 15HA of the SEBI Act which reads as under: -

Penalties and Adjudication

Penalty for fraudulent and unfair trade practices

15HA.*If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.*

32. While determining the quantum of penalty, it is important to consider the factors stipulated in Section 15J of the SEBI Act which reads as follows: -

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."

Explanation. *—For the removal of doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section;*

33. It is noted from the material available on record, that quantifiable gain or unfair advantage accrued to the 22 connected Noticees or the extent of loss suffered by the investors as a result of the default in this case cannot be computed. However, considering the fact that the 7.31% of the trades in the scrip of the Company during the investigation period and 14.74% of the trades during the January – March and September, 2015 of the investigation period of these 22 Noticees were synchronized trades and, I am of the view that such trades had created a misleading appearance of trading in the scrip. In these circumstances, I am of the view that for the market abuse and fraudulent practices by the Noticees monetary penalty needs to be imposed under section 15HA of the SEBI Act.

34. I have perused the judgments of Hon'ble Supreme Court and Hon'ble SAT in the matter of *Adjudicating Officer vs. Bhavesh Pabari* dated 28th February, 2019 (SC)*, Nandakishore Prasad vs. State of Bihar*(1978) 3 SCC 366, *Union of India vs. H. C. Goel* (AIR 1964 SC 364), *KSL & Industries Ltd vs. SEBI* (SAT Appeal no. 9/2003 decided on 30.09.2009) – SAT, *Hindustan Steel vs. State of Orissa*(AIR 1970 SC 253) and *Ambalal vs. Union of India* AIR 1961 SC 264, relied upon by the Noticees and have taken cognizance of the same while considering the penalty in the instant case. I am aware of the fact that apart from the charge of misleading appearance through synchronized trades, no other charge such as price manipulation, circular trading, self-trading, etc. has been brought out against the Noticees. The investigation has also not clearly brought out the motive of these Noticees behind creating artificial volume or interest in the scrip of the Company through their synchronized trades. However, there is not an *iota* of doubt that these 22 connected Noticees are involved in creation of artificial volumes in the scrip of the Company. Such fraudulent act as found in this case has a potential to defraud the investors

and same cannot be in the interest of securities market. The law does not permit any allowance to be made for such fraudulent act as found in this case. The fraudulent act as found in this case, had clearly defeated the purposes of the Regulations i.e. investor protection and orderly development of the securities markets. In my view, the default by these Noticees is grave and the gravity of this matter cannot be ignored.

35. Taking into consideration all the facts and circumstances of the case including the aforesaid 15J factors and exercising the powers conferred upon me under section 15I of the SEBI Act read with Rule 5 of the Adjudication Rules, I hereby impose, a monetary penalty of **Rs 50,00,000/-(Fifty Lakh only)** jointly and severally upon 22 connected Noticees *viz.* Cyber Netix Automation P Ltd (Noticee No. 1), Cybernetix Automation Private Limited (Noticee No. 2), Odathi Trading Private Limited (Noticee No. 3), Bluepearl Trading Company Private Limited (Noticee No. 4), Newtree Trading Company Private Limited (Noticee No. 5), Kautik Properties Private Limited (Noticee No. 6), Mahavishal Printing Solutions Private Limited (Noticee No. 7), Prayer Tech-Solutions Private Limited (Noticee No. 8), Ashtvakra Properties Private Limited (Noticee No. 9), Abhirati Trading Private Ltd (Noticee No. 10), Seahorse Mercantile Company Pvt Ltd (Noticee No. 11), Aachman Consultancy Private Limited (Noticee No. 12), Sameena Multitrade Private Limited (Noticee No. 13), Mr. Sunil Mohan Arya (Noticee No. 14), Mr. Vinod Kumar Bohra (Noticee No. 15), Mr. Ashok Kumar Gautam (Noticee No. 16), Mr. Mahendra Singh Amar Singh Gaur (Noticee No. 17), Mr. Nirmal Laxminarayan Bohra (Noticee No. 18), Mr. Ranjan Ramdas Gocher (Noticee No. 19), Mr. Vishal Chalia (Noticee No. 20), Highpoint Trading Company Pvt. Ltd. (Noticee No. 23) and Sehej Multitrade Private Limited (Noticee No. 24), under section 15HA of the SEBI Act. In my view, the said penalty is commensurate with the violation committed by these Noticees in this case.

36. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order in either of the way of demand draft in favour of "*SEBI - Penalties Remittable to Government of India*", payable at Mumbai, or by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticees may contact the support at portalhelp@sebi.gov.in

37. The Demand Draft or details and confirmation of e-payment made in the format as given in table below shall be sent to *"The Division Chief, EFD-DRA-IV, Securities and Exchange Board of*

India, SEBI Bhavan, Plot No. C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051." and also to e-mail id:- tad@sebi.gov.in:

1	Case Name	
2	Name of the 'Payer/Noticee'	
3	Date of Payment	
4	Amount Paid	
5	Transaction No.	
6	Bank Details in which payment is made	
7	Payment is made for(like penalties/disgorgement / recovery/ settlement amount and legal charges along with order details)	

38. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under section 28A of the SEBI Act, 1992 for realization of the said amount of penalty along with interest thereon, *inter alia,* by attachment and sale of movable and immovable properties.

39. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to SEBI.

Date: April 26, 2021 **Amit Pradhan**

Place: Mumbai **Adjudicating Officer**