BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO: EAD-9/SM/81/2018-19]

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

In respect of:
Shri Sunil K Purohit
(PAN No. AHSPP9704F)

In the matter of

M/s Parsoli Corporation Limited

Facts Of The Case:

1. The Hon'ble Securities Appellate Tribunal (hereinafter referred to as 'SAT'), in Appeal no. 150 of 2015, vide its Order dated March 07, 2016 set aside the adjudication order dated July 30, 2010 in respect of Shri Sunil Purohit in the matter of Parsoli Corporation and remanded the case to the Adjudicating Officer *in the light of judgment of the Apex Court in the case of SEBI vs Roofit Industries Ltd.*

2. Pursuant to the aforesaid SAT Order , Shri D. S. Reddy was appointed as Adjudication Officer under section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act') read with Rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') vide order dated July 01, 2016, to inquire into and adjudge under Section 15HA of SEBI Act, 1992 for the alleged contravention of provisions of law. Subsequent to transfer of case, the undersigned have been appointed as Adjudicating Officer vide communication order dated May 18, 2017 to inquire and adjudge under the provisions as enumerated below.

3. SEBI had conducted investigation in the scrip of Parsoli Corporation Ltd (hereinafter referred to as 'PCL/Company') during the period from March 11, 2005 to July 18, 2005 (hereinafter referred to as "Investigation period/IP"). Pursuant to SEBI investigation, it was inter-alia observed that Shri Sunil Purohit (hereinafter referred to as "Noticee") traded in the shares of PCL on Bombay Stock Exchange through the stock broker Shri Vijay Bhagwandas Shah (hereinafter referred to as "Stock Broker/VBS"), Member

BSE.It was alleged that the Noticee was involved in circular trades in the shares of PCL in collusion with other entities/clients and stock brokers viz. M/s SPJ Stock Brokers Pvt. Ltd., M/s. Vijay Bhagwandas Shah, M/s Joindre Capital Services Ltd., M/s S. P. Jain Securities Pvt. Ltd., M/s Acumen Capital Market (India) Ltd. (formerly Peninsular Capital Market Ltd.), M/s Galaxy Broking Ltd., M/s Samruddhi Stock Brokers Ltd., M/s VSE Stock Services Ltd., M/s Insight Share Brokers Pvt. Ltd. and M/s Shreehari Hira Stock Broking Pvt. Ltd. (formerly known as M/s. Harikishan Hiralal). It was alleged that these brokers purchased and sold 31,34,232 shares during the IP. It was alleged that majority of trades amongst the above brokers were executed where buy and sell orders were placed within a gap of one minute of each other, out of which 10% of orders were synchronized as the rate and quantity of buy and sell order placed were also identical. It was alleged on the basis of the day wise details of the circular trades that the Noticee as a client of Stock Broker was involved in circular trading for 27 days. On all these days the Stock broker has traded in the scrip of PCL only on behalf of the Noticee. It was alleged, such circular trades led to creation of artificial volumes in the scrip and it was designed to create a false market leading to significant price movement in the scrip of PCL.

Show Cause Notice and Personal Hearing:

4. I have relied upon the Show Cause Notices No. EAD-1/SRP/DSL/185766/2010 dated December 02, 2009 (hereinafter referred to as "SCN") which was issued to the Noticee by erstwhile Adjudicating Officer (hereinafter referred to as "erstwhile AO") It was alleged in the SCN that the Noticee has violated the provisions of Regulations 3(a), 4(1), 4(2)(a), 4(2)(b) and 4(2)(g) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations') in the matter of his dealings/activities in PCL.

Personal Hearing

5. In the interest of natural justice and in order to conduct an inquiry in terms of Rule 4(3) of the Rules, the Noticee was granted an opportunity of personal hearing before the undersigned on August 09, 2017. The Hearing Notice was sent by "Speed Post Acknowledgment Due" at the last address known as per SEBI record "*Venus Apartment, 1st Floor, Room No. 101, Near Vishnu Hotel, Opp. Sai Baba Mandir, Ulhasnagar* – 421001". The Notice came undelivered and thereafter affixture of the hearing notice was done as per Rule 7(c) of the Adjudicating Rules. The copy of the hearing notice was also uploaded on the website of SEBI under Unserved Summons/Notices (www.sebi.gov.in)**.** A Public Notice was published on August 09, 2017 providing another opportunity of hearing to noticee to appear before the undersigned on September 04, 2017.

6. Meanwhile, vide e-mail Authorized Representative of Noticee (hereinafter "AR") enclosed letter dated August 03, 2017 and requested for adjournment of personal hearing on August 09, 2017 inter-alia stating that:

- *"one of my acquaintance informed me that SEBI had issued Notice of Hearing dated July 07, 2017 to the aforesaid address and could not be delivered and it is showing in unserved at SEBI website. I lost my mother in April and I had to look after my father who is also not keeping in good health from last 2 years. I need to go to hospital constantly for his treatment. Perhaps, in my absence the Notice of hearing had remained undelivered.*

- *I request you to provide me copy of the Show Cause Notice in the above said matter along with the annexures including Investigation Report, KYC Documents and Trade and Order for the concerned period so that I can make my written submissions.*

- *I to take inspections of the documents etc.*

Inspection of Documents:

7. Pursuant to the request of the Noticee, copy of SCN and annexures were provided.

8. With regard to request of Inspection of documents, inspection was granted and it was carried out by the AR on August 23, 2017.

9. On September 04, 2017, AR appeared on behalf of the Noticee and informed orally that the Stock Broker has passed away and the AR agreed to submit the following documents latest by September 20, 2017:

a. Bank and Demat statement of the Noticee for the year 2005;
b. Written submission, if any;
c. Pan Card copy of the Noticee.

Submission made pursuant to Personal Hearing:

10. Vide letter dated September 12, 2017, the Noticee made following submission:

10.1. I have no case, if I would have executed the trades in the scrip of PCL during the IP, I through my AR have taken inspection of the documents got copies of all the relevant document and records available with the SEBI. During the course of hearing, my AR had fairly submitted to your goodself that the trades executed in the said scrip by all alleged entities are perfect synchronized trades and almost all trades were executed with intention to create artificial volume in the said scrip. It was also revealed during the investigation that promoter of the company were involved in manipulation activities. It is not a mystery for SEBI that by the creating of the artificial volume, the promoters were succeeded in off-loading their legitimate/illegitimate shares to the innocent investors. The company was not having any sound position. Ultimately the promoters were benefitted by this creation of artificial volume.

10.2. AR also has submitted that I have never executed any transaction in the said scrip. I am not remembering that I had open any account with the Member Broker Shri Vijay Bhagawandas Shah. I am very much sure that someone has misused my name and executed trades in the said scrip by opening illegal account with the said member broker which was not difficult at that time.

10.3. I must have to contact a broker on phone to execute trades in the market. On perusal of trade and order log it reveal that there was perfect matching of trades in the scrip of PCL during IP. It could only be possible if a person who execute trade must have direct contact with another side of broker. Otherwise, the trades executed in the said scrip are not possible. These trades are perfect example of synchronized trades where time, rate and quantity gape are negligible. I humbly submit that my name/documents/photo were misused in opening the trading account with the said broker and some unknown person had executed trades in the said scrips without my consent and knowledge.

10.4. I am not using any bank and/or demat account from last couple of years. I made aware about my demat account when I had appeared before the Recovery Officer in 2015-16. I was having some petty shares in the said demat account which I recently sold through off market and paid loan taken for my mother treatment.

10.5. I am enclosing herewith my bank and demat accounts statements as instructed. I am also enclosing herewith a copy of the Police Complaint filed. However, Police also could not help me as the matters belongs to 10-12 years before.

Further examination of the documents submitted by the Noticee and information sought from Depositories and the Stock Exchange:

11. Pursuant to the submission made by the Noticee and in order to further examine the allegations made against the Noticee and verify the submission made by the noticee, information was sought from Depositories i.e. National Securities Depositories Ltd (hereinafter referred to as "NSDL") and Central Depository Services (India) Ltd (hereinafter referred to as "CDSL") to provide Know your Client form (hereinafter known as "KYC"), transaction statement of Demat Account of the Noticee during the period March 11, 2005 to July 18, 2005.

12. The depositories, Stock Exchange and Banks provided the following information:

1. Details of Demat Account opened by the Noticee;
2. KYC document of the Noticee;
3. Demat Transaction statement during the period;
4. Bank Statement of the Noticee;
5. KYC document by the Stock Exchange opened with trading member Late Vijay Bhagwandas &Co.

13. The above documents obtained from the Depositories and Stock Exchange was forwarded to the Noticee for his comments, if any.

Submission of the Noticee vide letter dated March 05, 2018:

14. The Noticee has submitted that:

*14.1. he had never opened any account with the Member Broker Bhagawandas & Co.(**broker**) and had not transferred a penny to the broker. He had not transferred any shares to the broker.*

14.2. Looking at the trading pattern in the scrip, without conniving with the other entities, whose names were mentioned as my counter parties to his alleged trade, the matching of the orders into trades were not possible at all.

14.3. No connection and relation had been established in between him and other entities.

14.4. *Without prejudice to whatever stated hereinabove and in his earlier submissions, if he is found guilty of the violation of the PFUTP Regulations, he pleaded to take a lenient view while deciding the quantum of penalty. Since he is not having active bank account from last 10 years and he is employed for last couple of years and are dependent on my friends and relative to meet his day to day expenses.*

Consideration of Issues and Findings:

15. I have carefully examined the allegations against the Noticee and the evidence/documents available on record. The issues that arise for consideration in the present case are:

Issue No. 1: Whether the Noticee has violated the provisions of regulations 3 (a), 4(1), 4(2) (a), (b) and (g) of the PFUTP Regulations?
Issue No. 2: Does the violations, if any, attract monetary penalty under section 15HA of SEBI Act by the Noticee?
Issue No. 3: If so, what should be the quantum of monetary penalty?

16. Before proceeding further, I would like to refer to the relevant provisions of PFUTP Regulations.

SEBI (PFUTP) Regulations:

3. Prohibition of certain dealings in securities under SEBI (PFUTP) Regulations 2003

No person shall directly or indirectly—
(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) *Without prejudice to the provisions of Regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
(2) *Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:—*
(a) *indulging in an act which creates false or misleading appearance of trading in the securities market;*
(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
(g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;

Findings in respect to Circular Trades:

17. From the price-volume data of PCL on BSE it was observed that there was a wide fluctuation in the volume of the shares traded on the exchange during the period from March 11, 2005 to July 18, 2005. The daily traded volume went up from 1,93,606 shares at the beginning of the period of investigation to 7,52,616 shares towards its end. During the investigation period the lowest traded volume of 2,880 shares was witnessed on April 28, 2005 and the highest of 13, 92,988 shares on June 13, 2005. The total traded volume during this period was 2, 53, 83,030 shares and the average daily volume traded was 2, 78,934 shares. It was also observed that price of the scrip opened at Rs.14.51 on March 11, 2005, touched its period low of Rs.12.30 on May 2, 2005 and period high of Rs.36.50 on July 18, 2005. The price rise in the scrip was to the extent of 151% in 91 trading days.

18. During the period under investigation, the Noticee had purchased a total of 5, 68,572 shares and sold a total of 5, 87,275 shares of the Company on BSE through stock broker. For the alleged circular trades of the Noticee in the scrip of PCL on BSE during the period under investigation, the details of the counterparty clients and stock brokers are tabulated as under:

Name of Counterparty Stock Broker	**Broker Code/ Clg. No.**	**Corresponding Client's name**	**Number of shares bought by the Noticee**	**Number of shares sold by the Noticee**
Joinder Capital Services Limited	89	Vinod Khetan	84,500	62,290
VSE Stock Services Ltd.	253	Mehul Arunbhai Shah	45,000	12,000
Acumen Capital Market Ltd.	156	Haresh Posnak	96,637	57,821
Harkishan Hiralal	267	Perk Investments Pvt. Ltd.	9,900	4,700
Galaxy Broking Ltd.	513	Santosh Gade	53,990	1,33,335

Name of Counterparty Stock Broker	Broker Code/ Clg. No.	Corresponding Client's name	Number of shares bought by the Noticee	Number of shares sold by the Noticee
SPJ Stock Brokers Pvt. Ltd	646	Own	1,69,647	1,46,976
Samruddhi Stock Brokers Ltd.	935	Mahendra Jaiswal Sunil Kuril	14,000	39,103 5000
S.P.Jain Securities Ltd.	620	Sunil Kuril	74,718	92,000
Insight Sahre Brokers Pvt. Ltd.	946	Santosh Gade	20,000	34,050
Total			**5,68,572**	**5,87,275**

19. It was also observed that during the period of investigation the Noticee and the aforesaid clients and stock brokers executed trades amongst themselves where they bought a total of 31,34,232 shares and also sold exactly the same number of shares (i.e. 31,34,232 shares) of PCL. The relevant details are given in the table below:

Name Broker	Name of the client	No. of shares purchased	% to total circular trades	No. of shares sold	% to total circular trades
S.P.J. Stock Brokers Pvt. Ltd (M/s SPJ Stock)	Own Account	756156	24.13	714158	22.79
Vijay Bhagwandas Shah	Sunil Purohit	568572	18.14	587275	18.74
Joindre Capital Services Ltd. (M/s Joindre)	Vinod Khetan	387289	12.36	385400	12.30
S.P. Jain Securities Pvt. Ltd. (M/s S. P. Jain)	Sunil Kuril	365050	11.65	392142	12.51
Peninsular Capital Market Ltd (M/s Peninsular)	Haresh Posnak	353726	11.29	376029	12.00
Galaxy Broking Ltd. (M/s Galaxy)	Santosh Gade and Own Account	294248	9.39	295146	9.42
Samruddhi Stock Brokers Ltd. (M/s Samruddhi)	Sunil Kuril and Mahendra	156915	5.01	135899	4.34
VSE Stock Services Ltd. (M/s VSSL)	Mehul Shah	108276	3.45	112500	3.59

Name Broker	Name of the client	No. of shares purchased	% to total circular trades	No. of shares sold	% to total circular trades
Insight Share Brokers Pvt. Ltc (M/s Insight)	Santosh Gade	102200	3.26	92543	2.95
M/s Harikishan Hiralal	Perk Investment	41800	1.33	43140	1.38
	Total	**3134232**	**100.00**	**3134232**	**100.00**

20. The analysis of the trades of the Noticee in the scrip of PCL during the period March 11, 2005 to June 28, 2005 executed on BSE through the stock broker Vijay Bhagwandas Shah, (Broker code - 77) and that of his counterparties, prima facie, indicate a particular pattern of trading. It was observed that on a given day, one client/broker starts selling a particular quantity of shares to second client/broker, who in turn sells it to the third client/broker. The shares keep changing hands and finally come back to the first client broker.

21. A > B > C >…>…> A. The following table list out details of such trades:

Date	First trade time	Seller	Buyer & Seller	Buyer & Seller	Buyer & Seller	Buyer & Seller	Buyer	Quantity
11/03/05	11:12:12	SPJ Stock Broker	Mehul Arunbhai Shah	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	2500
	12:19:51	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Sunil Kuril		SPJ Stock Broker	3000
	13:33:46	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	3000
	14:10:52	SPJ Stock Broker	Haresh Posnak	Sunil Purohit			SPJ Stock Broker	3500
15/03/05	12:19:07	SPJ Stock Broker	Mehul Arunbhai Shah	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	3000
	13:18:20	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Sunil Kuril		SPJ Stock Broker	2500
	14:12:47	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	3000
16/03/05	11:18:28	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	3000
	12:28:59	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Sunil Kuril		SPJ Stock Broker	5000
	13:24:57	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	4000

	14:25:13	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
	15:04:51	SPJ Stock Broker	Vinod Khetan	Santosh Gade	Sunil Purohit	Sunil Kuril	SPJ Stock Broker	5000
17/03/05	11:50:48	Sunil Purohit	Sunil Kuril	Mehul Arunbhai Shah	Sunil Kuril	Haresh Posnak **		
						SPJ Stock Broker		
						Vinod Khetan	Sunil Purohit	5000
	15:06:56	SPJ Stock Broker	Haresh Posnak	Mahendra Jaiswal	Vinod Khetan	Sunil Purohit		
						Santosh Gade		4000
21/03/05	11:17:59	SPJ Stock Broker	Vinod Khetan	Mehul Arunbhai Shah	Sunil Purohit		SPJ Stock Broker	3500
	12:27:56	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Vinod Khetan		SPJ Stock broker	4500
	14:18:39	SPJ Stock Broker	Sunil Kuril	Vinod Khetan	Sunil Purohit		SPJ Stock Broker	5000
22/03/05	11:19:21	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	4500
	12:11:40	SPJ Stock Broker	Mehul Arunbhai Shah	Haresh Posnak	Sunil Purohit		SPJ Stock Broker	5000
23/03/05	12:19:21	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	5000
	14:24:18	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	5000
24/03/05	12:16:28	SPJ Stock Broker	Vinod Khetan	Santosh Gade	Sunil Purohit		SPJ Stock Broker	5000
	14:18:26	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Vinod Khetan		SPJ Stock Broker	4500
28/03/05	11:21:18	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Santosh Gade		SPJ Stock Broker	5000
	12:21:16	SPJ Stock Broker	Vinod Khetan	Sunil Purohit			SPJ Stock Broker	5000
	13:19:09	SPJ Stock Broker	Haresh Posnak	Vinod Khetan	Sunil Purohit		SPJ Stock Broker	5000
	14:10:24	SPJ Stock Broker	Vinod Khetan	Sunil Purohit			SPJ Stock Broker	5000

29/03/05	12:20:19	SPJ Stock Broker	Sunil Purohit	Vinod Khetan	Haresh Posnak		SPJ Stock Broker	5000
	13:27:31	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Vinod Khetan		SPJ Stock Broker	5000
	14:18:08	SPJ Stock Broker	Vinod Khetan	Haresh Posnak	Sunil Purohit		SPJ Stock Broker	5000
30/03/05	12:18:15	SPJ Stock Broker	Sunil Purohit	Vinod Khetan	Haresh Posnak		SPJ Stock Broker	5000
	13:25:17	SPJ Stock Broker	Mehul Arunbhai Shah	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
	14:08:01	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
31/03/05	11:17:18	SPJ Stock Broker	Mehul Arunbhai Shah	Vinod Khetan	Sunil Purohit		SPJ Stock Broker	5000
	12:20:29	SPJ Stock Broker	Vinod Khetan	Santosh Gade	Sunil Purohit		SPJ Stock Broker	5000
	13:22:54	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
	14:13:25	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
1/04/05	11:19:19	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	5000
	12:19:11	SPJ Stock Broker	Sunil Purohit	Vinod Khetan	Sunil Kuril		SPJ Stock Broker	5000
	13:16:32	SPJ Stock Broker	Mehul Arunbhai Shah	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
	14:25:02	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Sunil Kuril		SPJ Stock Broker	5000
4/04/05	11:24:22	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Santosh Gade		SPJ Stock Broker	5000
	12:24:57	SPJ Stock Broker	Haresh Posnak	Vinod Khetan	Sunil Purohit		SPJ Stock Broker	5000
	14:20:20	SPJ Stock Broker	Vinod Khetan	Santosh Gade	Sunil Purohit		SPJ Stock Broker	5000
5/04/05	12:20:28	SPJ Stock Broker	Vinod Khetan	Mehul Arunbhai Shah	Sunil Purohit		SPJ Stock Broker	5000
	13:20:51	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Vinod Khetan	Haresh Posnak ↓		
						Sunil Purohit	SPJ Stock Broker	5000

6/04/05	09:59:37	SPJ Stock Broker	Haresh Posnak	Mehul Arunbhai Shah	Sunil Purohit		SPJ Stock Broker	5000
	11:23:01	SPJ Stock Broker	Vinod Khetan	Sunil Purohit	Santosh Gade		SPJ Stock Broker	5000
	12:25:12	SPJ Stock Broker	Sunil Purohit	Vinod Khetan	Haresh Posnak		SPJ Stock Broker	5000
	14:13:26	SPJ Stock Broker	Perk Investments	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	5000
7/04/05	09:56:50	SPJ Stock Broker	Vinod Khetan	Haresh Posnak	Sunil Purohit		SPJ Stock Broker	5000
	11:19:13	SPJ Stock Broker	Vinod Khetan	Perk Investments	Sunil Purohit		SPJ Stock Broker	5000
	12:11:45	SPJ Stock Broker	Mehul Arunbhai Shah	Santosh Gade	Sunil Purohit		SPJ Stock Broker	5000
	13:23:01	SPJ Stock Broker	Vinod Khetan	Haresh Posnak	Sunil Purohit		SPJ Stock Broker	5000
8/04/05	10:03:43	SPJ Stock Broker	Sunil Purohit	Perk Investments	Haresh Posnak		SPJ Stock Broker	5000
	11:19:18	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Santosh Gade		SPJ Stock Broker	5000
	12:29:54	SPJ Stock Broker	Mehul Arunbhai	Sunil Purohit	Mahendra Jaiswal		SPJ Stock	4000
11/04/05	09:57:47	SPJ Stock Broker	Vinod Khetan	Haresh Posnak	Sunil Purohit		SPJ Stock Broker	5000
	11:21:59	SPJ Stock Broker	Sunil Purohit	Vinod Khetan	Perk Investments		SPJ Stock Broker	5000
	12:20:28	SPJ Stock Broker	Mehul Arunbhai Shah	Santosh Gade	Sunil Purohit		SPJ Stock Broker	5000
	13:15:55	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Vinod Khetan		SPJ Stock Broker	5000
	14:14:39	SPJ Stock Broker	Perk Investments	Santosh Gade	Sunil Purohit		SPJ Stock Broker	3700
	12:15:27	SPJ Stock Broker	Mahendra Jaiswal	Sunil Kuril	Sunil Purohit		SPJ Stock Broker	5000
	13:30:22	SPJ Stock Broker	Sunil Purohit	Santosh Gade/ Santosh Gade	Sunil Kuril		SPJ Stock Broker	7000
	15:00:44	Sunil Purohit	Santosh Gade	Sunil Kuril	Mahendra Jaiswal		SPJ Stock Broker	14500
15/06/05	11:38:43	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Mehul Arunbhai Shah		SPJ Stock Broker	10000
	14:11:19	SPJ Stock Broker	Sunil Purohit	Sunil Kuril	Santosh Gade		SPJ Stock Broker	7000

17/06/05	12:32:49	Haresh Posnak	Mahendra Jaiswal	Santosh Gade	Sunil Kuril	Sunil Purohit ↓		
						Santosh Gade	Haresh Posnak	15000
	14:25:59	SPJ Stock Broker	Haresh Posnak	Sunil Purohit	Santosh Gade	Santosh Gade	SPJ Stock Broker	10000
	15:23:01	SPJ Stock Broker	Santosh Gade	Sunil Purohit			SPJ Stock Broker	10000
20/06/05	11:06:38	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Mahendra Jaiswal		SPJ Stock Broker	10000
	12:13:23	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Mahendra Jaiswal	Haresh Posnak	SPJ Stock Broker	10000
	13:33:23	Haresh Posnak	Sunil Purohit	Sunil Kuril	SPJ Stock Broker		Haresh Posnak	10000
	14:37:07	Haresh Posnak	Sunil Purohit	Sunil Kuril	SPJ Stock Broker	Sunil Kuril ↓		
						Sunil Purohit ↓		
						Santosh Gade	Haresh Posnak	10000
	15:07:34	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Santosh Gade		SPJ Stock Broker	10000
21/06/05	13:53:20	SPJ Stock Broker	Sunil Purohit				SPJ Stock Broker	19248
	15:21:19	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Haresh Posnak		SPJ Stock Broker	9500
22/06/05	10:48:32	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Sunil Kuril		SPJ Stock Broker	15000
	11:52:38	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Sunil Kuril	Santosh Gade	SPJ Stock Broker	15000
	13:51:27	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Santosh Gade	Mahendra Jaiswal	SPJ Stock Broker	15000
	14:14:18	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Haresh Posnak		SPJ Stock Broker	5000
23/06/05	11:18:52	SPJ Stock Broker	Sunil Purohit	Mehul Arunbhai Shah	Mahendra Jaiswal		SPJ Stock Broker	5000
	13:24:58	SPJ Stock Broker	Sunil Kuril	Sunil Purohit	Mahendra Jaiswal		SPJ Stock Broker	5000
28/06/05	12:01:42	SPJ Stock Broker	Sunil Purohit	Haresh Posnak	Santosh Gade		SPJ Stock Broker	5000
	12:23:30	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Sunil Kuril		SPJ Stock Broker	2500

	13:30:22	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Sunil Kuril		SPJ Stock Broker	2500
	14:17:33	SPJ Stock Broker	Sunil Purohit	Santosh Gade	Mahendra Jaiswal		SPJ Stock Broker	2500

** The symbol ↓ indicates that the next buyer and seller is the entity whose name is mentioned below

22. The findings, upon analysis of the trading pattern amongst the Group, are as under: -

22.1. On March 11, 2005, SPJ Stock Broker (trading in its own account) started the trade at 11:12:12 hrs. by selling 2,500 shares to Mehul Arunbhai Shah, who was trading through the Stock Broker VSE Stock Services Ltd. Mehul Arunbhai Shah, in turn sold the shares to the Noticee who was trading through the Stock Broker -VBS, thereafter, the Noticee further sold the shares to Sunil Kuril who was trading through the Stock Broker S. P. Jain Securities, who thereafter, sold the shares back to SPJ Stock Brokers. The trades were executed in the price range of Rs. 14.45 to Rs. 14.80. Such circular pattern of trading in which the Noticee was involved was observed on four occasions on March 11 2005. The time when the first sell trade took place is given in the table above. The second manipulative game of circular trade on the day started with the sell trade of SPJ Stock Broker at 12:19:51 hrs. by selling 3,000 shares to the Noticee who was trading through the Stock Broker VBS, who in turn sold the shares to Santosh Gade who was trading through the Stock Broker Galaxy broking, who, further, sold the shares to Sunil Kuril. Sunil Kuril sold the shares back to SPJ Broker. The trades were executed in the price range of Rs. 15.40 Rs. 15.60. The third manipulative circular trade on the day started with the sell trade of SPJ Stock Broker at 13:13:46 hrs. by selling 3,000 shares to Sunil Kuril, who in turn sold the shares to the Noticee, who further sold the shares to Vinod Khetan, who was trading through the Stock Broker Joindre Capital Services Ltd., who sold the shares back to SPJ Stock broker. The trades were executed in the price range of Rs. 15.50 o Rs. 15.65. The fourth manipulative circular trade on the day started with the sell trade of SPJ Stock Broker at 14:10:52 hrs. by selling 3,500 shares to Haresh Posnak who was trading through the Sock broker Acumen Capital Market (India) Ltd. (formerly Peninsular Capital Market Ltd., who in turn sold the shares to the Noticee, who sold the shares back to SPJ Stock Brokers. The trades in this round were executed in the price range of Rs. 14.95 to Rs. 16.19.

22.2. On March 15, 2005, SPJ Stock Brokers again started the circular trade by selling 3,000 shares at 12:1:07 hrs. to Mehul Arunbhai Shah who was trading through VSE Stock Services Ltd., who in turn sold the shares to the Noticee, who further, sold the shares to Sunil Kuril, who thereafter, sold them back to SPJ Stock Brokers. The trades were executed in the price range of Rs.16.30 to Rs. 16.35. Such circular pattern of trading in which the Noticee was involved was observed on three occasions on March 15, 2005. The time when the first sell trade took place is given in the table above. The second manipulative game of circular

trade on the day started with the sell trade of SPJ Stock Broker at 13:18:20 by selling 2,500 shares to the Noticee, who in turn sold the shares to Santosh Gade, who further, sold it to Sunil Kuril, who sold the shares back to SPJ Stock Broker. The trades were executed in the price range of Rs. 16.40 to Rs. 16.52. The third manipulative game of circular trade on the day started with the sell trade of SPJ Stock Broker at 14:12:47 by selling 3,000 shares to Vinod Khetan, who in turn sold the shares to the Noticee, who further, sold the shares to Sunil Kuril, who sold the shares back to SPJ Stock Broker. The trades in these rounds were executed in the price range of Rs. 16.15 to Rs. 16.30.

22.3. On March 16, 2005 SPJ Stock broker again started the trade at 11:18:28 hrs.by selling 3,000 shares to Vinod Khetan, who in turn sold the shares to the Noticee, who thereafter, sold the shares to Sunil Kuril, who sold it back SPJ Stock Broker. The trades were executed in the price range of Rs.16.90 to Rs. 16.95. Such circular pattern of trading was observed on five occasions on March 17, 2005. The time when the first sell trade took place is given in the table above. The second manipulative game of circular trade on the day started with the sell trade of SPJ Stock Broker at 12:28:59 by selling 5,000 shares to the Noticee, who in turn sold the shares to Santosh Gade, who further, sold the shares to Sunil Kuril, who sold the shares back to SPJ Stock Brokers. The trades were done in the price range of Rs. 16.90 to Rs. 16.95. Third round of circular trade on the day started with the sell trade of SPJ Stock Brokers at 13:24:57 by selling 4,000 shares to Haresh Posnak, who in turn sold the shares to the Noticee, who further, sold the shares to Sunil Kuril, who sold the shares back to SPJ Stock Broker. The trades were took place in the price range of Rs. 16.85 to Rs. 16.90. The fourth manipulative circular trade on the day started with the sell trade of SPJ Stock Broker at 14:25:13 by selling 5,000 shares to Vinod Khetan, who in turn sold the shares to the Noticee, who further, sold the shares to Sunil Kuril, who sold the shares back to SPJ Stock Broker. The fifth manipulative trade on the day started with the sell trade of SPJ Stock Broker at 15:04:51 by selling 5,000 shares to Vinod Khetan, who in turn sold the shares to Santosh Gade, who further sold it to the Noticee. The Noticee sold it to Sunil Kuril, who sold the shares back to SPJ Stock brokers. The trades were took place in the price range of Rs. 16.85 to Rs. 16.95.

22.4. It was also observed that after the completion of a particular series of trades the position of the clients/stock brokers with respect to delivery of shares was 'nil' in almost all cases.

22.5. Similar circular trading pattern with the same set of stock brokers were observed on 26 trading days details of which have been given above. During those 26 trading days 91 instances of circular trades were observed wherein the Noticee was involved both as buyer and seller.

23. A perusal of the aforesaid table indicates that the trades executed between the Noticee and a set of stock brokers and their clients on BSE in the scrip of PCL during

the relevant period were not genuine trades but were designed to generate artificial volumes and to disturb the market equilibrium.

24. The pattern of trading and matching of these trades with the same set of brokers and clients cannot be attributed to coincidence, as this trend was not noted in a solitary incident or two. Instead, this pattern of trading was observed on 91 instances in 26 trading days. During this period almost all of the Noticee's transactions in the scrip of PCL executed on BSE through the stock broker got matched regularly and that too with the same set of stock brokers and their clients. I am of the view that no unknown persons can trade continuously with each other by putting orders in such pattern contributing significantly to total volume in the market without there being any prior arrangement. This indicates that the Noticee and the said stock brokers and their clients were trading in the scrip in connivance with each other.

25. It is noted from the investigation report that the circular trades were observed on 30 days during the IP. On those 30 trading days, the total quantity of shares traded on BSE was 91,99,531, out of which approximately 34%(i.e 31,34,232 shares) was on account of the circular trades of the Noticee along with aforesaid stock brokers and clients. Day wise details of the contribution in volume by the trades of the Noticee and his counterparty brokers and clients, in the scrip of PCL on BSE on the days when circular trades were observed, are tabulated below:

Date	Total Circular Traded Volume	Total Traded Volume on BSE	% of Circular Traded Volume to Day's Volume on BSE
11-Mar-05	43500	193605	22.47
15-Mar-05	52400	159450	32.86
16-Mar-05	102000	174251	58.54
17-Mar-05	106000	189350	55.98
18-Mar-05	104000	168400	61.76
21-Mar-05	91000	103450	87.97
22-Mar-05	148000	171300	86.40
23-Mar-05	100000	118000	84.75
24-Mar-05	98000	112335	87.24
28-Mar-05	90000	105875	85.01
29-Mar-05	95000	105400	90.13
30-Mar-05	100000	133550	74.88
31-Mar-05	100000	142583	70.13
1-Apr-05	95300	117075	81.40
4-Apr-05	75000	91021	82.40
5-Apr-05	99900	140350	71.18
6-Apr-05	100000	114699	87.18
7-Apr-05	96799	122769	78.85
8-Apr-05	78700	109360	71.96
11-Apr-05	95230	105190	90.53

Date	Total Circular Traded Volume	Total Traded Volume on BSE	% of Circular Traded Volume to Day's Volume on BSE
12-Apr-05	9050	46040	19.66
13-Apr-05	10000	102929	9.72
13-Jun-05	191300	1392988	13.73
15-Jun-05	130654	309237	42.25
17-Jun-05	173492	915571	18.95
20-Jun-05	239331	1119925	21.37
21-Jun-05	154813	1014981	15.25
22-Jun-05	248045	1093642	22.68
23-Jun-05	57368	344789	16.64
28-Jun-05	49350	181416	27.20
Total	**3134232**	**9199531**	**34.07**

26. It may be seen from the above details that of the 30 trading days, on which such circular trades have been executed, on all the days the contribution of such trades to the market volumes are quite significant. Out of these 30 days the Noticee has traded on 26 days and on a number of such days, circular trades of the Noticee along with other clients/brokers have contributed to more than 80% of the day's market volumes.

27. It was observed that the total circular traded quantity by the group of aforesaid brokers and clients was 31, 34,232 shares (purchase) and 31, 34,232 shares (sale) and the Noticee's contribution in this circular traded quantity is 5, 68,572 shares (purchase) and 5, 87,275 shares (sale). This constituted 18.14% of the total circular traded purchase quantity and 18.74% of the total circular traded sale quantity respectively. Further, during the period when the Noticee has allegedly indulged in circular trades, the price of the scrip has gradually increased from Rs.14.51 per share on March 11, 2005 to Rs.29.15 per share on June 28, 2005.

28. The phenomenal regularity with which these clients and stock brokers were counter-parties, leads one to conclude, that these transactions were effectively meant to be circular. It is my considered belief that frequency of such trades ensured consistent matching of the orders purely for the purpose of projection of the volumes of the shares of PCL in a way that was not the market determined volumes, possibly to induce other persons to invest in the said scrip. I find that the daily traded volume of the scrip went up from 1, 93,606 shares at the beginning of the period of investigation to 7, 52,616 shares towards its end, and there was also wide fluctuations in the traded volume of the scrip. The volume witnessed a low of 2,880 shares (on April 28, 2005), when the aforesaid group of brokers and clients had not traded, and it touched more than 10 lakh shares on many days during the investigation period when circular pattern of trading was observed. Noticee's contribution in this circular traded quantity is of 11, 55,847 shares (purchase of 5, 68,572 shares and sale of 5, 87,275 shares). Thus, the increase in the trading volume in the scrip can be attributed to the trades done by the

Noticee through the broker Vijay Bhagwandas Shah and his counterparty brokers and their clients. Also, such types of circular transactions, which contribute to major portion of market volume on most of the days, do impact price movement and volatility in stock markets. Others in the market get the impression that these are genuine prices and volumes of the scrip whereas, this is not the fact. This is what has transpired in the present case. I have also noted the fact that a total of 31, 34,232 shares were purchased and the exact same number of shares sold collectively by all the participants of the circular trading during the period of investigation and this cannot be just a matter of coincidence.

29. The fact is that, had the aforesaid discussed trades been executed in the normal course of business, the possibility of such perfect matching of trades would not have been possible. Thus, the transactions were definitely done with some inbuilt component of 'intent' involved. Greater the number of circular trades, the larger is the chances of trades not being genuine in nature. Hon'ble SAT had observed in the case of *Ketan Parekh Vs SEBI (Appeal No. 2 of 2004 Order dated July 14, 2006) "Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available".* In the instant case, the very act of circular trades in the scrip of PCL on the part of the Noticee reveled in its acting in tandem with other entities indicates the inherent intention of manipulating the said scrip.

30. From the above, it is evident that circular trades were effected in the scrip of PCL and the Noticee was one of entities involved in such trades. In this regard, it has been already noted that the pattern of trading and matching of these trades with the same set of stock brokers and their clients and that too on so many occasions cannot be attributed to coincidence. During the period almost all of the Noticee's transactions in the scrip of PCL executed through the stock broker VBS got matched regularly and that too with the same set of entities. This trend was not noted in a solitary incident or two. Instead, this pattern was observed on 91 instances in 26 trading days. I am of the view that such matching of the trades of the Noticee with the same set of entities and that too on so many occasions cannot take place without the knowledge or involvement of the Noticee. I am therefore, of firm belief that as has been stated above circular trades have taken place and also that aforesaid buy and sale trades respectively involving 5,68,572 and 5,87,275 shares executed by the Noticee was a part of the game plan of circular trades.

Findings from the documents obtained from Depositories, Banks and Stock Exchange:

31. I note that Noticee has not argued in the fact that the trade executed in the said scrip by all alleged entities are perfect circular trades and almost all trades were executed with intention to create artificial volume in the said scrip.

32. I find from the submissions of the Noticee that he has changed its stand in his replies, firstly, he submitted that he had never opened any account with the broker. Secondly,

he has submitted that he does not remember that he had opened any account with the broker. Thirdly he has submitted that he is very much sure that someone had misused his name and executed trades in the said scrip by opening illegal account with the said broker which was not difficult at that time that is in 2003-2005 for which the Noticee submitted that he had lodged First Information Report with Police Station in the year February 21, 2015, after receipt of communication from the Recovery Division of SEBI.

33. It is noted that, pursuant to the request of the Notice seeking KYC form submitted during opening the trading account with broker. BSE was advised to provide KYC of the Noticee with the broker. BSE provided the copy of the KYC of the Noticee with the broker. The said KYC was forwarded to the AR to offer his comments on the KYC. The Noticee vide his letter reiterated the submissions made in his earlier replies that, he had never transferred any amount or shares to the broker, he never contacted any broker to open any account, that he does not remember that he had signed any KYC.

34. With regard to the claim of Noticee that he has never opened any trading account with any broker and he never had demat account, I note that from the bank statement submitted by the Noticee in the current proceedings that there were transactions between Noticee and other stock brokers (SP Jain and Joindre Capital)and he was holding demat account (being no.1202850000007668) and (120202000000108981).

35. The Noticee claim that he had never opened an account with the broker Vijay Bhagawandas Shah or Bhagwandas & Co, I note that when the copy of KYC was provided to Noticee for his comments on the KYC, the Noticee had simply submitted that he had never opened any trading account. The submissions of the Noticee are not tenable, thus it is concluded that the Noticee had made false statement that he had never opened any trading account with any broker.

Active Trader and Trading Pattern of Noticee.

36. I find from the transaction statement obtained from Depositories that Noticee was an active trader in various other scrips during the IP. I note from the Bank Account details submitted by the Depositories that he was holding two bank accounts during the period of Investigation for trading purpose one was the Current Account (A/c No. 623505379932) and Other Saving Bank Account (A/c No. 623501514156) with ICICI Bank, wherein, I note there were several transaction of debit and credit to/from other stock brokers . I also note that there were several cash transactions reported during the period January 01, 2005 to March 31, 2005 and April 01, 2005 to December 31, 2005 in the savings account.

37. Upon perusing the Transaction Statement of Noticee (1202850000007668) for the period March 11, 2005-July 18,2005, I note that Noticee was holding shares of over 42 companies and his demat statement suggests he has been investing in shares regularly during this period .i also note that Noticee was holding shares so bought for a very short period and in few cases he had sold the shares bought next day itself.

38. Upon perusing the KYC of Noticee with Stock Broker –Vijay Bhagwandas Shah, I note that it bears the same photo of Noticee which is also available in the KYC of the noticee available with Banks and Depositories(provided by noticee in his reply before me in the current proceedings) . Also I note that the signature of the Noticee appearing on this KYC matches with his signature available on his PAN card and also on the other KYCs.

39. I also note from the transaction statement submitted by the Noticee that he has traded through other stock brokers i.e M/s S P Jain Securities Pvt Ltd and M/s Joindre Capital Services and it is interesting to note that M/s S P Jain Securities Pvt Ltd was also one of the entity against whom SEBI had initiated adjudication in the same matter and penalty was imposed and the said penalty was reportedly paid by M/s S P Jain Securities Pvt Ltd.

40. Therefore, I am not inclined to accept the contention of the Noticee that he was unemployed and financially unsound because the demat account and Bank account of Noticee reveals different story. He was managing a current account which generally business people operates. Further, I find that the Noticee had largely done intra-day trading during the IP therefore there were hardly any movement of shares in his demat account.

41. I also find from the KYC submitted to the Stock Exchange, Depositories and Bank Account, the signature of the Noticee in these documents is matching with PAN Card of the Noticee submitted by him during current proceedings. However I observe Noticee has signed differently in his communication to SEBI in the instant matter to mislead.

42. From the above fact it is concluded that the Noticee in each of his reply has changed his stand and the said submission are afterthought. Further he has simply filed the FIR with the police station and did not made any effort to it conclusion neither he has filed any case before appropriate forum and pursue and order.

43. Further with respect to the filing of the FIR reliance is placed on *Hon'ble Securities Appellate Tribunal Order in the matter of Varun Arya v/s Securities and Exchange Board of India in Appeal No. 205 of 2011 decided on 23 April 2012* wherein it was held that

"…..

Filing of an FIR after two years of the initiation of proceedings by the Board is only an afterthought and cannot be accepted as a good ground to support the case of the appellants."

44. Lastly, the Noticee has submitted that the connection and relation has not been established between him and other purported entities in the entire SCN. The said submissions of the Noticee are not tenable in view of the Judgment of Hon'ble Supreme Court of India in the matter of Securities and Exchange Board of India Versus Kishore R. Ajmera in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 wherein it was held:

" 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.

45. Further it is noted for the trading pattern of the Noticee as referred in above paras that the Noticee has indulged in creation of artificial volume in the market by executing circular trade without an intention to the change the ownership of securities. Reliance is placed on the ratio in the Judgment of Hon'ble Supreme Court of India in the matter of Securities and Exchange Board of India Versus Kishore R. Ajmera in Civil Appeal No. 2818 of 2008 decided on February 23, 2016 wherein it was held 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.

It has been vehemently argued before us that on a screen based trading the identity of the 2nd party be it the client or the broker is not known to the first party/client or broker. According to us, knowledge of who the 2nd party/ client or the broker is, is not relevant at all. While the screen based trading system keeps the identity of the parties anonymous it will be too naive to rest the final conclusions on said basis which overlooks a meeting of minds elsewhere. Direct proof of such meeting of minds elsewhere would rarely be forthcoming. The test, in our considered view, is one of preponderance of probabilities so far as adjudication of civil liability arising out of violation of the Act or the provisions of the Regulations framed thereunder is concerned. Prosecution under Section 24 of the Act for violation of the provisions of any of the Regulations, of course, has to be on the basis of proof beyond reasonable doubt. 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 fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid scrip, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. The failure of the brokers/sub-brokers to alert themselves to this minimum requirement and their persistence in trading in the particular scrip either over a long period of time or in respect of huge volumes thereof, in our considered view, would not only disclose negligence and lack of

due care and caution but would also demonstrate a deliberate intention to indulge in trading

beyond the forbidden limits thereby attracting the provisions of the FUTP Regulations. The difference between violation of the Code of Conduct Regulations and the FUTP Regulations would depend on the extent of the persistence on the part of the broker in indulging with transactions of the kind that has occurred in the present cases. Upto an extent such conduct on the part of the brokers/sub-brokers can be attributed to negligence occasioned by lack of due care and caution. Beyond the same, persistent trading would show a deliberate intention to play the market. The dividing line has to be drawn on the basis of the volume of the transactions and the period of time that the same were indulged in. In the present cases it is clear from all these surrounding facts and circumstances that there has been transgressions by the respondents beyond the permissible dividing line between negligence and deliberate intention."

46. The order of Hon'ble Securities Appellate Tribunal in the matter of Monika Jain Vs. Adjudicating Officer SEBI decided on 11.02.2011:

"…A circular trade is a fictitious trade which is executed on the trading screen of the exchange which does not result in the transfer of beneficial ownership in the traded scrip. Such trades only create false or misleading appearance of trading in the securities market and thereby lure the lay investors to jump into the fray…"

47. I have taken into consideration all the facts and circumstances of the case and the material available on record. I am of the view that the facts of the present case clearly bring out an element of fraud and unfair trade practices indulged in by the Noticee as far as the aforesaid trades in the scrip of PCL is concerned. It is established that the Noticee along with the other entities has created artificial volume in the market by executing circular trades thereby created false and misleading appearance on the market entered transaction in securities without intention of performing it or without intention of change of ownership of such shares in the scrip by violating provision of Regulations 3(a), 4(1), 4(2) (a), (b) and (g) of PFUTP Regulations.

ISSUE II: Do the violations, if any, on the part of the Noticee attract penalty under section 15HA of SEBI Act?

48. The aforesaid violations by the Noticee make him liable for penalty under Section 15HA of the SEBI Act, 1992 which read as follows;

"Penalty for fraudulent and unfair trade practices

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

49. As regards the Noticee it is clear thhe is liable for imposition of penalty as is drawn from the Hon'ble Supreme Court of India Order in the matter of *SEBI Vs. Shri Ram Mutual Fund* [2006] 68 SCL 216(SC) has also held that

"In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant…".

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in section 15J of the SEBI Act?

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

"15J- Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-1, 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."

51. Since Noticee had submitted that if the Noticee is found guilty then lenient view may be taken while deciding the quantum of penalty supporting his submission the Noticee has relied on various order of Adjudicating Offer in

- Order passed against Mr Vikas G Narnavar dated March 30, 2012.
- Order passed against Vikas G Narnavar dated June 06, 2010 in the matter of Genus Commu Trade Limited.
- Order dated March 22, 2012 passed in the matter of E Star Infotech Limited in respect of Ramesh K Jain.
- By order dated June 17, 2011 in the matter of K Sera Sera in respect of Adolf Pinto, Gillian Pinto and Kenath Pinto.
- Sever orders passed in the matter of K Sera Sera.

52. The ratio cited in the above adjudication orders are not applicable to the case in hand as the facts and circumstances and the role of the Noticee is different and distinct. Further, the proceedings in the present case are separate, distinct and independent.

53. It noted from the records and as submitted by the Noticee that SEBI has taken various actions against the Noticee, detailed as under:

ORDER PASSED BY	**In matter of debarred/penalty imposed**	**DATE OF ORDER**	**PENALTY AMOUNT/PERIOD OF DEBARMENT**
AO	Era Construction Limited	28-02-2013	800000/-
AO	SKS Logistic Limited	13-04-2012	100000/-
AO	Todays writing product limited	29/03/2012	200000/-
AO	Rajesh export limited	25/02/2011	300000/-
AO	Adani export limited	21/12/2010	100000/-
AO	Parsoli corportaion limited	30-07-2010	200000/-

AO	K sera sera production limited	30/06/2010	1500000/-
AO	KRBL limited	31/05/2010	300000/-
AO	K sera sera production limited	31/05/2010	400000/-
AO	Tasc pharmaceutical limited	31/03/2010	100000/-
AO	Gravity india limited	25/02/2010	100000/-
WTM	Karuna cable limited	08/10/2009	DEBARMENT FROM 08-10-2009 TO 07-10-2010
WTM	Todays writing product limited	01/11/2007	DEBARMENT FROM 01-11-2007 TO 28-02-2008

54. It is difficult, in cases of such nature, to quantify exactly the disproportionate gains or unfair advantage enjoyed by the Noticee and the consequent losses suffered by the investors due to the violations by the Noticee. However, I note from the above action taken against the Noticee due to violation of the securities laws, the act of the Noticee is repetitive in nature.

ORDER

55. In view of the above, after considering all the facts and circumstances of the case, the material available on record, the submission made by the Noticee in exercise of the powers conferred upon me under 15-I of the SEBI Act, 1992 read with Rule 5 of Rules on the Noticee, I hereby impose a monetary penalty under Section 15HA of SEBI Act, 1992 of Rs. 2 ,00,000/- (Rupees Lakhs only) on Shri Sunil Purohit for violation of Regulations 3(a), 4(1), 4(2) (a), (b) and (g) of PFUTP Regulations.

56. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favor of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below:

Account No. for remittance of penalties levied by Adjudication Officer

Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No	31465271959

57. The Noticee shall forward said Demand Draft or the details/confirmation of penalty so paid through e-payment to the General Manger (Enforcement Department - DRA- IV) of SEBI. The format for forwarding details/confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No.

SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated at e-mail ID- tad@sebi.gov.in:

Date	
Department of SEBI	
Name of Intermediary/other Entity	
Type of Intermediary	
SEBI Registration Number (if any)	
PAN	
Amount (in Rs.)	
Purpose of payment (Penalty)	
Bank Name and Account Number from which payment is remitted	
UTR No	

58. In terms of Rule 6 of the Rules, copy of this order is sent to Shri Sunil Purohit and also to the Securities and Exchange Board of India.

Date: August 07, 2018 **SAHIL MALIK**
Place: Mumbai **ADJUDICATING OFFICER**