

ADJUDICATION ORDER NO. Order/JS/PS/2021-22/14959-14980

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

In respect of:

Sl. No.	Name of the Noticee	PA No.
1.	V. P. Patel	AKNPP8099H
2.	Vanraj Singh Kahor	AGDPK4812F
3.	GRD Securities Private Limited	AABCG7534M
4.	Korp Securities Limited	AACCK1771D
5.	Wheelers Developers Private Limited	AAACW2150N
6.	Divya Drishti Merchants Private Limited	AABCD8147K
7.	Divya Drishti Traders Private Limited	AABCD8146J
8.	Anoop Jain HUF	AAAH6321A
9.	Shri Anoop Vimal Jain	AADPJ2136K
10.	Ritu Jain	AAMPJ9586C
11.	Vimgi Investments Private Limited	AACV1008L
12.	Shikha Somani	BOFPS9939J
13.	Prem Somani Share Brokers Private Limited	AABCP4104E
14.	Nimit Jayendra Shah	AOPPS6722L
15.	Shaswat Stock Brokers P. Ltd	AACCS1143H
16.	Bahubali Stock Broking Limited (formerly known as Shree Bahubali International Limited)	AAECS4019E
17.	Grishma Securities Pvt. Ltd.	AABCG1300K
18.	Swift Tie-up Private Limited	AAMCS0280M
19.	Lookline Tradelinks Pvt Ltd (formerly known as Marutinandan Infosolutions Private Limited)	AAHCM1455H
20.	Aashrit Capital Ltd (formerly known as Jalan Cement Works Limited)	AAACJ6788R
21.	Orbit Financial Consultants Private Limited	AABCO2090G
22.	Centillion Capital Private Limited (formerly known as PELF Finstock Limited)	AAACP3943N

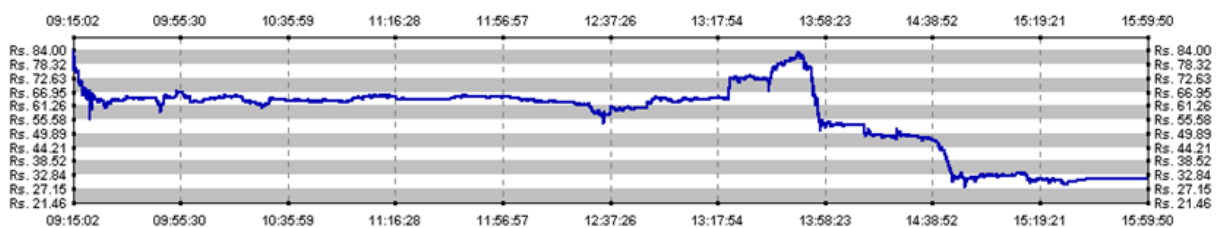
In the matter of Bharatiya Global Infomedia Limited

BACKGROUND OF THE CASE

1. Bharatiya Global Infomedia Limited (hereinafter referred to as BGIL) came up with an Initial Public Offer ("IPO") through the book building route in the price band of

₹75 to ₹82 for 67.20 lakh equity shares of ₹10 each constituting 42.42% of its post issue paid-up capital. Almondz Global Securities Limited ("Almondz / Merchant Banker") was the Book Running Lead Manager for the issue and the registrar to the issue was Karvy Computers Share Pvt. Ltd (Karvy). CARE had assigned IPO Grade of '2' to BGIL IPO i.e. 'Below Average Fundamentals'. The issue opened for bidding on July 11, 2011 and closed on July 14, 2011. As per the minutes of the meeting between BGIL, Almondz and Karvy, the issue had received 5,098 valid applications for 98,90,775 equity shares (after technical rejections, including cheque returns / withdrawals), resulting in 1.47 times subscription. BGIL in consultation with Almondz had decided to issue the shares at a price of ₹82 per share. Thus, ₹55.10 crores was raised from the market. The allotment of shares took place on July 21, 2011 after which, the shares were listed and admitted to dealings on National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE) on July 28, 2011. On NSE 4,75,78,807 shares were traded and on BSE 4,07,25,468 shares were traded on the listing day i.e. on July 28, 2011. In total, 8.83 crore shares were traded on BSE & NSE and only 6.5% of shares were delivery based trades.

2. On the day of listing of shares of BGIL i.e. on July 28, 2011, on BSE, the price of the scrip opened at ₹ 81.9, stayed between ₹ 60-70 for some time and then plunged to ₹ 29.90 at close. On NSE, the price of the scrip opened at ₹ 84 (day's high), stayed between ₹ 60-70 for some time and then plunged to ₹ 30.95 at close. Major allottees who were allotted shares in the IPO of BGIL had sold the shares so allotted on the listing day. 14,87,475 shares were allotted to 72 Non-Institutional Investors (NII). 69 NII had sold 15,81,912 shares, bought 1,87,579 shares and were net sellers of 13,94,333 shares. Only three NIIs had not sold the shares on first day. 52,32,525 shares had been allotted to 4824 retail applicants accounting to 77.86% of issue size within a range of 75 to 1495 shares per client. 1763 retail applicants had applied through ASBA. 468 retail applicants, who were allotted 33,02,115 shares, had not sold on the listing day. 17 clients had bought and sold for more than 5 lakh shares who had not received the shares through IPO. The price movement on the first day of listing on BSE is given below:



3. In this background, on noticing price fluctuations in the scrip of BGIL on the first day of trading i.e. July 28, 2011, Securities and Exchange Board of India (hereinafter

referred to as 'SEBI') conducted an investigation into the alleged irregularities in the scrip of BGIL and into the possible violation of the SEBI Act, 1992 (hereinafter referred to as 'the Act') and Regulations made there under. The investigation was primarily focused on the IPO of equity shares by BGIL and its subsequent trading on the listing day i.e. July 28, 2011. While the investigation in the matter were ongoing, SEBI vide an ad-interim ex-parte order dated December 28, 2011, *inter-alia*, issued the following directions:

- i. *"The company Bharatiya Global Infomedia Ltd., is prohibited from raising any further capital from the securities market, in any manner whatsoever, till further directions.*
 - ii. *The company BGIL (PAN: AABCB8175B), its directors Rakesh Bhatia, Chairman and Managing Director, PAN: AHYPB7406Q, Arti Bhatia, Director, PAN: AFCPB5056J, Sanjeev Kumar Mittal, PAN: AIVVPM0122A Anil Kapoor Passport No. P USA 448486811, Sanjay Kapoor, PAN: AIXPK2530Q, Harjeet Anand, PAN: AABPA2410K, Jaya Mishra, PAN: AAJPM6407E and its Manager (Finance) Rajeev Kumar Agarwal (PAN: AGGPA0436L) are prohibited from buying, selling or dealing in the securities market in any manner whatsoever, till further directions.*
 - iii. *The Company shall call back the ICDs of ₹12.5 crore invested by it with Nihita Financials Ltd., Sanjukta Vanijya Pvt. Ltd. and Darshan Tradelink Pvt. Ltd., and all amounts transferred / paid out of IPO proceeds to its directors or relatives of its directors or HUFs belonging to any of its directors or associate or subsidiaries or group companies. These amounts together with all of the IPO proceeds that are still lying unutilized with the company across all its bank / deposit accounts or any investments including in mutual funds, shall be deposited in an interest bearing escrow account with a scheduled commercial bank, till further orders. A confirmation on compliance of this direction shall be sent by the promoters of BGIL to the stock exchanges where it is listed, within 7 days from the date of this order."*
4. Subsequently, the directions issued vide the interim order were confirmed by SEBI vide Order dated October 05, 2012 ("confirmatory order"). After completion of investigation in the matter, vide order dated May 07, 2013, the interim directions, issued against Ms. Arti Bhatia, Mr. Anil Kapoor, Mr. Sanjay Kapoor, Mr. Harjeet Anand and Ms. Jaya Mishra vide the ad interim ex-parte Order dated December 28, 2011 and confirmatory order dated October 05, 2012, were revoked.
5. SEBI alleged that, on the listing day, certain suspected entities viz. Shri V. P. Patel (Noticee No. 1/ VPP), Shri Vanraj Singh Kahor (Noticee No. 2/Kahor), GRD Securities Private Limited (Noticee No. 3/GRD Securities), Korp Securities Limited

(Noticee No. 4/Korp), Wheelers Developers Private Limited. (Noticee No. 5 /Wheelers), Divya Drishti Merchants Private Limited (Noticee No. 6/ Divya Drishti Merchants Private Limited /DDM), Divya Drishti Traders Private Limited (Noticee No. 7/ Divya Drishti Traders Private Limited /DDT), Anoop Jain HUF (Noticee No. 8/ Anoop Jain HUF), Shri Anoop Vimal Jain (Noticee No. 9/ Anoop Jain), Smt Ritu Jain (Noticee No. 10 / Ritu Jain /Ritu), Vimgi Investments Private Limited (Noticee No. 11 / Vimgi Investments Private Limited/ Vimgi), Ms. Shikha Somani (Noticee No. 12/ Shikha Somani / Shikha), Prem Somani Share Brokers Private Limited (Noticee No. 13 / Prem Somani Share Brokers Private Limited /Prem Somani), Nimit Jayendra Shah (Noticee No. 14/ Nimit Jayendra Shah /Nimit), Shaswat Stock Brokers P.Ltd (Noticee No. 15/ Shaswat Stock Brokers P.Ltd / Shaswat), Bahubali Stock Broking Limited (formerly known as Shree Bahubali International Limited) (Noticee No. 16/ Bahubali /SBIL), Centillion Capital Private Limited (formerly known as PELF Finstock Limited) (Noticee No. 17 /Pelf), Swift Tie-up Private Limited (Noticee No. 18 / Swift), Lookline Tradelinks Pvt Ltd (formerly known as Marutinandan Infosolutions Private Limited (Noticee No. 19 / Lookline), Aashrit Capital Ltd (formerly known as Jalan Cement Works Limited) (Noticee No. 20/Aashrit), Orbit Financial Consultants Private Limited (Noticee No. 21 / Orbit) and Grishma Securities Pvt. Ltd. (Noticee No. 22/ Grishma) (hereinafter collectively referred to as the Noticees), allegedly connected to each other and/or the company BGIL, by one way or the other, had traded fictitiously / manipulatively in the scrip of BGIL without the intention of change of beneficial ownership by executing structured, synchronized and circular trades among each other allegedly. Few company related entities i.e. Noticee Nos. 1, 3 to 7, 18 to 21 and broker Noticee Nos. 16 and 17 had also given exit to the allottees i.e. Noticee Nos. 8, 9, 10, 12, 14 and various others while creating artificial volumes and misleading appearance of trading in the scrip of BGIL.

6. Based on the aforesaid information with respect to alleged violation of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations, 2003 ('PFUTP Regulations'), SEBI (Stock-Broker regulations and Sub-Brokers) Regulations, 1992 ('Stock Broker Regulations') and provisions of the Act, as applicable, Adjudication proceedings under Chapter VI-A of SEBI Act were initiated against the Noticees under section 15HA and Section 15HB of the SEBI Act, as applicable, to inquire into and adjudicate the alleged violation of the aforementioned provisions.
7. The aforementioned Adjudication proceedings were concluded vide Order Ref: EAD-2/DSR/RG/ 78-98 /2014 dated March 25, 2014 (hereinafter referred to as 'Order'). In the Order, it was inter alia held that the Noticees violated the following applicable provisions of PFUTP Regulations, Stock Broker Regulations and provisions of the

Act and accordingly penalties as stated below were imposed on the Noticees except Grishma which had filed a consent application with SEBI at that point of time under SEBI (Settlement of Administrative and civil procedure) Regulations, 2014, and was allege to have violated the provisions of Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations, Regulation 7 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the said Regulations:

Sr. No.	Name of the Noticee	Regulation violated	Penalty Amount (Rs.)
1	Shri V. P. Patel	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations.	6 Crores
2	Shri Vanraj Singh Kahor	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations.	50 lakhs
3	GRD Securities Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations, Regulation 7 read with Clause A of the Code of Conduct as specified under schedule II of Stock Broker Regulations.	Rs. 3 crores
4	Korp Securities Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations, Regulation 7 read with Clause A of the Code of Conduct as specified under schedule II of the Stock Brokers Regulations.	Rs. 5 crores only
5	Swift Tie-up Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the SEBI PFUTP Regulations.	Rs. 3 crores only
6	Marutinandan Infosolutions Private Limited	Section 12A(a), (b), and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the SEBI PFUTP Regulations.	6 crores only
7	Jalan Cement Works Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the SEBI PFUTP Regulations.	3 crores only
8	Orbit Financial Consultants Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the SEBI PFUTP Regulations.	Rs. 50 lakhs only
9	Wheelers Developers Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations,	2 crores only
10	Divya Drishti Merchants Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations,	2 crores only
11	Divya Drishti Traders Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations	2 crores only
12	Anoop Jain HUF	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations,	50 lakhs only
13	Shri Anoop Vimal Jain	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations,	50 lakhs only
14	Ritu Jain	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations	50 lakhs only
15	Vimgi Investments Private Limited	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations, , Regulation 7 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the said Regulations	1 crore only
16	Shikha Somani	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations,	50 lakhs only

Sr. No.	Name of the Noticee	Regulation violated	Penalty Amount (Rs.)
	[PAN: BOFPS9939J]		
17	Prem Somani Share Brokers Private Limited [PAN: AABCP4104E]	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations, SEBI Circular No. SEBI/MRD/SE/Cir-33/2003/27 dated August 27, 2003 & SEBI Circular No. MRD/DoP/SE/Cir-11/2008 dated April 17, 2008, , Regulation 7 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the said Regulations	1 crore only
18	Nimit Jayendra Shah [PAN: AOPPS6722L]	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations	50 lakhs only
19	Shaswat Stock Brokers P.Ltd [PAN: AACCS1143H]	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) of the PFUTP Regulations and Regulation 15 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the Regulations	1 crore only
20	Shree Bahubali International Limited [PAN: AAECs4019E]	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations, , Regulation 7 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the said Regulations	2 crore only
21	PELF Finstock Limited [PAN: AAACP3943N]	Section 12A(a), (b) and (c) of SEBI Act and Regulation 3(a), (b), (c) & (d) and 4(1) & 4(2)(a) (e) and (g) of the PFUTP Regulations, , Regulation 7 of the Broker Regulations read with Clause A of the Code of Conduct as specified under schedule II of the said Regulations	2 crore only
	TOTAL		42.50 crores only

8. The erstwhile Adjudicating Officer vide order dated March 25, 2014, imposed penalty of Forty-Two Crores and Fifty Lakhs on the Noticees except Grishma which was under consent at that point of time. Thereafter, the aggrieved parties challenged the Order of erstwhile Adjudicating Officer at the Hon'ble Securities Appellate Tribunal ('SAT'). Subsequently, Hon'ble SAT vide order dated April 06, 2016, *inter-alia*, held the following:

“2. ...the AO has not considered the merits of those submissions independently and has sought to impose penalty by making only general observations.

3. Without considering the merits of the submissions made by each Appellant independently, the AO could not have imposed penalty merely on the basis of general observations. Since the AO has failed to consider the submission made by each Appellant, in our opinion, it is just and proper to set aside the impugned order and restore the matters to the file of AO for passing fresh order on merits and in accordance with law.

4. Apart from the above, in view of the decision of the Apex Court in the case of SEBI vs. Roofit Industries Ltd., reported in (2016) 194 Comp. Cas.186 (S.C.), and in the case of Siddharth Chaturvedi vs. SEBI (Civil Appeal No.14730 of

2015) decided on March 14, 2016, AO may also reconsider the issue as to whether there is any discretion to impose lesser penalty than the penalty prescribed under Section 15HA of SEBI Act.

5. Accordingly, the impugned order dated 25th March, 2014 is set aside qua the Appellants herein and all the matters are restored to the file of AO for passing fresh order on merits and in accordance with law after giving personal hearing to each of the Appellant.”

9. Thereafter, the matter was restored to the file of the erstwhile Adjudicating Officer for passing fresh order on merits and in accordance with law with directions “*after giving opportunity of personal hearing to each of the appellant.*”

APPOINTMENT OF ADJUDICATING OFFICER

10. Consequent to the restoring of the matter to the file to the erstwhile Adjudicating Officer for passing fresh order on merits, in terms of SAT order dated April 06, 2016, the Adjudication proceedings were transferred by SEBI. Pursuant to transfer of the Adjudication proceedings, the undersigned was appointed as Adjudicating Officer (AO) under Section 15-I of the Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (‘Adjudication Rules’) in the matter vide order dated April 27, 2018 to enquire into and adjudge under Section 15HA and Section 15HB of the Act, as applicable, the alleged violations by the Noticees.

WRITTEN SUBMISSIONS AND PERSONAL HEARING

11. As the Hon’ble SAT vide Order dated April 06, 2016, directed SEBI that fresh order needs to be passed in accordance with law after giving personal hearing to each of the Appellant, a notice of hearing dated June 26, 2018, was issued to all the Noticees in terms of the SEBI Adjudication Rules providing them an opportunity of personal hearing. Details of personal hearing, inspection and submissions of the Noticees are summarised in the table below:

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
V. P. Patel	June 26, 2018	Notice Served	July 24, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 13, 2019 and September 08, 2021	Noticee availed the hearing on September 08, 2021.	Letter dated September 04, 2021

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
Vanraj Singh Kahor	June 26, 2018	Notice Served	July 24, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 13, 2019 and September 08, 2021	Noticee availed the hearing on September 08, 2021.	Letter dated September 01, 2021
GRD Securities Private Limited	June 26, 2018	Notice Served	July 23, 2018, Noticee not attended the hearing. Based on request of the Noticee, inspection of documents was provided by the concerned department of SEBI on September 28, 2018.	Noticee was subsequently granted hearing on May 13, 2019 and September 08, 2021	Noticee availed the hearing on May 13, 2019 and September 08, 2021.	Letter dated June 07, 2019
Korp Securities Limited	June 26, 2018	Notice Served	July 23, 2018, Noticee not attended the hearing	Noticee was granted hearing on August 31, 2018, May 13, 2019 and August 23, 2021	Noticee availed the hearing on August 31, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee failed to avail the subsequent hearings.	Letter dated July 07, 2013
Wheelers Developers Private Limited	June 26, 2018	Notice Served	July 25, 2018, Noticee not attended the hearing	Noticee was granted hearing on September 10, 2018, May 13, 2019 and September 21, 2021	Noticee availed the hearing on September 10, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the	Letter dated May 06, 2013, September 15, 2013 and September 20, 2018

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					Noticee waived the opportunity to attend subsequent hearings.	
Divya Drishti Merchants Private Limited	June 26, 2018	Notice Served	July 25, 2018, Noticee not attended the hearing	Noticee was granted hearing on September 10, 2018, May 13, 2019 and September 21, 2021	Noticee availed the hearing on September 10, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated August 26, 2013 and September 20, 2018
Divya Drishti Traders Private Limited	June 26, 2018	Notice Served	July 25, 2018, Noticee not attended the hearing	Noticee was granted hearing on September 10, 2018, May 13, 2019 and September 14, 2021	Noticee availed the hearing on September 10, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated August 20, 2013 and September 20, 2018
Anoop Jain HUF	June 26, 2018	Notice Served	July 24, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 14, 2019 and September 14, 2021	Noticee availed the hearing on September 10, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was	Letter dated May 06, 2019 August 20, 2013 and September 20, 2018

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					again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	
Anoop Vimal Jain	June 26, 2018	Notice Served	July 24, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 14, 2019 and September 21, 2021	Noticee availed the hearing on May 14, 2019. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated May 06, 2019 and August 02, 2021 and September 15, 2021.
Ritu Jain	June 26, 2018	Notice Served	July 24, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 14, 2019 and September 21, 2021	Noticee availed the hearing on May 14, 2019. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated May 06, 2019 and August 02, 2021 and September 15, 2021.
Vimgi Investments Private Limited	June 26, 2018	Notice Served	July 23, 2018, Noticee not attended the hearing	Noticee was granted hearing on May 14, 2019 and September 21, 2021	Noticee availed the hearing on May 14, 2019. As substantial time had elapsed from the date of previous	Letter dated May 07, 2019, May 16, 2019 and September 15, 2021.

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
					hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	
Shikha Somani	June 26, 2018	Notice returned undelivered and later served by way of affixture	September 03, 2018, Noticee not attended the hearing	Noticee was granted hearing on September 17, 2018, May 13, 2019 and September 22, 2021	Noticee availed the hearing on September 17, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated June 08, 2013 and September 17, 2018.
Prem Somani Share Brokers Private Limited	June 26, 2018	Notice returned undelivered and later served by way of affixture	September 03, 2018, Noticee not attended the hearing	Noticee was granted hearing on September 17, 2018, May 13, 2019 and September 22, 2021	Noticee availed the hearing on September 17, 2018. As substantial time had elapsed from the date of previous hearing, opportunity of hearing was again granted to the Noticee. However, the Noticee waived the opportunity to attend subsequent hearings.	Letter dated May 21, 2013.
Nimit Jayendra Shah	June 26, 2018	Notice served	July 23, 2018, Noticee attended the hearing	Noticee was granted hearing on May 10, 2019 and September 20, 2021	Noticee availed the hearing on July 23, 2018, May 10, 2019 and September	Letter dated June 17, 2013, October 18, 2013 and

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
					20, 2021.	August 04, 2018.
Shaswat Stock Brokers P.Ltd	June 26, 2018	Notice served	July 23, 2018, Noticee attended the hearing	Noticee was granted hearing on May 10, 2019 and September 20, 2021	Noticee availed the hearing on July 23, 2018, May 10, 2019 and September 20, 2021.	Letter dated June 17, 2013, August 04, 2018 and September 11, 2021.
Shree Bahubali International Limited	June 26, 2018	Notice served	July 23, 2018, Noticee attended the hearing	Noticee was granted hearing on May 10, 2019 and September 20, 2021	Noticee availed the hearing on July 23, 2018, May 13, 2019 and September 22, 2021.	Letter dated June 27, 2013, October 19, 2013 and October 04, 2021.
PELF Finstock Limited	June 26, 2018	Notice served	July 23, 2018, Noticee vide letter dated July 13, 2018, informed that it intends to opt for settlement proceedings and requested to hold the instant proceedings under abeyance.	Noticee was granted hearing on September 27, 2021	Noticee availed the hearing on September 27, 2021.	Letter dated September 22, 2021.
Swift Tie-up Private Limited	June 26, 2018	Notice returned undelivered and later served by way of publication	October 10, 2018, Noticee vide letter dated October 08 and 31, 2018, requested for inspection of documents. Subsequently, vide letter dated November 26, 2018 and May 06, 2019, informed that it had opted for settlement	Noticee was granted hearing on May 13, 2019 and September 28, 2021	Noticee availed the hearing on September 28, 2021.	Letter dated October 31, 2018 and October 11, 2021.

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
			proceedings and requested to hold the instant proceedings under abeyance.			
Lookline Tradelinks Pvt Ltd	June 26, 2018	Notice returned undelivered and later served by way of publication	October 10, 2018, Noticee vide letter dated October 08 and 31, 2018, requested for inspection of documents. Subsequently, vide letter dated November 26, 2018 and May 06, 2019, informed that it had opted for settlement proceedings and requested to hold the instant proceedings under abeyance.	Noticee was granted hearing on May 13, 2019 and September 28, 2021	Noticee availed the hearing on September 28, 2021.	Letter dated October 31, 2018 and October 11, 2021.
Aashrit Capital Limited	June 26, 2018	Notice returned undelivered and later served by way of publication	October 10, 2018, Noticee vide letter dated October 09 and 31, 2018, requested for inspection of documents. Subsequently, vide letter dated November 26, 2018 and May 06, 2019, informed that it had opted for	Noticee was granted hearing on May 13, 2019 and September 28, 2021	Noticee availed the hearing on September 28, 2021.	Letter dated October 11, 2021.

Noticee Name	Date of Ist Hearing Notice/s	Status of delivery of Ist Hearing Notice (HN)	Date of Ist Hearing, status of hearing	Date of IInd, IIIrd and IVth Hearing	Status of Hearing and Submissions of the Noticee	Reply of the Noticee
			settlement proceedings and requested to hold the instant proceedings under abeyance.			
Orbit Financial Consultants Private Limited	June 26, 2018	Notice served	July 25, 2018, Noticee not attended the hearing.	Noticee was granted hearing on May 13, 2019 and September 28, 2021	Noticee availed the hearing on September 28, 2021.	Letter dated October 11, 2021.
Grishma Securities Pvt. Ltd.	July 23, 2021	Notice Served	Based on request of the Noticee, inspection of documents was provided on August 06, 2021.	Noticee was subsequently granted hearing on August 23, 2021.	Noticee availed the hearing on May 13, 2019 and September 08, 2021.	Letter dated August 18, 2021 and August 31, 2021

12. Vide Office Note dated November 18, 2016, it was informed by the concerned department of SEBI that Noticee no. 22 i.e. Grishma, vide its letter dated August 16, 2016, had withdrawn its settlement application filed with SEBI. In view of the aforesaid communication from the concerned department of SEBI, the instant proceedings are now being continued against Noticee no. 22 i.e. Grishma.

13. Out of aforesaid 21 entities against whom Hon'ble SAT had remanded back the Order of erstwhile Adjudicating Officer dated March 25, 2014, four entities, namely, Swift, Lookline, Aashrit, Orbit and PELF have filed settlement application with SEBI under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. The application filed by Swift, Lookline, Orbit and PELF was registered on June 14, 2019 and application filed by Aashrit was registered on July 15, 2019.

14. Vide email dated February 06, 2020, it was informed by the concerned department of SEBI that Swift, Lookline, Aashrit and Orbit have withdrawn their respective settlement application filed with SEBI and that the settlement application filed by PELF was rejected by SEBI. Resultantly, the instant proceedings were continued against all the 22 Noticees including Swift, Lookline, Aashrit, Orbit and PELF.

Submissions of the Noticees

15. The summary of submissions made by the Noticees vide their respective letters are as follows:

Noticee No. 1/ VPP:

- a) Considerable time has elapsed since the order dated April 06, 2016 passed by SAT directing the AO to pass fresh order on merit after giving a personal hearing. Further, SEBI has failed to provide any cogent reason for the delay of 5 years for passing fresh orders after passing of the Order in the year 2014. The transaction which forms the subject matter took place in the year July 2011. The SCN was issued in 2013 i.e. approximately 8 years ago. In this regard, the Noticee placed reliance on the following orders passed by Hon'ble SAT / Hon'ble Supreme Court:
- i. Ashlesh Gunvantibhai Shah v. SEBI (Appeal 169 of 2019) dated January 31, 2020.
 - ii. Parag Sarda v. SEBI (Appeal No. 290 of 2020) dated November 12, 2020.
 - iii. Rakesh Kathotia & Ors. v. SEBI (Appeal No. 7 of 2016) dated May 27, 2019.
 - iv. Ashok Shivilal Rupani & Anr. v. SEBI (Appeal No.417 of 2018) dated August 22, 2019.
 - v. Sanjay Jethala Isoni v. SEBI(Appeal No.102 of 2019).
 - vi. Order of Hon'ble Supreme Court in the case of Government of India v. Citadel Fine Pharma [AIR (1989) SC 1771].
- b) The allegations against him are two-fold. First, he had allegedly executed self-trades at BSE for 58,448 thereby creating a misleading appearance. Secondly, he along with Mr. Vanraj Kahor, has allegedly indulged in trades which were structured/circular/reverse trades in nature.
- c) Intention is a *sine qua non* for establishing manipulation in case of self-trades and accidental/unintentional self-trades to fall within the ambit of PFUTP Regulations, 2003. Since the captioned SCN has failed to establish any manipulative intent on his behalf, no penalty can be fastened upon him for violation of PFUTP Regulation.
- d) The alleged self-trades vis-à-vis total volume is extremely miniscule. It is alleged that he had executed self-trades of 58,448 shares on BSE. However, upon comparing with the total traded volume on BSE i.e. 4,07,25,468, his alleged self-trades amounts to merely 0.14% of the total traded volume. Thus, it cannot possibly create any misleading appearance, as alleged. In support of his argument, he relied upon the following orders by the Hon'ble SAT:

- i. Crossseas Capital Services Pvt. Ltd v. SEBI [Appeal No. 330 of 2017] Order dated February 26, 2019.
 - ii. Sanjay KrupaSoni v. SEBI [Appeal No. 32 of 2013] dated January 24, 2014.
- e) In absence of any manipulative intent and on account of the miniscule nature of the alleged self-trade, he has not created any misleading appearance or violated the Act or any rules or regulations framed therein.
- f) The SCN alleges that he and Noticee No.2 had indulged in circular/structured trading. It is submitted that the total traded volume of BGIL on NSE and BSE was 8,83,04,275 shares. Whereas, the allegation of circular trading between both the Noticees is merely of 2,67,987 shares, which constitutes merely 0.3% percent of the total traded volume. Thus, the allegation that these cross-trades may have created a misleading appearance is unsubstantiated and devoid of any merit. In support of his argument, he relied upon various orders passed by the Hon'ble SAT:
- g) The SCN is silent on the point that these alleged trades have made any positive or negative contribution to the LTP of the scrip. The SCN has failed to establish any connection or relation of him with the other Noticees in the SCN. In absence of any relation, the allegation of cross trades is irrelevant and does not hold any water.

Noticee No. 2/ Kahor:

- a) He made submissions on the lines of submissions made by VPP with respect to circular/structured trading.

Noticee No. 3/ GRD Securities:

- a) The SCN stated that on July 28,2011 (listing day) 69 out of 72 NIIs who had invested in the IPO sold 15,81,912 equity shares and purchased 1,87,579 equity shares of BGIL and thereby were net sellers of 13,94,333 equity shares. Further, the SCN states that 4824 retail investors were allotted equity shares of BGIL and out the 4824 retail investors, only 468 retail applicant have not sold on the listing day this means that approximately 4356 (i.e. 90%) retail investors had also sold their allotted equity shares of BGIL on the listing day
- b) Its clients had purchased a total quantity of 1,22,769 shares and sold 1,10,169 equity shares of BGIL on NSE and on the listing day and had incurred a loss of Rs. 1,02,122/-. The SCN has not quantified its loss, however, the investigation report suggest that it had made a loss of Rs. 77,56,4851- which is grossly incorrect.

- c) The total shares traded by it was only 2,32,938 equity shares which is not even 0.0027% of the total trades on the listing day. The transaction was done on proprietary account at market price and on the market platform. Further, it is not possible to decide the price / volume / or the person with whom to transact with such a small quantity in such a large traded volume.
- d) Only 6.5% of the total volume of 8.83 crore shares i.e. 57.5 lac shares were traded for net delivery at the end of the day. The prices of a scrip are impacted only through net purchase and sale. In the SCN, there is no allegation of any kind of price manipulation against it.
- e) The SCN does not record a single transaction done by it as a structured / circular / synchronized trading while it has demonstrated the same for other Noticees.
- f) It is not possible to give exit to any entity without the intention of change of ownership and hence, the allegation against it is contrary to each other.
- g) The SCN has made GROUPS like GRD GROUP and the BGIL GROUP without any kind of statement / fact as to how the Groups have come to be in existence. The SCN is silent on how these GROUP have been made or what are the connections between the so called GROUPS. Further, the SCN does not state any allegation against it specifically but the allegation is against the entire GROUP.
- h) The investigation report suggests its four clients, namely, Aashrit, Swift, Lookline and Orbit are connected / related parties just because its dealers are Directors of one of the client company – Aashrit and these directors of Aashrit had introduced the other three clients. In support of its claim, it provided copy of KYC documents of the four companies.
- i) These directors of Aashrit have been its dealers before they became Directors at Aashrit. A mere introduction of a client by a Dealer does not make it (broker) connected / related to the clients or their dealings. Neither it, being an independent entity, nor its directors are associated with the clients or these companies. These four clients have been introduced to it on different dates and have been dealing in the capital market through it much before the alleged transactions in the equity shares of BGIL. In support of its claim, it provided ledger accounts of the said four companies.
- j) As per the financial documents available with it, the said four clients are financially sound and had the capacity to trade in the capital market. The said clients had also traded in the past and have not defaulted for pay-in / pay-out at any point of time.

Hence, it has no reason to have any doubts about the trades of these four clients. In the given case also, the four clients did not default in their pay in obligation.

- k) It is alleged that it had received funds from Sohit Infrabuild Private Limited ('Sohit') and Rupak Trading Ltd ('Rupak') for covering its losses. It pointed out that both Sohit and Rupak its clients who have been regularly trading through it and the funds received from them are outstanding payment receivable on account of their trades / purchases / margin. In support of its claim, it provided copies of the ledger account with the entries of payment towards outstanding / margin and not for any other purpose.
- l) It submitted that there is no allegation of any connection / nexus with both Sohit and Rupak. Further, there is no allegation that they are not genuine clients.
- m) It has followed the regulations related to segregation of client funds and there is no charge of any violation in this regard.
- n) The SCN alleged that the funds of Rs.1.06 crores received by it to set off against the loss of Rs. 1,02,122/- made by it is incorrect, unreal and imaginary.
- o) It has been misconceived that it had received money from some unknown source. The funds that were received by it was through its clients towards client account only and through proper legal banking channel from the same clients' accounts who had outstanding payment to be made to it against their purchases / trading/ margin.
- p) The Income Tax department has accepted these transactions as genuine.

Noticee No. 4/Korp:

- a) It did not belong to any "Korp Group" as alleged. It is not connected, related to Wheelers, DDM and DDT for its share Trading Business. These three entities are its registered clients having unique code no W101, D102 & 0101 respectively. Its relationship with these entities is that of client & broker and it has an arm's length relation with these entities.
- b) It is a fact that Mr. Rajesh Kumar Agarwal is the common Director across all these companies and that he is the brother of Mr. Sushil Kumar Agarwal, its erstwhile Director. This cannot be the basis of relating Wheelers, DDM & DDT to it as they are two separate individuals living their independent lives and shareholders and directors in different companies. By virtue of two individuals who are brothers

being directors in two separate companies, the companies cannot be termed as 'group' companies as alleged.

- c) Wheelers & DDM have traded through it in the scrip of BGIL in the ordinary course. The orders for such trades were placed by them. It had received funds from these entities towards the losses suffered by them on pay in and nothing sinister should be attached to it. In support of its claim, it provided ledger copy of Wheelers & DDM.
- d) Its trades in the scrip of BGIL were based on its own views and judgment and were not influenced by other. It had traded in the ordinary course, with an objective of making a profit.
- e) It had during the period 27/07/2011 to 28/07/2011 received a sum of Rs.2.34 crores from DDT and not Rs.1.97 crore, as stated. It had received these sums in the ordinary course.
- f) It denied having any link, connection, association, relationship with entities belonging to the alleged GRD Group or Salasar Group, nor are it was aware of the working of these entities or their relationship with BGIL. It denied having any relationship, nexus or dealing with any of the entities listed in the SCN or the Investigation Report.
- g) It is not aware of the fund movement to & from BGIL. However, nothing has been brought on records to refute the claim made by BGIL that the funds transfers are ICD repayment. The investigation report does not bring out a single instance of Korp having received any fund from BGIL. It cannot be held responsible for violation, if any committed by BGIL.
- h) It acknowledged having bought 4,53,089 shares and sold 4,53,089 shares of BGIL on BSE & NSE. It had traded with the objective of making intra-day gains from its jobbing. The details of its trading are as under:

Exchange	BSE	NSE	Total
Our Buy Trade	68,811	3,84,278	4,53,089
Our Sell Trade	68,811	3,84,278	4,53,089
Out Total Volume	1,37,622	7,68,556	9,06,178
Market Volume	4,07,25,468	4,75,78,807	8,83,04,275
Our Trade as a % of Market Volume	0.344 %	1.61%	1.02%

- i) Its trades in the scrip of BGIL are insignificant, as compared to the market volume for the day and the same could not have influenced the volumes as alleged.
- j) Nothing has been brought on records, to substantiate the allegation that it had indulged in fraudulent or an unfair trade practices in the securities. No instances have been brought on records to substantiate that it had executed any synchronized / structured trades with VPP with regards to the allegation of creation of artificial volumes or creation of false or misleading appearance in the securities market.
- k) The following are its Buy Trades that matched with the alleged entity:

Seller Name	Quantity
V P Patel	34,447
GRD Securities Pvt. Ltd.	1,000
TOTAL	35,447
Our Total Buy Trades on NSE	3,84,278
% of our buy trades that matched with the alleged entities	9.22%

- l) The following are its Sell Trades that matched with the alleged entity:

Buyer Name	Quantity
V P Patel	2,856
GRD Securities Pvt. Ltd.	2,406
Marutinandan Infosolutions	5,000
TOTAL	10,262
Our Total Sell Trades on NSE	3,84,278
% of our sell trades that matched with the alleged entities	2.67%

- m) Thus, 9.22% of its buy trades and 2.67% of its sell trades on NSE matched with these entities. None of its trades on BSE had matched with these entities. Had its objective been to create false volume as alleged, a majority of its trades would have been with these groups and a similar pattern would have been observed on BSE, but this has not been the case.
- n) Its trades which allegedly matched with the top four allottees are as under:

Name of the Allottee	Shares Sold by the allottee	Shares allegedly bought by us
Anoop Jain	2,97,300	14,799
Rilu Jain	1,90,500	35,824
Nimit Jayendra Shah	1,40,625	9,000
Anoop Jain HUF	50,025	Nil
T O T A L	6,78,450	59,623
Our Trades as a % of sell by the top allottee		8.78%
Shares bought from the allottee as a % of our total buy trades of 4,53,089		13.15%

- o) It is worth mentioning here that, none of its trades on BSE have been impugned in the "Report". Had it traded in the manner as stated, a similar pattern of trades would have been executed by us on BSE also, but that has not been the case. The same proves beyond doubt that its trades were independent.
- p) With regards to alleged trades that matched with these entities, from the trade details provided to it under the Caption "Circular Trades among BGIL group", it observed the following:
- It had started trading in the scrip of BGIL at the start of trading and so also these allottees, had its objective been to provide exit to the allottees, itsr trades would have matched in early part of its trading. None of its trades matched till 11:04:22 AM
 - Its first trade that matched with the alleged allottees was at 11:04:23 Hrs, and its trade that first matched with those of Anoop was for a miniscule quantity of 1499 Shares.
 - Before our trades that matched with Anoop as mentioned above, it had traded for 97,399 shares on buy side.
 - Had its objectives been to provide exit to these allottees, as alleged, its trades would have matched more frequently, and it would not have waited for such long to provide them the exit.
 - Moreover, it would not have bought 399 shares from other entities prior to its first trade that matched with these allottees, when, as alleged, it had prior understanding with these allottees
 - The trades that have matched with the allottee, were in small lots ranging from

3000 shares on the higher side to 1499 shares on the lower side. Beside the matching of trades with the allottee were not continuous, in between there were several trades that matched with entities not belonging to the top allottee.

- Its trades that matched with these entities were at a price of Rs.64.95. Nothing has been brought on records in the "report" as to why these allottee had sold their shares at about 25% discount to the issue price, and what benefit had they derived by incurring such huge losses. It is against human nature, and rational to conclude that investor in the IPO of BGIL would agree to exit the market through structured trade and pre-determined exit price, which is substantially lower than their cost of acquisition.

q) It has been alleged that exit was provided to these allottees through structured deals. In this, it stated as follows:

- a. 14,799 shares matched with Anoop Mr. Vimal Jain after a time gap of 1hrs: 49 min: 06 sec
- b. 18,000 shares matched with Ritu Jain after a time gap of 1 hrs: 48 min: 59 sec
- c. 17,824 shares matched with Ritu Jain after a time gap of 1 hrs: 48 min: 52 sec
- d. 9,000 shares matched with Anoop Jain HUF after a time gap of 3 min : 46 sec

The trades executed after huge time gap cannot be alleged to be structured or manipulative. Any adverse inference drawn on the same is erroneous.

- r) It submitted that 20,000 shares of BGIL sold by Shikha has allegedly matched with it in the ordinary course. Though it had traded at different time during the day, its trade allegedly matched with Shikha on only one instance. None of its trades had matched with Bahubali and Pelf. The same reaffirms that its trades were independent and had matched with the alleged entities in the ordinary course.
- s) It submitted that it had traded in the script of BGIL, at prevailing market price. Its trades have been at different price points throughout the day and not just at or around Rs.64/- as alleged. It drew attention to the fact that its average buy price on BSE is Rs.60.54 and on NSE Rs 59.30. This shows that it had traded in the ordinary course and that its trading has been widespread throughout the day and not in the manner as alleged. It submitted that it had envisaged substantial buying interest in the counter when the prevailing price was lower by more than 25% from IPO price, and had taken a trading bet. It is only natural that the prevailing sell order would match its buy trade. The allegation in this regard does not hold good.

- t) Secondly, 9,000 shares sold by Nimit had matched with its buy trades at a price of Rs.53.50, which proves that the exit of the IPO allottee was not with meeting of mind, as alleged, but had matched with its trades in the ordinary course.
- u) Moreover, 9,000 shares sold by Nimit had matched with its buy trades at a price of Rs.53.50, which proves that the exit of the IPO allottee was not with meeting of mind, as alleged, but had matched in the ordinary course. Even otherwise, a miniscule, 13.15% of its buy trades have matched with these allottees in the ordinary course.
- v) Further, 69 NII allottee had sold 15,81,912 shares & 4356 retail investor had sold 19,30,410 shares on listing day. Thus, out of 35,12,322 share sold by the allottee, only a paltry 79,623 shares matched with it in the ordinary course, which is just 2.26% of the shares sold by the allottees.

w) VPP connection with GRD Group and Korp Group

- VPP was a major trader in the script of BGIL, but a very insignificant volume of its trades on NSE matched with him in the ordinary course.
- None of its trades on BSE had matched with VPP.
- The very fact that insignificant volume of VPP's trades matched with it on NSE and none of its trades on BSE matched with VPP, indicate that its trades were independent and in the ordinary course.
- As has been stated earlier, VPP was one of the major traders in the shares of BGIL on the listing day. It is only natural that some of its trades matched with VPP in the ordinary course. Even otherwise its trades that matched with VPP were only 0.37% of VPP volume on BSE & NSE.
- It denied that it had any prior understanding with VPP. Nothing has been brought on records to suggest that there was any prior meeting, prior conversation, with VPP. All its trades were executed on the anonymous order matching system of the exchange, where we do not get to choose its counterparty.

x) Exit Given To Top 4 Allottees by Alleged BGIL Group

I. Exit given to Anoop Jain group:

- It submitted that it had placed the buy order no. 2011072801181398 for 1,40,000 shares in the ordinary course. It is denied that it had decided to give exit to Ritu Jain, and for this purpose we had placed the buy order no 2011072801181398 for 1,40,000 shares. It submitted that had its objective

been to provide exit to Ritu Jain, it would not have placed order for 1,40,000 shares, but for just the pending nos. of shares of Ritu Jain.

- It has been stated that the pending sell order of Anoop Jain and Ritu Jain, before its order placement was 27,300 shares and 59,824 shares respectively. Against these pending orders, the quantity that matched with it was for 14,799 shares and 35,824 shares respectively. Had its objective been to provide exit to them and that allegedly through structured deal, all their pending orders would have matched with it.
- Secondly, its order did not match instantly with Ritu Jain as alleged. On the contrary, prior to its trades that matched with Ritu Jain, 40,399 shares had matched with entities not impugned in the "Report" (Total: 61,898 shares less 20,000 matched with Shikha & 1499 matched with Anoop Jain). Thus, our order was not placed for providing exit to "Ritu Jain", but was placed, because it genuinely wanted to buy shares, available at about 25 % discount to its issue price.

In respect of our buy order no. 2011072801181398, it submitted that:

- Its buy trades for 1,40,000 shares had matched with 117 entities
- The average size of each trade is 418 shares
- A total of 335 trades were executed for 1,40,000 shares
- In all the trades, there is difference in order quantity, order price
- Its buy had matched with Anoop Jain - 14,799 shares, Ritu Jain - 35,824 shares & VPP - 1,470 shares. A majority of its buy order being 87,907 has matched with other entities. Had its objective been to provide exit to the top allottee, it would not have bought a substantial majority from other entities. The very fact shows that its buying was genuine and in the ordinary course and without any manipulative intent and without any meeting of minds.
- It has been stated that, there were sellers for 60,399 shares below Rs.65/-, before its order placement. It had placed order for 1,40,000 shares. The very fact shows that its buy order was with a view to acquire shares at about 26% discount to the offer price.

II. Exit given to Nimit Jayendra Shah (Nimit)

- It is submitted that the buy order no. 2011072802377873 was placed by it in the ordinary course. It submitted that had its objective been to provide exit to Nimit, it would have placed the order for 85,722 shares offered by Nimit and for not 25,000 shares.
- There is substantial difference in ordered quantity.

- There is substantial difference in order price.
- Its trades have matched after a gap of 3 min: 46 sec. A trade that matched, after such time gap cannot be alleged to be manipulative.
- A part of its buy trade has allegedly matched with Nimit. Against its buy quantity for 25,000 shares, just 9,000 had from Nimit had allegedly matched with it. Moreover, against Nimit sell quantity of 85,722 shares just 9,000 shares have allegedly matched with it.
- Had its objective been to provide exit to Nimit, a substantial part or all its trades against the order would have matched, which is not the case.
- It is therefore submitted that the trades had matched in the ordinary course, without any manipulative intent.

III. Exit given to Shikha group, Bahubali and Pelf

- It is submitted that its trades have been clubbed with several others, so as to draw adverse inference against it. It submitted that 20,000 shares sold by Shikha, had matched with its buy trade, in the ordinary course. It did not have any link, connection, nexus or any relation with Shikha nor did it had any idea of her relationship with the allottee in the IPO of BGIL
- It is submitted that the content of the para do not relates to us, as such we do not offer any comment on the same. It is further submitted that none of our trades have matched with Shree Bahubali International. The same proves that we had traded independently in the script of BGIL and had not acted as a group with any entity
- It further submitted that none of its trades have matched with Bahubali. The same proves that it had traded independently in the scrip of BGIL and had not acted as a group with any entity
- There is substantial difference in the order quantity
- There is price difference in its order
- There is substantial time gap of 19 seconds
- The trades were executed in the order matching system of the exchange wherein it do not get to choose its counterparty.

Noticee No. 5/Wheelers:

a) The SCN alleged the following against it:

- (i) That BGIL had transferred the IPO proceeds to it through DDT in order to compensate the loss in giving exit to the top allottees;

- (ii) That it was part of the alleged connected entities (consisting of BGIL, Korp Group, GRD Group and SalasarGroup);
- (iii) That it had executed structured/circular trades with various entities and we had provided exit to allottees in the IPO of BGIL.
- b) All the aforesaid allegations are totally misplaced and misconceived and also completely contrary to factual position on record.
- c) Fund Transfers with DDT:
- (i) It is a NBFC registered with RBI. It was having regular financial transaction with DDT in the ordinary course. On 28.07.2011, it had a debit balance (amount receivable by it) of Rs.7.96 Crores from DDT. The amount of Rs. 0.89 crores transferred to it by DDT on 29.07.2011, was the part of the repayment. In support of its claim, it submitted copy of its bank statement and ledger statement with DDT during the relevant time.
- (ii) The alleged fund transfer with DDT was in the ordinary course and same had nothing to do with BGIL. The repayment made by it to DDT cannot be branded as the transfer of funds by BGIL.
- (iii) In the SCN, it has been insinuated that BGIL had indirectly transferred the funds to it through DDT. In this context it is submitted:
- that the amount of Rs 52.50 lacs received by it on 27.7.11 from BGIL was in fact repayment of ICD/loan earlier raised by BGIL from DDT;
 - that the amount of Rs. 1 Crore received by it on 28/7/2011 from Skylight Distributors Pvt Ltd ("SDPL") was towards allotment of shares of DDT as sought by SDPL .
 - that the amount of Rs. 1.90 crores received by it on 28.7.11 from Subhshree Hirise Pvt. Ltd. ("SHPL") was towards allotment of shares of DDT as sought by SHPL, that at the relevant time DDT was not aware of the source of funds of SHPL, which is alleged to be from Abhilasha Exports Pvt Ltd who in turn had received funds from BGIL.
- (iv) The entire allegation of our getting indirectly funded through long chain of entities, by BGIL for the purpose of trading, or for the purpose of compensating losses etc. incurred by it while providing alleged exit to allottees etc. collapses.

Undisputedly, the underlying basis of the charge (i.e. BGIL providing its own funds to various entities directly/indirectly including it), itself is non-existent.

- (v) It may be noted that the factum of BGIL having raised ICD's from DDT is also borne out by Order dated April 17, 2014 passed by the Adjudicating Officer SEBI in the matter of BGIL, wherein the Order at Para 15 records that BGIL had raised ICD's from various entities including us. Some of the entities from whom the ICD's were raised are set out herein below:

Transferor	Transferee	Amount (In Rs.)	Date
SubhshreeHirisePvt. Ltd	BGIL	1 Crore	27.06.2011
Divyadrishti Traders Pvt. Ltd	BGIL	0.53 crore	27.06.2011
Skylight Distributors Pvt Ltd	BGIL	1 crore	29.06.2011
Abhilasha Exports Pvt. Ltd	BGIL	1 crore	06.07.2011

- (vi) It may also be noted that even SHPL, SDPL & Abhilasha Exports Pvt Ltd had given ICD of Rs 1 crore each to BGIL on 27.6.11, 29.6.11 & 6.7.11, respectively. The said ICD's were repaid by BGIL to SHPL, SDPL & Abhilasha Exports Pvt Ltd. on 28.07.2011. With regard to fund transfers by a company, it placed reliance on the Order passed by Hon'ble SAT in the matter of Tijaria Polypipes vs. SEBI (Order dated 29.6.2016 Appeal No. 372 of 2014).

- (vii) From the aforesaid, it is evident that BGIL has funded it indirectly through DDT is totally flawed. The repayment of funds by BGIL to DDT, SHPL, SDPL & Abhilasha Exports Pvt Ltd has been erroneously given the complexion of providing the funds by BGIL. In fact, the other entities received their own funds which were lent by them to BGIL.

- d) In the SCN, it has been alleged that it is connected to various entities. In this context it stated that all the trading done by us in the scrip of BGIL was in the ordinary course wherein it traded independently, without acting in concert with any other entity. The entire grouping, in so far as we are concerned, is erroneous and it has been unjustifiably lumped with other unrelated and unconnected entities.

- e) Korp was one of its brokers and the relationship with Korp is limited to that of Client and Broker. Merely because of that reason, it cannot be alleged that it is a group company or is connected or related to each other.

f) As an NBFC, it had regular fund transfers with DDT prior and after the impugned fund transfers. Merely because we had one common director with DDT and DDM, it cannot be alleged that they are a group company or are connected or related to each other.

g) The details of its trading on the listing date i.e. 28.07.2011 are as under:

Particulars	BSE	NSE	Total
Buy	NIL	2,26,907	2,26,907
Sell	NIL	2,26,907	2,26,907
Market Volume	40725,468	475,78,807	883,04,275
%age of Total Market volume	NIL	0.47%	0.25%

h) Alleged matched Trades with DDT

- 2000 shares bought by it matched with DDT.
- On the said day DDT sold 2,00,000 shares.

i) Alleged matched Trades with GRD

- 10 shares bought by it matched with GRD.
- 1174 shares sold by it matched with GRD.
- The alleged matching has to be seen in the context of voluminous trading of GRD, wherein GRD was one of the major seller in the scrip of BGIL and had sold 12,37,232 shares.

j) Alleged providing of exit to Shikha Somani

- (i) It is denied that it had provided any exit to any entity including Shikha. The whole allegation of providing exit is based on one trade between it and Shikha, wherein while buying 130,000 shares on NSE, for around 24,972 shares, Shikha was the counter party.
- (ii) On 28.7.2011, it had in total bought around 452000 shares on the exchanges. Out of the said 452000 shares, only in respect of 24,972 shares Shikha was the counter party. Further, same is to be seen in the context of voluminous trading of Shikha, wherein Shikha was one of the major seller in the scrip of BGIL and had traded throughout the day.

- (iii) As per the details of the trade, it is clear that there is time difference (16 seconds) between the buy and sell orders, there is quantity difference (105,028) buy and sell orders and only part of the orders have come to it and the balance part has gone to others in the market. Further the order price placed by it was as per the then prevalent market price.
- (iv) With regard to alleged matching of trades or execution of circular trades etc., it placed reliance on few Orders of Hon'ble SAT.
- k) It may be noted that the allegations of suffering of losses by us while trading; we providing exit during the course of trading; BGIL compensating us from IPO proceeds etc, are all flowing on the assumption that BGIL had funded DDT. As demonstrated hereinbefore, said assumption is completely contrary to factual position. Fact is instead of funding, BGIL was repaying the ICD's raised by it earlier from DDT and various other entities and all the entities have traded through their own funds and not with the IPO proceeds of BGIL.
- l) There is nothing brought on record to establish connection between it and the alleged counterparty to its trade (Shikha) in respect of scrip of BGIL. Merely, because its one buy order allegedly partly matched with Shikha Somani (who was the major trader on the Exchanges) connections cannot be inferred. The alleged matched trades are insignificant. Further, there is no allegation with regard to increasing or decreasing the price. Therefore, in absence of any material on record to show our connection with Shikha, the allegation of violating PFUTP Regulations cannot sustain
- m) Further, in the absence of any funding by BGIL, the alleged collateral motive i.e. to compensate the loss in giving exit to the top allottees etc. also cannot sustain. Further, it had not made any gains or derived any unfair advantage and it had suffered losses of Rs. 62,78,647 while trading.

Noticee No. 6/DDM:

- a) The SCN alleged the following against it:
- (i) That BGIL had transferred the IPO proceeds to it in order to compensate the loss in giving exit to the top allottees;
- (ii) That it was part of the alleged connected entities (consisting of BGIL, Korp Group, GRD Group and SalasarGroup);

- (iii) That it had executed structured/circular trades with various entities.
- b) All the aforesaid allegations are totally misplaced and misconceived and also completely contrary to factual position on record.
- c) Based on the alleged funding by BGIL to other entities and by lumping it with others, it has been erroneously alleged that it has also been funded. It is submitted that all its trading was out of its own funds and have not been funded either directly or indirectly by BGIL in any manner as insinuated in the SCN and it is for this reason no specific instance of funding, as cited in other cases, has been set out against it.
- d) It has no connection with BGIL, GRD Group, Korp Group and Salasar Group. Nothing has been brought on record to substantiate the same.
- e) Korp was one of its brokers and the relationship with Korp is limited to that of Client and Broker. Merely because of that reason, it cannot be alleged that it is a group company or is connected or related to each other.
- f) Merely because we had one common director with DDT and Wheelers, it cannot be alleged that they are a group company or are connected or related to each other.
- g) The details of its trading on the listing date i.e. 28.07.2011 are as under:

Particulars	BSE	NSE	Total
Buy	NIL	2,00,000	2,00,000
Sell	NIL	2,00,000	2,00,000
Market Volume	40725,468	475,78,807	883,04,275
%age of Total Market volume	NIL	0.42%	0.22%

h) Alleged matched Trades with VPP

- It denied that it had executed structured trades with VPP. The whole allegation of execution of structured trade is based on two trade between it and VPP, wherein while buying 130.000 shares on NSE. Around 79.657 shares got matched with VPP's sell order and another trade wherein out of its sell order for 1.50.000, 3 shares have gone to VPP.

- On 28.7.2011, it had in total bought around 2.00.000 shares on the exchanges. Out of the said 2.00.000 shares, only in respect of 79.657 shares buy order was matched with pending VPP's sell order. Further, same is to be seen in the context of voluminous trading of VPP, wherein VPP was one of the major trader in the scrip of BGIL and had traded throughout the day. As per the details of the trade, there is time difference (1 .25 minutes). Further the order price placed by it was as per the then prevalent market price.
- i) Alleged matched Trades with GRD
- 2050 shares bought by it matched with GRD.
 - The alleged matching has to be seen in the context of voluminous trading of GRD, wherein GRD was one of the major seller in the scrip of BGIL and had sold 12,37,232 shares.
- j) With regard to alleged matching of trades or execution of circular trades etc., it placed reliance on few Orders of Hon'ble SAT.
- k) There is nothing brought on record to establish connection between it and the alleged counterparty to its trade (VPP) in respect of scrip of BGIL. Merely, because its one buy order allegedly partly matched with VPP (who was the major trader on the Exchanges) connections cannot be inferred. The alleged matched trades are insignificant. Further, there is no allegation with regard to increasing or decreasing the price. Therefore, in absence of any material on record to show our connection with VPP, the allegation of violating PFUTP Regulations cannot sustain
- l) Further, in the absence of any funding by BGIL, the alleged collateral motive i.e. to compensate the loss in giving exit to the top allottees etc. also cannot sustain. Further, it had not made any gains or derived any unfair advantage and it had suffered losses of Rs. 62,21,946 while trading.

Noticee No. 6/DDT:

- a) The SCN alleged the following against it:
- (i) That BGIL had transferred the IPO proceeds to it in order to compensate the loss in giving exit to the top allottees;
 - (ii) That it was part of the alleged connected entities (consisting of BGIL, Korp Group, GRD Group and SalasarGroup);

- (iii) That it had executed structured/circular trades with various entities and it provided exit to allottees in the IPO of BGIL.
- b) All the aforesaid allegations are totally misplaced and misconceived and also completely contrary to factual position on record.
- c) Fund Transfers with BGIL:
- (i) On 22.6.11, it had in the ordinary course of business at the request of BGIL, lent Rs. 52.50 lacs to BGIL as an ICD.
 - (ii) Subsequently, on 27.7.11, the said ICD of Rs.52.50 lacs was repaid by BGIL to it. On 6.3.12, it had received Rs. 33.981/- as interest on 52.50 lacs.
 - (iii) The lending of ICD the repayment of ICD and the payment of interest @10% by BGIL to it, is borne out by our bank statements, ledger statement and TDS statement for the interest received.
 - (iv) Thus, the amount of Rs 52.50 lacs received by us on 27.7.11 from BGIL as in fact repayment of ICD and was its own fund. Therefore, the issue of BGIL funding it for the trading etc. does not arise.
 - (v) The entire allegation of our getting funded by BGIL for the purpose of trading or for the purpose of compensating losses etc. incurred by it while providing alleged exit to allottees etc. collapses, Undisputedly, the underlying basis of the charge (i.e. BGIL providing its own funds to various entities including it), itself is non-existent.
- d) Fund Transfers with Skylight Distributors Pvt. Ltd (SDPL):
- (i) SDPL had expressed desire to seek allotment of its shares. Pursuant to the same, SDPL had transferred funds to the extent of Rs.3 crores in total in various tranches viz. Rs. 1 Crore on 20.12.10, Rs. 1 crore on 8.6.11 and Rs 1 crore on 28.7.11.
 - (ii) Infact, on 31.3.12, it allotted 150,000 shares to SDPL after following the applicable procedure under the Companies Act and had also filed the requisite Forms / Returns for the same.
 - (iii) Thus the impugned fund transfers of Rs 1 crore on 28.7.11 by SDPL to it was in context of allotment of shares and had nothing to do with the transfer of funds by BGIL as alleged.

- (iv) It submitted that it was not aware of the fund transfer between BGIL and SDPL (i.e. Rs 1 crore transferred by BGIL to SDPL on 27.7.11 as alleged). The transfer of funds by SDPL toward share allotment cannot be branded as the transfer of funds by BGIL and the same has no nexus with our trades in the scrip of BGIL.

e) Fund Transfers with Subhshree Hirise Pvt. Ltd. (SHPL):

- (i) SHPL had expressed desire to seek allotment of its shares. Pursuant to the same, SHPL had transferred funds to the extent of Rs. 5.4 crore in total in various tranches viz. Rs. 2 crore on 10.6.11, Rs 1.9 crore on 28.7.11 & Rs 1.5 crore on 23.9.11.
- (ii) Infact, on 31.3.12, it allotted 270,000 shares to SHPL after following the applicable procedure under the Companies Act and had also filed the requisite Forms / Returns for the same.
- (iii) Thus the impugned fund transfers of Rs 1.9 crore 28.7.11 by SHPL to it was in context of allotment of shares and had nothing to do with the transfer of funds by BGIL as alleged.
- (iv) It was not aware of the fund transfer between BGIL and Abhilasha Exports Pvt Ltd who in turn had received funds from BGIL (i.e. Rs. 1 crore transferred by BGIL to Abhilasha Exports Pvt Ltd on 27.07.2011) and also fund transfer between SHPL and Abhilasha Exports Pvt Ltd (i.e. Rs. 0.99 crore transferred by Abhilasha Exports Pvt Ltd to SHPL on 28.07.2011).
- (v) The alleged fund transfer by SHPL towards share allotment cannot be branded as the transfer of funds by BGIL through Abhilasha Exports Pvt Ltd and SHPL to it.
- (vi) Abhilasha Exports Pvt Ltd and SHPL have not been made as party to the proceedings and their versions have not been brought on record.

f) Fund Transfers with Wheelers:

- (i) It was having regular financial transaction with Wheelers (which is an NBFC) in that ordinary course. As on July 28, 2011, it had a total repayment obligation of Rs. 7.96 Crores to Wheelers.

- (ii) The amount of R.0.89 crores transferred by it to Wheelers on 29.07.2011 was part of repayment. The details of regular fund transfer are evident from its bank statement and ledger statement with Wheelers during the relevant time. Therefore, the alleged fund transfer with Wheelers was in the ordinary course and same had nothing to do with BGIL. The repayment by us cannot be branded as the transfer of funds by BGIL.

g) Fund Transfers with Korp:

- (i) Korp was one of its brokers. There was regular financial transaction Korp. it had transferred Rs. 1.97 crores to Korp on 28.07.2011 in the ordinary course for the purpose of trading / reducing our debit etc . Said transfer of Rs 1.97 crores had nothing to do with BGIL and the said transfer of funds cannot be branded as the transfer of funds by BGIL
- h) It has no connection with BGIL (except for borrowing and lending where BGIL had raised ICD's from it), VPP, GRD Group, Korp Group and Salasar Group. Nothing has been brought on record to substantiate the same.
- i) Korp was one of its brokers and the relationship with Korp is limited to that of Client and Broker. Merely because we had one common director with Korp, it cannot be alleged that they are a group company or are connected or related to each other.
- j) Wheelers was an NBFC with whom it had regular fund transfer before and after the impugned fund transfers. Merely because we had one common director with DDM and Wheelers, it cannot be alleged that they are a group company or are connected or related to each other.
- k) The details of its trading on the listing date i.e. 28.07.2011 are as under:

Particulars	BSE	NSE	Total
Buy	40,000	52,500	92,500
Sell	40,000	52,500	92,500
Market Volume	40725,468	475,78,807	883,04,275
%age of Total Market volume	0.09%	0.11%	0.10%

l) Alleged matched Trades with VPP

- It denied that it had executed structured trades with VPP. While buying shares on NSE, 16, 470 shares matched with VPP and While buying shares on BSE, 35,221 shares matched with VPP.
- There is a substantial time gap between the trades. On NSE, there was a time gap of 1 minute 41 seconds to 5 minute 3 seconds. On BSE, there was a time gap of 42 minutes 46 seconds.
- Further, same is to be seen in the context of voluminous trading of VPP, wherein VPP was one of the major trader in the scrip of BGIL and had traded throughout the day. Further the order price placed by it was as per the then prevalent market price.

m) Alleged matched Trades with Wheelers

- Out of total 92,500 shares sold by it, 2000 matched with Wheelers.
- The matching of trades was incidental and not intentional.

n) With regard to alleged matching of trades or execution of circular trades etc., it placed reliance on few Orders of Hon'ble SAT.

o) There is nothing brought on record to establish connection between it and the alleged counterparty to its trade (VPP) in respect of scrip of BGIL. Merely, because its two sell orders partly matched with VPP (who was the major trader on the Exchanges) connections cannot be inferred. The alleged matched trades are insignificant. Further, there is no allegation with regard to increasing or decreasing the price. Therefore, in absence of any material on record to show our connection with VPP, the allegation of violating PFUTP Regulations cannot sustain

p) Further, in the absence of any funding by BGIL, the alleged collateral motive i.e. to compensate the loss in giving exit to the top allottees etc. also cannot sustain. Further, it had not made any gains or derived any unfair advantage and it had suffered losses of Rs. 27,69,336 while trading.

Noticee No. 8/Anoop Jain HUF:

a) The SCN, inter-alia, alleged the following against it:

- That the quantity of 50,025 shares was traded through alleged structured trade with the alleged BGIL group.

- That its sell order quantity was exhausted when one VPP had structured trades with it for a quantity of 50,025 shares.
- b) As a part of its regular investment activity, it made an application in the IPO of BGIL shares for 50,025 shares at a price of Rs.82/- per share in the Non Institutional Investor category (hereinafter referred to as 'NII') through ASBA whereby it had authorised bank to block the application money in its bank account for subscribing to an issue. It had invested in the IPO of BGIL with a view to earn legitimate short term gain on the day of listing.
 - c) Pursuant to the aforesaid application, it was allotted 50,025 shares of BGIL. It got full allotment in the IPO of BGIL hence, as a part of investment strategy, it decided to sell the shares allotted in the IPO of BGIL on the very first day of listing and accordingly it sold the allotted shares to it on 28.07.2011.
 - d) It had accounted the transactions of making an application and execution of sell trades in its own Income Tax Returns.
 - e) In the IPO of BGIL, 14,87,475 shares were allotted to 72 NIIs. On the day of listing, 69 NIIs had sold 15,81,912 shares and bought 1,87,579 shares. Thus, in all NIIs were net sellers of 13,94,333 shares on the very first day of listing. Only 3 NIIs did not buy or sell any shares on the first day of listing.
 - f) The SCN has failed to consider that 69 out of 72 NIIs had sold their shares on the day of listing. It being one of them, no adverse inference ought to be drawn against it.
 - g) The SCN has failed to consider that it had put only order for sale of 50,025 shares at the beginning of the market, which incidentally got matched with VPP in the automated order matching mechanism of the stock exchange.
 - h) The SCN has failed to consider that VPP had, on the day of listing of BGIL scrip, totally bought and sold 50,55,939 shares at both NSE and BSE. Only at NSE, VPP had bought and sold 27,57,424 shares. Incidentally, it was one amongst large number of sellers whose orders got matched with the buy orders of VPP.
 - i) With regard to observation that its said trading was instrumental in giving misleading appearance of trading in the scrip of BGIL, it submitted that the same is without any evidence and ignoring the fact that it carried out only delivery based transactions in the scrip of BGIL. Besides, its trades were very miniscule as compared to the total volume of trades carried out in the scrip of BGIL.

- j) The only allegation leveled against it is that the counter party (with whom some of its orders got matched) had some connection to BGIL/ promoter and that BGIL allegedly funded the buyers. It stated that there was no connection between it and BGIL. Further, there was no connection between it and any of the counter parties (with whom its orders got matched).

Noticee No. 9/ Anoop Jain:

- a) The SCN, inter-alia, alleged the following against him:
- That the quantity of 2,80,525 shares (94.36% of total to sell of shares) was traded through alleged structured trade with the alleged BGIL group.
 - That his sell order quantity was exhausted when one Korp had executed structured trades with him for a quantity of 14,799 shares.
 - That the majority of the traded price is between Rs.64/- and 65/- and matching of majority of the sell order of the group entities of the alleged BGIL group indicate that there was a meeting of minds between the allottees and the alleged BGIL group.
- b) As a part of his regular investment activity, he made an application in the IPO of BGIL shares for 2,97,300 shares at a price of Rs.82/- per share in the NII category through ASBA whereby he had authorised bank to block the application money in his bank account for subscribing to an issue. He had invested in the IPO of BGIL with a view to earn legitimate short term gain on the day of listing.
- c) Pursuant to the aforesaid application, he was allotted 2,97,300 shares of BGIL. He got full allotment in the IPO of BGIL hence, as a part of investment strategy, he decided to sell the shares allotted in the IPO of BGIL on the very first day of listing and accordingly it sold the allotted shares to it on 28.07.2011.
- d) He had accounted the transactions of making an application and execution of sell trades in his own Income Tax Returns.
- e) The SCN has failed to consider that he had put two sell orders of 1 lakh shares each at the beginning of the market, which incidentally got matched with VPP in the automated order matching mechanism of the stock exchange.
- f) The SCN has failed to consider that VPP had, on the day of listing of BGIL scrip, totally bought and sold 50,55,939 shares at both NSE and BSE. Only at NSE, VPP

had bought and sold 27,57,424 shares. Incidentally, he was one amongst large number of sellers whose orders got matched with the buy orders of VPP.

- g) With regard to observation about the 'matching of orders' with counter parties (with whom some of his orders got matched), the matching of orders is done by price time priority order matching mechanism of the exchange and he had no role to play in it.
- h) The SCN has failed to appreciate that he had incurred losses which was not funded by anyone. There was no question of anyone giving exit to him particularly when no one had arranged for application money in the IPO of BGIL and for the exit at a loss on the day of listing of BGIL shares.
- i) The only allegation leveled against him is that the counter party (with whom some of its orders got matched) had some connection to BGIL/ promoter and that BGIL allegedly funded the buyers. He stated that there was no connection between him and BGIL. Further, there was no connection between him and any of the counter parties (with whom his orders got matched).
- j) The trades were executed with full regulatory compliance and were delivery based hence, trades did result in change of ownership. In any case, order driven delivery based trades do not create any false or artificial volume in the market hence, the said allegation is contrary to facts and unsustainable in law.

Noticee No. 10 / Ritu:

- a) She made submissions on the lines of submissions made by Anoop Jain. Few variations alone are highlighted in the subsequent paragraphs.
- b) The SCN, inter-alia, alleged the following against him:
 - That the quantity of 1,55,824 shares (81.80% of total to sell of shares) was traded through alleged structured trade with the alleged BGIL group.
 - That her sell order quantity was exhausted when one Korp had executed structured trades with her for a quantity of 35,824 shares.
 - That the majority of the traded price is between Rs.64/- and 65/- and matching of majority of the sell order of the group entities of the alleged BGIL group indicate that there was a meeting of minds between the allottees and the alleged BGIL group.

- c) As a part of her regular investment activity, she made an application in the IPO of BGIL shares for 1,90,500 shares at a price of Rs.82/- per share in the NII category. She had invested in the IPO of BGIL with a view to earn legitimate short term gain on the day of listing. Pursuant to the aforesaid application, she was allotted 1,90,500 shares of BGIL. She got full allotment in the IPO of BGIL hence, as a part of investment strategy, she decided to sell the shares allotted in the IPO of BGIL on the very first day of listing and accordingly it sold the allotted shares to it on 28.07.2011.
- d) The SCN has failed to consider that he had put two sell orders of 1 lakh shares each and another for 90,500 shares out of which one order resulted into 59 trades and second order resulted into 42 trades and got matched with large number of market participants
- e) With regard to observation that her said trading was instrumental in giving misleading appearance of trading in the scrip of BGIL, she submitted that the same is without any evidence and ignoring the fact that she carried out only delivery based transactions in the scrip of BGIL. Besides, her trades were very miniscule as compared to the total volume of trades carried out in the scrip of BGIL.
- f) The only allegation leveled against her is that the counter party (with whom some of its orders got matched) had some connection to BGIL/ promoter and that BGIL allegedly funded the buyers. She stated that there was no connection between her and BGIL. Further, there was no connection between her and any of the counter parties (with whom its orders got matched).

Noticee No. 11 / Vimqi:

- a) The SCN alleged that fraudulent and manipulative trades have been entered by the clients/ BGIL entities through it and that it had aided and abetted its clients to create false or misleading appearance in the securities market by creating artificial volume and executed structured trades to give exit to its clients (who were one of the top allottees)
- b) It had several clients, amongst others, Anoop Jain, Ritu and Anoop Jain HUF. The aforesaid clients had applied in the IPO of BGIL and were allotted shares. It was given instructions by the aforesaid clients to sell the shares on the day of listing. The impugned transactions took place in the normal course of its business and there was no question of any synchronizing of the said trade or attempting to match the trade with any other trades in the market.

- c) It also modified orders of its clients strictly based on client's instructions. It did no wrong in allowing the trade to be executed on behalf of its clients. Further, it did not indulge in aiding and abetting the trades executed by its clients.
- d) The SCN has failed to appreciate that its clients gave delivery of shares and thereby fulfilled their obligation towards the market.
- e) The SCN has failed to appreciate that none of its clients were part of the alleged BGIL group entity who have alleged to have carried out fraudulent and manipulative trades.
- f) It is pertinent to mention that SEBI vide separate Orders dated 30.04.2014 has exonerated 3 other co-noticees viz. Crosseas Capital Services Private Ltd., Marwadi Shares and Finance Ltd. and Adroit Financial Services Ltd. against whom charges of aiding and abetting their clients to indulge in creating false or misleading appearance of trading in the securities market was alleged in the common SCN issued along with it.

Noticee No. 12 / Shikha:

- a) On the listing day of BGIL, she had sold 1494 equity shares and also carried out some intra-day trades in several scrips including BGIL. All the trades executed by her were based upon her own knowledge, skill and sentiments without having anybody's influence and advice.
- b) She had also done jobbing in the scrip of BGIL apart from selling of 1494 shares. Whereas the stock broker i.e. Prem inadvertently sold shares of its other 95 clients (accumulated by it as 38 groups) in her account. Bifurcation of trading in BGIL scrips carried out on 28.07.2014 from her account is given herein below:

Detail of total trading in BGIL as on 28.07.2011 in her account:

Particulars	Number of Shares	Particulars	Number of Shares
Buy (Jobbing)	83646	Sell (Jobbing)	83646
Auction	627	Auction	627
Balance Sell	160332	Sell others	160332

Bifurcation of delivery based selling in BGIL as on 28.07.2011

Particulars	Number of Shares	Particulars	Number of Shares

<i>Shares sold that were allotted to the Noticee in IPO and delivery of the same made from her demat account</i>	<i>1494</i>	<i>Sell</i>	<i>160332</i>
<i>Balance sale using Noticee account belongs to other clients</i>	<i>158838</i>		
	160332		160332

In support of her claim, she provided copy of statement of transactions and list of parties whose shares were sold in her account (received from clients & group/family of stock broker) alongwith list of persons of 38 groups.

- c) She cannot be held responsible and should not be punished for the mistake on the part of Prem who had inadvertently sold 1,58,838 equity shares of BGIL belonging to other clients in her client code without her knowledge and consent. And the same fact came to her knowledge when the Stock Broker, as usual, had sent her the contract note for the trades done by her on 28.07.2011.
- d) After reviewing the transactions for the trading conducted by her on 28.07 .2011, she raised objection for such transactions not belonging to her and for which the company felt apologies; reversed the wrong transactions and appropriately made necessary changes in the Financial Ledger.
- e) She was not having control over the operator who had mistakenly punched the orders in her account, but as soon as she came to know the mistake of operator of Prem, she managed to get rectified financial ledger from Prem. Over and above, the fact cannot be denied that she has already been penalized for transacting in BGIL scrip as she had incurred loss in said transaction.
- f) She was not having any kind of relationship, monetary or otherwise, direct or indirect, with BGIL group/ GRD Group/ Korp Group/ Salasar Group/any other entity against whom investigation was initiated by SEBI except Prem (who acted as her stock broker).
- g) All the trades conducted by her in BGIL scrip were genuine and bonafide trade transactions done by her as per normal business practice and based upon her independent trading decisions without any malafide intention / mens rea to deceive any entity/ investors.

Noticee No. 13 / Prem:

- a) It objected to the allegations w.r.t. involvement in any alleged structured/synchronized trade as the present matter was none the less but

inadvertent fault on the part of operator of company who forgot to run the pre-order soft file in the trading software for execution of trunkly trade of order w.r.t. fresh listing of IPO of BGIL placed by multi clients.

- b) Due to online trading mechanism, the price movement changes in fractions of seconds and failure on the part of Stock Broker in applying any of the electronic technique (including failure to run pre-order trade files) can cause heavy losses or vice-versa. In its case, it resulted as a curse due to which it was victimized.
- c) W.r.t. the present matter, it submitted that out of its total clients (i.e. 1050), 63 No. of clients were allotted shares in IPO of BGIL. That w.r.t. only 38 clients, the inadvertent mistake was committed by one operator who was required to execute the orders as per order instructions of such clients given by them prior to trading through the electronic file upload mechanism.
- d) That for rest 25 clients, whose transactions in BGIL on listing date were executed through other operator, all the orders were executed without any error. In support of its claim, it submitted documents depicting the fact that certain other transactions were also executed through it in other client accounts.
- e) That in the trades under question w.r.t. 38 clients, it had borne the loss as it had compensated such clients for its failure to execute order as per their instructions.
- f) It did not have any shareholding in the BGJL and neither it had any relationship with BGIL or any of the associated Groups viz GRD Group or KORP Group or Salasar Group, its directors or its senior management.
- g) It did not receive directly or indirectly any part of IPO proceeds either from BGIL or GRO Group or KORP Group or Salasar Group. Further, it was not found anywhere in the Fund movement chart of SEBI as prescribed in its listing day manipulation.
- h) Admittedly, 38 registered clients, whose trades are under question, of the Company were allotted 160332 shares in IPO of BGIL dated 21.07.2011. All those 38 clients are associated with it for a long time.
- i) It was not associated personally with any of the clients under review, in any manner whatsoever, except that of member client relationship, but with Shikha (daughter of one of the director of company).
- j) For the trading conducting using its terminal, through one operator, on listed date of BGIL, i.e. 28.07.2011, all such clients, whom shares of BGIL were allotted in IPO,

placed pre-instructions to its operator prior to the opening of market, instructing him to make sell bid so that if the market reaches their level, all their holding will be sold in the market at the price best suited to them.

- k) Because of fault of operator who failed to run pre-order files, despite the fact that the market at NSE opens with Rs. 84/-, the saudas of none of those clients were executed as per their instructions.
- l) The operator recognized his omission/fault to run such pre-order soft file and observed steep/continuous downfall in the share value of BGIL scrip, for the BGIL shares. That under market pressure and with the motive to minimize the loss, sell bids were placed by him, in a hurry, and due to oversight forgot to make bids for respective client code wise & shares wise. All these acts and omissions were done bonafide by such operator to minimize the expected loss and was done without having any malafide intention and without knowing the other side of the party.
- m) It has taken the confession of such operator and same is taken in current date with the sole motive to support its innocence.
- n) All the respective clients had filed/lodge complaints with it making allegation on it for non-performance of their prior order instructions by it. In support of its claim, it had submitted copy of respective complaints.
- o) With the sole motive to satisfy its clients, it had compensated them with the loss amount suffered by them due to mistake of operator/company. It paid all such clients according to the price as instructed by them and born the loss to the tune of difference of Price instructed and actual sale price. In support of its claim, it had submitted details of payments made to respective clients.
- p) It had acted diligently and professionally and adhere code of conduct as prescribed by NSE in Regulation 4.5 of its Capital Market Regulations and never indulged in any unfair trade practice or any alleged structures trades
- q) All such clients whose holding in BGIL was sold by it on listing date i.e.28.07.2011 had given evidence in the form of Affidavit on oath which will reveal the actual situation; decision taken and compensation made by it to all such clients to support its innocence.

Noticee No. 14 / Nimit:

- a) The basis of allegation of PFUTP violation is in para 10 of SCN which states that *“Noticees have executed structured trades in order to obtain exit from BGIL group without intention of change of ownership of shares and thereby created artificial volume”*. As per the SCN, the same is because his some of the trade matches with that of VPP who is alleged to be connected with BGIL.
- b) He was in no way connected to BGIL, its directors or promoters. Even SCN does not allege so. If the basis is that he was provided exit by BGIL through its connected entity i.e. VPP, he should be shown to have any sort of connection with BGIL or its promoters or its directors. In absence of any connection being established between him and BGIL / VPP, the transaction in normal course of trade at the floor of the stock exchange does not amount to violation of PFUTP regulation.
- c) No reason is ascribed as to why he will be given exit by BGIL or its group. If the exit is to be given, it cannot be for part of the shares or at a loss. There is also no evidence that his was reimbursed by BGIL.
- d) There should be manipulation of either price or volume so as to allege violation of PFUTP regulations. In his case, no such manipulation is established. The transaction is only in respect of shares which was allotted to him in the IPO. All the transactions are at prevailing market price for which delivery is offered. There is complete change of ownership of shares.
- e) His total volume is only 1,40,625 shares. The same comes to just 0.15% of total shares traded. His transaction is at average price of Rs. 53.68 and he has incurred loss of Rs. 39,52,292. The day's price opened at Rs. 83-84 and closed at Rs. 30. His trades were at the prevailing market price at the time of trade. Thus, he cannot be said to have manipulated the price or volume. In absence of any such thing, question of violation of PFUTP regulations does not arise.

Noticee No. 15 / Shaswat:

- a) It was not connected either to the promoters or directors of BGIL or VPP. There is no allegation or finding to that effect in the SCN. Its client – Nimit was allotted 1,40,625 shares during the IPO of BGIL and it merely facilitated the sell orders of a portion of the said shares (approximately 99,167 shares) as per the client's instructions.

- b) Its client sold the said 99,167 shares on the floor of two different exchanges and at prices varying from 29 to 67 and hence the allegation made in the SCN with regards to carrying out structured trades falls flat.
- c) As sub-broker of the client, there is no possible way for it to know who the purchaser of the shares will be once a sell- order has been placed on the floor of the exchange through screen based trading.
- d) Its client was never a purchaser but only a seller so the allegation that the trades were to obtain exit for company related entities is baseless. If company related entities were to exit, its client would have been a purchaser and not a seller and at a profit and not at a loss.
- e) The trades of our client were conducted looking to the available pending orders. Its client always wanted to sell, hence the order to sell was placed looking at the opportunity available in respect of the pending buy orders.
- f) Once the sell order was backed by the delivery available to the client in respect of allotment of shares in the public issue under HNI category, there is no reason for it to doubt the genuineness of the transaction entered into by the client.
- g) The SCN does not establish as to how it had violated PFUTP Regulations. No manipulation of either price or volume in the trading of shares of BGIL is alleged. The day's total transactions on the two stock exchanges were approximately 8.83 crore shares as noted in the SCN and the volume contributed by its client was merely 99,167 shares which is about 0.1% of the total shares traded. The IPO opened at Rs. 83-84 and closed at Rs. 30. The trades by its client were at prices varying from Rs. 29 to Rs.67 as per the prevailing market prices at the time of the trade.

Noticee No. 16 / Bahubali:

- a) There is inordinate delay in completing the Adjudication proceedings. In support of the same, it placed reliance on the few orders passed by Hon'ble SAT which is almost same as that relied upon by other Noticees.
- b) The SCN, inter-alia, alleged the following against it:
 - That it executed structured trades on behalf of its clients in order to obtain exit from BGIL Group (i.e. VPP) in order to give exit to its clients.

- That it had aided and abetted its clients in executing manipulative and structured trades in the scrip of BGIL.
- c) It stated that it had traded in the scrip of BGIL on 28/07/11 in the ordinary course of business independently and de hors sinister intent or design.
- d) The allegations of providing of exit by VPP to it are totally misplaced. Exit is given to a person who is holding shares and who wants to offload them and exit from the scrip. It had not applied for any shares in the IPO of in the scrip of BGIL. It was not holding any position prior to executing the impugned sale transactions in its account. Its sale transactions were in the nature of short sales.
- e) With regard to our sell transactions being structured as alleged, it is submitted that the same is completely contrary to factual position on record. The following are the facts:
- It had placed only one order (being Order No 170000085013648) at 9:33:20 wherein it had placed sell order for 2,50,000 shares.
 - Its sell order has partly (to the extent of 183,284 shares) been matched (after a gap of around 00:01:04 seconds) with the order (being order no 1700000811J02635) placed by VPP for 2,50,000 shares at around 9:34:24. Further, VPP has vide the same order picked up 67,226 shares from others in the market.
 - Post execution of the aforesaid trades, its 75,178 shares were still laying parked in the system.
 - Subsequently, VPP has placed another order (being order no 170000081002647) for buying 250,000 shares at 9:34:36. Its pending order for sale of 75,178 shares matched against the said order for 250,000 shares.
- f) From the aforesaid, it is clear that there was neither matching of time, nor matching of quantity, neither matching of orders. Against our one order for sale of 250,000 shares, which was prior in point of time, VPP had placed 2 different orders for a total of 500,000 shares. Therefore, the question of executing structured trades does not arise. It shows that entire theory of exit is misplaced and there was no structuring as alleged.
- g) It may be noted that on the said date, it had sold around 271,439 shares at various points of time during the day and the allegation of its sales being structured is only qua 250,000 shares. Its remaining sales to the extent of 21,439 have matched with others in the market.

- h) The allegations viz. *"In order to buy shares from SBIL."* (See Para 117 of Investigation Report), *"Again VPP had decided to give exit for the rest of the shares of SBIL.;"* (See Para 117 of Investigation Report), *"In order to give exit to SBIL..."* (See Para 118 of Investigation Report) are totally without basis and completely contrary to factual position on record. There is no connection between it and VPP and therefore there was no need for VPP to allegedly buy shares from it or give it the alleged exit. Merely because counter party to its bonfire trades on the floor of the exchange, happened to be VPP, it has been roped in and charges have been levelled against it.
- i) It may be noted that in the absence of any connection with VPP, the charge of structured trades cannot survive. In this context, it placed reliance on the Order dated 10.10.2013 passed by Hon'ble SAT in the matter of *Kepi Chatrabhuj Bhuptani vs SEBI* (SAT Appeal No 95 of 2013) and Appeal no. 114 of 2012 *HB Stockholdings Limited vs. Securities and Exchange Board of India* dated August 27, 2013.
- j) Adverse inferences have been drawn against us based on the making of IPO applications by its clients. In the Investigation Report at Para 137, it has been concluded that *"SBIL financed the IPO of 122 Applicants and involved starting from the funding for, bidding, applied through SBJL, arranged exit position with BGIL group and gave exit to applicants through structured trades"* Thus it was alleged to have been present at every stage and the clients were mere spectators.
- k) It is given to understand by the said clients that they are having financing arrangement with SBCIL, for the purpose of trading in the market, including daily trading in various scrips and also for the purpose of making applications in the IPO seeking subscription of shares from time to time. It was in this context, that the said clients had raised finances from SBCIL, pursuant to the Financing Agreements executed by them with SBCIL, for the purpose of applying in the IPO of BGIL. In support of its claim, it submitted supporting documents of 5 out of 122 clients.
- l) Similarly, its relationship with SBCIL has been totally misinterpreted. In this context following be noted with regard to its relationship with SBCIL:
- We are not a group company of SBCIL as alleged. There is no basis for the same. No basis has also been disclosed for holding so. We categorically submit that there is no cross holding between the two companies, no common promoters or directors etc. We have no role to play in the affairs of

SBCIL and vice versa and both the companies are independent of each other.

- In so far as transfer of Rs 2.4 cores on 19/7/2011 by it to SBCIL is concerned - which has been insinuated to be the amount transferred to SBCIL towards the amount of IPO finance of Rs 2,40,09,600/- to the client allottees. In this regard, from the ledger account of its books would be clear that the same was repayment of loan.
- In fact, on said day i.e. 19/7/2011, it had received Rs 2.5 cores. Further on the said day, it had also repaid Rs 41 lacs & 31 lacs. There is no nexus between the IPO finance given by SBCIL to the clients and repayments made by it to SBCIL in ordinary course. Both legitimate transactions have been connected to each other to draw adverse inference.
- In so far as transfer of funds (of which no details in terms of amounts etc. have been spelled out) by SBCIL to it on 13/9/2011 & 14/9/2011 is concerned - (Refer Para 130 of Investigation report), it may be noted from the Ledger for the relevant period that on 13/9/11 & 14/9/11, it had received loan amount of Rs 219,50,000/- and Rs. 227,00,000/- respectively. It is incomprehensible as to how these amounts can be correlated to the alleged amounts paid by the clients to SBCIL. Allegations are vague and sweeping.
- It may be appreciated that to suit preconceived conclusions, Investigating Officer has cherry picked the entry and deliberately ignored and overlooked host of other entries in the Ledger statement which have taken place prior to and subsequent to 13/9/11 & 14/9/11.

m) The allegation that we had *"initially taken exit position provided by BGJL group for these allottees in their trading account (sell position). Subsequently I SBJL in turn gave exit to 137 allottees for 196322 shares, out of exit of positions it had taken from BGIL group by executing structured buy trades"* is totally misplaced. There is nothing on record to demonstrate that any such understanding between it and the client's viz. it taking exit on behalf of allotted clients were there. The version of allotted clients has not been brought on record. No proceedings appear to have been taken against the said allottees on whose behest, it was allegedly acting. In the absence of the aforesaid, proceedings *qua* us it legally untenable.

n) Its transactions were in the nature of short sales. Further, on 28.7.2011. it had in view of the fall in price taken a short position and it was in this context that it had sold the shares. The decision to sell the shares had no nexus with the allotments

received by the various clients. With regard to the allegation that it had bought the shares from the allottees through structured trades, it is submitted that at the relevant time, the said allotted clients had approached it for selling the shares, in view of the price fall. Since it already had a short position in the said shares, it had bought shares from the allotted clients on the system. The said trades were in the nature of cross deals, wherein its clients were selling and it was buying the shares at the then prevalent market price. It is nobody's case that it had any role to play in the decision of the clients to sell the shares or the timing of sales carried out by it or that it had prevented them in any manner not to sell their shares in the morning or at any point of time prior / post to the sales carried out by them or that it had forced them to sell the shares. Their decision to sell the shares was irrespective of its decision to buy the shares.

- o) Admittedly, the shares have been sold by the clients at the price prevalent at that time. Similarly, when it was buying the shares to cover its short position, the identity of the seller was irrelevant till the time it was getting the shares at the prevalent market price. If the clients had not sold the shares to it, it would have in any event bought the shares from the market.
- p) Merely because as a result of covering of its short positions, it had made profit, adverse inference is being drawn against it which is legally untenable. Buying of shares by it through cross deals from the allotted clients cannot be given the flavor of structuring the trades or giving exit as alleged.

Noticee No. 17 / Pelf:

- a) There is inordinate delay in completing the Adjudication proceedings. In support of the same, it placed reliance on the few orders passed by Hon'ble SAT which is almost same as that relied upon by other Noticees.
- b) The SCN alleged that fraudulent and manipulative trades have been entered by the clients/BGIL entities through it and that it had aided and abetted its clients to create false or misleading appearance in the securities market by creating artificial volume and executed structured trades to give exit to our clients. It is also alleged that it entered into structured trades in its own account with entities connected to BGIL
- c) The impugned transactions took place in the normal course of business and there was no question of any synchronizing of the said trade or attempting to match the trade with any other trades in the market as alleged or otherwise. Infact, its clients as a part of their regular investment activity, decided to sell the shares allotted in

the IPO of BGIL on the very first day of listing i.e. on 28.07.2011. As per the instructions of clients, it sold their shares.

- d) In the SCN, there is no allegation of any fund transfer between it and BGIL or its connected entities. Further, none of its clients who were allotted shares in the IPO of BGIL including 124 clients to whom alleged exit was provided are the noticee to the SCN. Notably on inquiry it understood that none of its clients are related to BGIL or their group entities and none of them had received any funds from BGIL or their group entities.
- e) On perusal of the SCN, it is noted that the only findings against it is that, its 1 sell order got matched with Lookline, an entity connected to GRD group and BGIL. However, the said connection as alleged by SEBI in the SCN is too far-fetched and based on surmises, supposition and conjectures.
- f) It had executed 617 buy trades and 814 sell trades at NSE on listing day. Out of those trades one sell order for quantity of 1,29,860 shares, placed at 09.44.08, which was later modified to 1,26,550 shares at 09.44.53, only 71,408 shares are alleged to have matched with Lookline at prevailing market price of Rs. 64.50/-.
- g) In fact, at the relevant time, 55,142 shares were sold in different quantity resulting into 35 trades and balance 71,408 shares remained unsold. It is really a co-incidence that 71,408 shares were matched against buy order of Lookline placed at 09.49.29 AM for 5,00,000 shares. Notably there was time difference of about 5 minutes in its sell order and Lookline buy order. During these 5 minutes, large numbers of shares were traded on NSE and BSE. It means that these shares would have been easily sold even if MIPL had not bought these shares.
- h) It is pertinent to note that Order No. 2011072800508260, which was placed for 1,02,050 shares at 09:43:21 resulted in 120 trades with unknown entities/persons. Notably no trades are alleged to have matched with any BGIL group entity.
- i) Importantly major allottees who were allotted shares in the IPO of BGIL had traded on that day and only 6.5% of shares were delivery based trades. Hence, it was a high probability that its counter party will be an IPO allottee or alleged BGIL group entities who have carried out trades in large volume.
- j) Further, out of 2,34,155 shares bought and sold by it in proprietary account on listing day, only 71,408 shares are matched with buy order of MIPL. In this regard, it provided details of Sale transaction executed by it for 2,32,135 shares upto 1.00 p.m. On perusal of the same, co-incidentally few Sale transactions got executed

with alleged BGIL group. Thus, no order was placed by it which was designed to get exit for it.

- k) It had bought 2,34,155 shares of BGIL in its proprietary account and sold the same quantity at prevailing market price making a profit of Rs. 13,358/-. Thus, allegation of making huge profits is unjustified and unwarranted. In support of its claim, it had provided details of profit made by trading in scrip of BGIL.
- l) It is observed that 154 applicants of BGIL-IPO had applied through it in the IPO of BGIL and 2,21,117 shares were allotted to them. It has been alleged that out of the total buy orders of 2,34,155 shares in proprietary account, it had placed certain orders which are alleged to be structured in nature so as to give exit to 124 allottees who were allotted 2,02,812 shares in the IPO of BGIL.
- m) It is pertinent to mention that 124 Applicants were allotted 2,02,812 shares @ Rs. 82/- per share in the IPO of BGIL and they sold the same on market @ Rs. 65/- (Approx.) in which deliveries of securities were given and thereby beneficial ownership was transferred and thereby fulfilled their obligation towards the market. Notably all its clients are retail investors and have incurred loss of Rs. 18/- per share (Approx.).
- n) Pertinently 2,02,812 shares sold by its clients at an average rate of Rs. 64.55 could have been easily sold in the market even if it had not matched with its buy order since between 09.43 a.m. to 10.15 a.m., 45,63,706 shares were transacted in the same price range amongst 30,616 trades.
- o) As regard the allegation that it had provided exit to its clients through structured trades, on the basis of Buy Order No. 2011072800614057 and Buy Order No. 2011072800801265 placed by it. Buy Order No. 2011072800614057 and Buy Order No. 2011072800801265 placed by it were close to the prevailing market price. The first one was at Rs. 64.55 when the immediate available sell order was for Rs. 64.60 and the second order was placed at Rs. 64.60 when the pending sell order was available at Rs. 64.50. Further, its buy orders were for 1,26,990 shares and 86,652 shares respectively, while the sell orders of its clients were for 1,17,007 shares and 85,805 shares respectively. When it placed first buy order at the prevailing market price, it was merely a matter of coincidence that the orders placed by 80 clients by an offline order entry got executed against its buy order. Similarly, when the second buy order was placed, sell orders of 44 clients got executed against its buy order which was pending. Thus it was a mere coincidence that the buy orders placed by it in its proprietary account partially got matched with the sell orders of its clients. In reality, it did not place any particular order or engage

in any trade that sought to provide an exit to its clients. Therefore, it is submitted that it undertook the trades in its own account for jobbing purpose and not for providing an exit to its clients.

- p) It has been further alleged in the SCN that it had placed buy orders at a price far away from the market price and in turn aided and abetted its clients giving them exit and indulged in fraudulent structured trades with its clients. However, this allegation is contrary to facts on record. Its Buy Order No. 2011072800614057 was placed when pending selling orders were at 64.60 and Buy Order No. 2011072800801265 was placed when selling orders were available at Rs. 64.55. Therefore, neither its buy order nor the sell orders of its clients were far away from the market price. Therefore, it is submitted that the said trades cannot be said to be structured trades executed by it to gain unfair advantage.
- q) It conducted trades on NSE as per the norms of the exchange. In totality, it bought 2,82,087 shares and sold 5,06,247 shares of BGIL. It bought and sold 2,34,155 shares in its proprietary account and bought and sold 47,932 shares and 2,72,092 shares respectively on behalf of its clients. Thus, it traded for total 7,88,334 shares in its own account and on behalf of its clients, amounting to a mere 0.89% of the total volume of shares traded on NSE and BSE.
- r) Besides in BGIL scrip 3,98,897 trades were executed on NSE and 3,13,260 trades were executed on BSE, that is total of 7,12,157 trades were executed on both stock exchanges. It undertook only 617 buy trades and 814 sell trades, totaling to 1,431 trades both on behalf of its clients and in its proprietary account. This amounts to a meagre 0.2% of the total number of trades on NSE and BSE.
- s) Importantly unlike alleged BGIL group entities, no funds had come from BGIL directly or through layered transactions, either to it or to its clients for funding.
- t) On perusal of SEBI website, it noted that certain entities viz. Crosseas Capital Services Private Limited, Chandarana Intermediaries Brokers Private Limited, AKG Securities & Consultancy Limited and Marwadi Shares & Finance Limited ("4 entities") had executed trades on listing day i.e. 28.07.2011 in scrip BGIL. Post Investigation, proceedings were initiated against them. However, on consideration of facts and circumstances of their case, proceedings were dropped against them without imposing any penalty. Incidentally, on perusal of the style, pattern and volume of their transaction, it is of the view that its case also falls in similar line. Hence, it requested that the proceedings initiated against it should be dropped without imposing any monetary penalty.

Noticee No. 18 / Swift:

- a) It has been alleged that it was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. The SCN further alleges that it had indulged in structured / synchronized trades with other entities thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL.
- b) There has been an inordinate delay after restoring in restarting the matter by SEBI. The transaction pertains to July 2011 for which SCN was issued in May 2013 and while the matter was restored back to the file of the AO, SEBI in March 2016. SEBI has let the matter remain unattended for more than 3 years.
- c) It was into trading activity in the capital market and was a registered as a client with GRD and had been trading through GRD since the year 2008.
- d) The SCN states that 4824 retail investors were allotted equity shares of BGIL and out the 4824 retail investors, only 468 retail applicant have not sold on the listing day. This means that approximately 4356 (i.e. 90%) retail investors had also sold their allotted equity shares of BGIL on the listing day.
- e) It did a total transaction of 10,01,000 equity shares of BGIL on listing day and the SCN did not allege any violation for its purchase 5,00,500 equity shares of BGIL.
- f) It submitted that VPP modified his outstanding purchase order after a time difference of 01 minute 37 seconds to match his purchase order with its sell order and which resulted into a part of the sale transaction of 1,68,044 equity shares, purchased by VPP.
- g) VPP has entered into transactions of more than 1 crore equity shares out of the 8.8 crore equity shares of BGIL on the listing day. It is submitted that VPP would inevitably be a party to either purchase or sell in the market due to the sheer volume of his transactions.
- h) It is just a coincidence that VPP purchased the equity shares of BGIL which were put on sale at market rate on the market platform. It was VPP who modified his trade after a time gap of 1 minute and 37 seconds which is a lot of time in live market more specifically on the said day when the trading volume was more than 8.8 crore shares.

- i) No other transactions have been done by it in the equity share of BGIL on the listing day except the one mentioned above. It further submitted that the said transaction was done in normal course of business.
- j) It had done the trades on personal account and that there was no malicious intent while placing the order. It further stated that they have not matched trades with any entities. Infact, the SCN does not even allege or suggest that other entities are connected to it in any manner whatsoever. The trades done by it were done in open market without any price manipulation or collusion with any entity or any other Noticees.
- k) The SCN alleged that it was giving exit to a certain entity is based on farfetched / impractical scheme of things as it who was selling and hence the question of giving exit does not arise. Further, there is no allegation of any kind of price manipulation against it.
- l) The SCN has erroneously grouped it with other entities and categorizing them as part of some GRD Group or BGIL Group. It stated that it is not connected / related to any of the Noticees in any manner.
- m) It is alleged that a dealer of GRD who also happens to be its director, hence the Noticee is connected. It stated that it cannot be said to be culpable because the dealer in his personal capacity signed as introducer while he was in employment with GRD. It is incorrect to hold that the Noticee is associated / connected / related with the person so introduced by the dealer (in his personal capacity) as is alleged in the SCN. Further, it was a normal and industry wide accepted practice back in the day that a dealer would generally sign as the introducer. In support of its claim, it submitted the list of its directors as on the date of the transaction.
- n) It has been alleged that it did not have the capacity to trade such large volumes as per their Income Tax returns. It submitted that it had a healthy and strong balance sheet wherein their Networth was approximately about Rs. 19 Crores. It further submitted that the loss of Rs. 99,14,905 incurred in trading in the scrip of BGIL was born solely by it and no one else.
- o) It has been alleged that it had received a sum of Rs. 1.6 Crores from BGIL for a loss of Rs. 99,14,905 incurred in the trading of BGIL. It submitted that it absurd to even suggest that allegedly BGIL would compensate a sum which is much higher than the loss. This itself shows lack of application of mind of the investigating officer, SEBI. The investigating Officer has failed to collect important facts from it like the sum of Rs. 1.6 Crores received from Sanjukta Vanijya Private Limited was

towards sale of unlisted shares of various companies. In support of its claim, it submitted copies of the share sale bill.

- p) It further submitted that it has a history of trade with GRD and has traded in large volumes in the past also. In support of its claim, it submitted copies of its activity for the Financial Year 2011-12.
- q) It submitted that it had traded in approximately 10,01,000 shares against a total volume of 8.8 crore shares on the listing day which is approximately 0.012% of the total trades on the listing day. It stated that the transaction done on proprietary account was done at market price and on the market platform and hence, it is not possible to decide the price / volume or the person with whom to transact with such a small quantity in such a large traded volume.
- r) The SCN has alleged that it entered into structured / synchronized / circular trading however the SCN has not provided any coherent evidence to substantiate this allegation. It submitted that there is not even an iota of evidence to suggest that it knew the counter party of the trades done. Further, if the trades were structured / synchronized / circular trading in nature in that case why would only a part of the trade be structured / synchronized / circular trading, the entire trade should have been structured / synchronized / circular trading.
- s) It submitted that the allegation of entering in structured transaction of 1,68,044 shares out of the total trades of 10,01,000 shares is absurd and without any application of mind. The allegation is so mind numbing that it was being compensated for the loss incurred for the buying and selling 10,01,000 shares while it was allegedly supposed enter into a structured transaction for 1,68,044 shares.
- t) It has been alleged that its trades were without the intention of change of ownership by executing structured, synchronized and circular trades as the same had not resulted in delivery. In that case, more than 94.5% of trades that took place on the listing day were done without delivery and hence by that logic all these trades (i.e. 94.5%) could also be said to be trades done without the intention of change of ownership.
- u) The Income Tax Department has accepted these transactions as genuine

Noticee No. 19 / Lookline:

- a) It made submissions on the lines of submissions made by Swift. Few variations alone are highlighted in the subsequent paragraphs.
- b) It was into trading activity in the capital market and was a registered as a client with GRD and had been trading through GRD since the year 2011.
- c) It stated that it purchased 5,00,000 equity shares and sold 5,00,000 equity shares of BGIL thereby a total trade of 10,00,000 equity shares on the listing day in open market incurring a loss of Rs. 75,38,319/-. However, it has been alleged that it had incurred a loss of Rs. 3,17,50,000 which is incorrect.
- d) It had traded for a total of 10,00,000 equity shares out of which 3,56,791 equity shares allegedly were matched with by VPP. VPP has entered into transactions of more than 1 crore equity shares out of the 8.8 crore equity shares of BGIL on the listing day. It is submitted that VPP would inevitably be a party to either purchase or sell in the market due to the sheer volume of his transactions.
- e) It is just a coincidence that VPP was the counter party its transactions which were traded at market rate on the market platform.
- f) It had done the trades on personal account and that there was no malicious intent while placing the order. It further stated that they have not matched trades with any entities.
- g) The allegation that it was giving exit to a certain entity is based on farfetched / impractical scheme of things as it was only a day trader and the question of giving exit does not arise.
- h) The SCN has erroneously grouped it with other entities and categorizing them as part of some GRD Group or BGIL Group. It stated that it is not connected / related to any of the Noticees in any manner (other than the Client - Broker relation shared with GRD).
- i) It has been alleged that it did not have the capacity to trade such large volumes as per their Income Tax returns. It submitted that it had a healthy and strong balance sheet wherein their Networth was approximately about Rs. 10 Crores. It further submitted that the loss of Rs. 75,38,319 incurred in trading in the scrip of BGIL was born solely by it and no one else.
- j) It has been alleged that it had received a sum of Rs. 3.04 Crores from BGIL for a loss of Rs. 75,38,319 incurred in the trading of BGIL. It denied that it had received a

sum of Rs. 3.04 crores from BGIL. It submitted that it had received the following amount on account of share application money from the said companies:

- Rs. 25 Lac from Sanjukta Vanjiya Private Limited on July 28, 2011
- Rs. 85 Lac from Darshan Tradelink Private Limited on July 28, 2011 and
- Rs. 1.245 Crores from Swadha Vinimay Private Limited on July 16, 2011 (before the listing of BGIL).

In support of its claim, it submitted copies of the form of application for equity shares.

- k) Out of the aforesaid amount, a sum of Rs. 1.245 crores were received much before the listing date. With all due respect it is preposterous to even imagine that for loss of Rs.75,38,319/- an amount of Rs. 2.345 Crores was being paid to it.
- l) It submitted that it had traded in approximately 10,00,000 shares against a total volume of 8.8 crore shares on the listing day which is approximately 0.011% of the total trades on the listing day. It stated that the transaction done on proprietary account was done at market price and on the market platform and hence, it is not possible to decide the price / volume or the person with whom to transact with such a small quantity in such a large traded volume.
- m) It submitted that the allegation of entering in structured transaction of 3,56,791 shares out of the total trades of 10,00,000 shares is absurd and without any application of mind. The allegation is so mind numbing that it was being compensated for the loss incurred for the buying and selling 10,00,000 shares while it was allegedly supposed enter into a structured transaction for 3,56,791 shares.

Noticee No. 20/Aashrit:

- a) It made submissions on the lines of submissions made by Swift and Lookline. Few variations alone are highlighted in the subsequent paragraphs.
- b) On analysis of the trade log, it noted that it had placed an order at 10:45:48 at the price of Rs. 62.70 with a limit order rate of Rs. 65 (which has been considered to give exit to some entities). The facts stated in the SCN demonstrate otherwise. One of the entity i.e. VPP had placed two orders to sell at 09:15:24 for a quantity of 1,00,000 shares @ 82.20 and 90,500 shares @81.45 respectively and Kahor had placed the sell order for 97,300 shares at 09:15:17 @80 and Kahor modified his

sell order to Rs.65 @10:38:00 and VPP modified his sell orders to Rs.65 @10:38:04 at this time the last traded price was Rs.63.30.

- c) The allegation that it was giving exit to certain entities is based on farfetched / impractical scheme of things like giving exit to 1,88,876 equity shares by purchasing 4,00,000 equity shares that too not at the same time and the orders not placed with the same quantity and there being a million possibilities that there could have been many investors who had ordered to sell at Rs. 65 other than VPP and Kahor. Further, the poor ratio of matching with the alleged counter party also does not support the allegation.
- d) It submitted that the allegation of entering in structured transaction of 1,88,876 shares out of the total trades of 4,00,000 shares is absurd and without any application of mind. The allegation is so mind numbing that it was being compensated for the loss incurred for the buying and selling 4,00,000 shares while to give exit to only certain entities for 1,88,876 shares.
- e) It has been alleged that it did not have the capacity to trade such large volumes as per their Income Tax returns. It submitted that it had a healthy and strong balance sheet wherein their Networth was approximately about Rs. 97 Crores. It further submitted that the loss of Rs. 95,64,000 incurred in trading in the scrip of BGIL was born solely by it and no one else.
- f) It has been alleged that it had received a sum of Rs. 1.3 Crores from BGIL for a loss of Rs. 95,64,000 incurred in the trading of BGIL. It submitted that it absurd to even suggest that allegedly BGIL would compensate a sum which is much higher than the loss. This itself shows lack of application of mind of the investigating officer, SEBI. The investigating Officer has failed to investigate as to why the funds were received by it from Darshan Tradelink Private Limited and Swadha Vinimav Private Limited.
- g) It submitted that a sum of Rs. 80,00,000 received from Darshan Tradelink Pvt. Ltd was advance towards share application money in the equity of BGIL. In support of its claim, it submitted a copy of the share application form. Further, Rs. 50,00,000 was received from Swadha Vinimay Pvt. Ltd was towards sale of shares. In support of its claim, it submitted a copy of the bill of sale of shares.

Noticee No. 21/ Orbit:

- a) It made submissions on the lines of submissions made by Aashrit. Few variations alone are highlighted in the subsequent paragraphs.

- b) It purchased 3,84,241 equity shares and sold 3,84,241 equity shares of BGIL thereby a total trade of 7,68,482 equity shares on the listing day in open market incurring a loss of Rs. 1,23,26,937/-. It had traded for a total of 7,68,482 equity shares out of which 57,153 equity shares were purchased by VPP. It is pertinent to note that VPP has entered into transactions of more than 1 crore equity shares out of the 8.8 crore equity shares of BGIL on the listing day. It is submitted that VPP would inevitably be a party to either purchase or sell in the market due to the sheer volume of his transactions.
- c) It is just a coincidence that VPP sold the equity shares of BGIL which were put for purchase at market rate on the market platform.
- d) It is alleged that it sold 36,000 equity shares within the BGIL group. It denied that it is part of any group including BGIL Group. Due to the sheer volume of trading on the listing day it is inevitable that there would transaction with other entities. Further, there are no other transactions have been done by it in the equity share of BGIL on the listing day except the one as said above which was done in normal course of business.
- e) The allegation that it was giving exit to a certain entity is based on farfetched / impractical scheme of things as it was only a day trader and the question of giving exit does not arise.
- f) It has been alleged that it did not have the capacity to trade such large volumes as per their Income Tax returns. It submitted that it had a healthy and strong balance sheet wherein their Networth was approximately about Rs. 9 Crores. It further submitted that the loss of Rs. 1,23,26.937 incurred in trading in the scrip of BGIL was born solely by it and no one else.
- g) It has been alleged that it had received a sum of Rs. 10 lakh from BGIL for a loss of Rs. 1,23,26.937 incurred in the trading of BGIL. It is preposterous to even imagine that a loss of .Rs.1,23,26,937/- could be set off against a receipt of Rs.10 Lacs. The investigating Officer has failed to investigate as to why the funds were received by it from Darshan Tradelink Private Limited. It submitted that a sum of Rs. 10,00,000 received from Darshan Tradelink Pvt. Ltd was advance towards share application money in the equity of BGIL. In support of its claim, it submitted a copy of the share application form.
- h) It submitted that it had traded in approximately 7,68,482 shares against a total volume of 8.8 crore shares on the listing day which is approximately 0.0088% of the

total trades on the listing day. It stated that the transaction done on proprietary account was done at market price and on the market platform.

- i) The allegation that it entered in structured transaction of 93,153 shares out of the total trades of 7,68,482 shares is absurd. The allegation is mind numbing that it was being compensated Rs.10 Lakh for the loss of Rs. 1,23,26,937 Crores incurred for the buying and selling 7,68,482 shares while it was allegedly to have entered into a structured transaction for 93,153 shares

Noticee No. 22/ Grishma:

- a) SEBI has failed to provide any reasons for such inordinate delay for hearing and completing the Adjudication proceedings. In this regard, the Noticee placed reliance on the following orders passed by Hon'ble SAT / Hon'ble Supreme Court:
 - i. Parag Sarda v. SEBI (Appeal No. 290 of 2020) dated November 12, 2020.
 - ii. Rakesh Kathotia & Ors. v. SEBI (Appeal No. 7 of 2016) dated May 27, 2019.
 - iii. Ashok Shivilal Rupani & Anr. v. SEBI (Appeal No.417 of 2018) dated August 22, 2019.
 - iv. Sanjay Jethalal Soni v. SEBI(Appeal No.102 of 2019).
 - v. Order of Hon'ble Supreme Court in the case of Government of India v. Citadel Fine Pharma [AIR (1989) SC 1771].
- b) The selective extract of the Investigation Report (page 36-70 of a 75 –page Report) which was furnished to it during the Inspection proceedings of September 16, 2013 and the extract provided to it along with the Show Cause Notice (total 33 pages), are different as is evident from the pagination as well as the paragraph references of the same. These discrepancies were not clarified to it.
- c) No statement of VPP and Kahor has been recorded during the investigation, even though the allegations in the SCN pertain exclusively to its role as their brokers. Its role pertains to being the broker for these two clients hence, the statement of these two clients were vital.
- d) There is no suggestion in the SCN that it had or could have had knowledge or information regarding the nature of the trades being executed by the said two clients. Further, none of the material or documents adduced leads to the suggestion that it was or could have been aware of the alleged structured/ circular trades undertaken by the clients. Hence, the charges set out in the SCN are vague and fail to provide clear allegations as against it.

- e) Merely, the alleged violations by its clients do not make it liable for any violation. The entire SCN is silent on that aspect, mere negligence also cannot be treated as fraud under PFTUP Regulations.
- f) Neither name of the clients nor its name is appearing any of the table mentioned in para nos. 6 and 8 of the SCN. The SCN failed to give details of trades done by its clients which are alleged to be violative. Even in the table at page 6 of the SCN provided details of self trade does not have name of its said clients.
- g) The only allegation against it in the inspection report is that it was aware of the certain alleged circular trades done by its said clients in the scrip of BGIL on the listing day. On this basis alone, the SCN concludes and alleges that it had aided and abetted clients to create false or misleading appearance in the securities market by creating artificial volume and executed structured trades to give exit to the top allottees. However, no iota of evidence was brought on record in the entire Inspection report which could suggest its involvement in any of the violation as stated in the SCN. It is also pertinent to note that though the Investigation report alleges that it was aware of the alleged fraudulent activities of its clients, the SCN chose to not allege the same while framing charges against it.
- h) The Hon'ble SAT in a catena of decisions has repeatedly held that in cases of synchronized trading by a client, a broker cannot *per se* be held liable. It relied upon the judgment passed by Hon'ble SAT in the case of Kasat Securities vs. SEBI [2006] SAT 205 and Nirmal Bang Securities Private limited v. SEBI.
- i) It is not a part of BGIL group and no material on record or evidence shows that there were structured/ circular/reverse trade. It cannot be liable if there is no material on record to show the broker knew that the trades were fictitious.
- j) It stated that without giving an opportunity for inspection of relevant documents, the Adjudicating Officer has issued the SCN against it. It placed reliance upon the order passed by Hon'ble SAT in the matter of Shruti Vora v. SEBI.
- k) Total traded volume of BGIL on the first day of listing on NSE and BSE was 8,83,04,275 shares. However, the alleged circular and structured trades executed by the said two were merely 2,67,987 shares which is around 0.3 percentage of the total traded volume and the same cannot have any impact on the price of the scrip and is a minuscule percentage of trading on the day of listing.
- l) The impugned trades of the clients were during the period from 9.28 am to 1.30 pm when the scrip witnessed high volatility. The price range of the scrip when the

alleged trades were executed was ranging from Rs. 62 to Rs. 73 and even during this period the price of the scrip was oscillating between Rs. 54 to Rs. 81. The important fact to observe is that price of scrip witnessed further movement after 13.24, but there was no trade after the said time till the close of the trading hours.

m) The trades executed by its clients were at prevailing market price and there was nothing fraudulent observed from the perusal of the trades executed by its clients. In the present case, no adverse inference can be drawn from such miniscule part of trade.

n) The trades of its clients have not contributed to the LTP. The SCN is completely silent on the point that if these alleged trades have contributed to the price of the scrip. Further, there can be no allegation of execution of synchronized trades on behalf of the said clients. It submitted that it has not benefitted from the subject transaction. The SCN fails to prove any unlawful gains made by it. It cannot be said that the trades are synchronized or fraudulent. There was no intention to manipulate the market since the deliveries were taken. In this regard, it placed reliance on the order of The Hon'ble SAT in the case of Ketan Parekh v. SEBI (2006) [13].

16. Before proceeding into the findings of the matter, it is necessary to deal with the technical objections made by the Noticees in general in their submissions. The Noticees contended that there is inordinate delay in completing the instant adjudication proceedings. In this regard, it is to mention that consequent to the restoring of the matter to the file to the erstwhile Adjudicating Officer for passing fresh order on merits, in terms of Hon'ble SAT order dated April 06, 2016, as aforesaid, the instant proceedings are mandated pursuant to decision of the competent authority to appoint the undersigned as AO in terms of transfer of these proceedings vide order dated April 27, 2018 to enquire into and adjudge under Section 15HA and Section 15HB of the Act, as applicable, the alleged violations by the Noticees.

17. The first Notice of hearing was issued to all the Noticees on June 26, 2018. The opportunity of hearing was availed only by few of the Noticees. In the interests of principles of natural justice for compliance with the directions of Hon'ble SAT in its order dated April 06, 2016, another opportunity of hearing was granted on various dates to the Noticees.

18. In the meanwhile, five entities, namely, Swift, Lookline, Aashrit, Orbit and Pelf filed settlement application with SEBI under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014. Given the interwoven activities of Swift, Lookline, Aashrit, Orbit and Pelf with the other entities in this case and the alleged role played by

them in the IPO of BGIL, it is not possible to dispose of the matter *qua* these five entities considering the reasons as aforesaid. Given this fact, the proceedings were kept in abeyance.

19. Subsequently, vide email dated February 06, 2020, it was informed by the concerned department of SEBI that Swift, Lookline, Aashrit and Orbit have withdrawn their respective settlement application filed with SEBI and that the settlement application filed by PELF was rejected by SEBI. Resultantly, the instant proceedings are then proceeded as a whole against all the Noticees.
20. Adding to all the events above, due to the extraordinary situation of Covid-19 pandemic, the matter could not be proceeded further during the intermittent period. A fresh opportunity of hearing was granted to all the Noticees during the period August to October 2021. Few of the Noticees availed the opportunity of hearing and few other Noticees waived the opportunity of hearing granted to them as they had earlier made their submissions and subsequently, availed opportunity of hearing. Thus from the said facts, it is clear that the contention of the Noticees on the count of delay is devoid of any merit and there are no impediments to proceed further in the matter.
21. Having addressed the technical objections of the Noticees as mentioned above, the main issues are now being considered and findings on the same are mentioned in the subsequent paragraphs.

CONSIDERATION OF ISSUES AND FINDINGS

22. After perusal of the material available on record, the following issues are for consideration viz.
 - a) Whether VPP, Kahor and Grishma have violated the provisions of PFUTP Regulations and whether Grishma has also violated the provisions of the Broker Regulations?
 - b) Whether Nimit and Shaswat have violated the provisions of PFUTP Regulations and whether Shaswat has also violated the provisions of the Broker Regulations?
 - c) Whether Anoop Jain HUF, Anoop Jain, Ritu and Vimgi have violated the provisions of PFUTP Regulations and whether Vimgi has also violated the provisions of the Broker Regulations?
 - d) Whether Swift, Lookline, Aashrit, Orbit and GRD have violated the provisions of PFUTP Regulations and whether GRD has also violated the provisions of the Broker Regulations?

- e) Whether Wheelers, DDM, DDT and Korp have violated the provisions of PFUTP Regulations and whether Korp has also violated the provisions of the Broker Regulations?
- f) Whether Prem and Shikha have violated the provisions of PFUTP Regulations and whether Prem has also violated the provisions of the Broker Regulations, SEBI Circular No. SEBI/MRD/SE/Cir- 33/2003/27 dated August 27, 2003 & SEBI Circular No. MRD/DoP/SE/Cir- 11/2008 dated April 17, 2008?
- g) Whether Bahubali has violated the provisions of PFUTP Regulations and Broker Regulations?
- h) Whether Pelf has violated the provisions of PFUTP Regulations and Broker Regulations?
- i) Whether the Noticees are liable for monetary penalty under Section 15HA and/or Section 15HB of the SEBI Act, as applicable?
- j) If the answer to issue at (i) is in affirmative, then what quantum of monetary penalty should be imposed on the Noticees?

Issue A: Whether VPP, Kahor and Grishma have violated the provisions of PFUTP Regulations and whether Grishma has also violated the provisions of the Broker Regulations?

23. The first allegation against VPP is that he had allegedly executed self-trades at BSE for 58,448 shares thereby creating a misleading appearance.

24. In this respect it is noted that Hon'ble SAT has from time to time held manipulative 'self-trades' punishable under SEBI Act and that one or few instances of self- trades per- se would not be objectionable. For example, in *N.M. Lohia vs. SEBI* (Appeal no. 108 of 2009, Decided on January 13, 2010), the Hon'ble SAT observed that :

"...We have heard the learned counsel for the parties who have taken us through the record and the impugned order. A show cause notice dated October 20, 2008 had been issued to the appellant making the aforesaid allegations against him. Details of the trades executed by the appellant were also furnished along with the show cause notice which were annexures attached thereto. A mere look at the trades executed by the appellant would show that they are on the face of it fictitious in as much as he executed trades as a broker in which he himself is the buyer and also the seller. It is not that he executed a solitary trade or only few of them. He executed a large number of trades for over a year in this fashion..."

25. In the case of *Smt. Krupa Sanjay Soni v. SEBI* vide its order dated Jan 09, 2014, Hon'ble SAT held that "a few instances of self-trades in themselves would not, ipso facto, amount to an objectionable trades".

26. In view of provisions of regulations 3 and 4 of the PFUTP Regulations and principles laid down by Hon'ble SAT, the intentional self-trades that are entered into with design to manipulate the markets by giving the impression of legitimate trading interest or activity to artificially create volumes in the scrip to portray a false picture of liquidity or to bench mark a new artificial price in an otherwise illiquid scrip would be punishable. Considering the fact that market conditions of scrip, use of technology in anonymous screen based trading system, etc., it becomes important to draw distinction between unintentional self-match trades and intentional, manipulative/fraudulent/unfair self-trades/ wash trades, etc. It is also relevant to mention that Hon'ble Supreme Court in the matter of *SEBI vs. Kishore R Ajmera* (C.A. no.2818 of 2008) vide its order dated 23/02/2016 has laid down following guiding parameters that can be used to arrive at a conclusion in such cases for violation of the provisions of PFUTP Regulations:

- *Volume of the trade affected;*
- *The period of persistence in trading in the particular scrip;*
- *The particulars of the buy and sell orders, namely the volume thereof;*
- *The proximity of time between the two and such other relevant factors.*
- *The fact that trading has gone on without settlement of accounts i.e. without any payment; and*
- *The volume of trading in the illiquid scrips.*

27. Thus, the self-trades executed by VPP are being benchmarked against these parameters. In the instant case, the scrip of BGIL got listed on BSE and NSE on July 28, 2011. On NSE 4,75,78,807 shares were traded and on BSE 4,07,25,468 shares were traded on the listing day i.e. on July 28, 2011. In total, 8.83 crore shares were traded on BSE & NSE. On this day, there was high volatility and liquidity in the scrip. On this day, VPP had executed *self-trades* at BSE for the quantity of 58,448 shares wherein the buyer and the seller for the trades were VPP himself. The total self-trades of VPP on this day contributed only 0.07% (approx.) of the total traded volume at both the exchanges. It needs to be appreciated here that on the date of listing the scrip has witnessed huge volumes surge as well as price volatility. The scrip opened at a price of Rs 81.9 which was lower than the issue price of Rs 82 which was in the upper end of the price band. Further, it was noticed that while price opened a tad lower at Rs 81.9, during trading it remained in the lower range of Rs 60-70 before plunging to Rs 30.95 at close thus showing huge volatility during the day. Most of the allottees had sold the shares including a vast majority of the retail as well and NII.

28. There is no other evidence, circumstantial or otherwise available on record to support allegation that the impugned *self-trades* which were 0.7% of the volume were manipulative or intentional to defraud the market.

29. In addition, it is noted that the contribution of the Noticee's self-trades *vis-à-vis* the total market volume is considered as not to be substantial enough to distort the market equilibrium in the scrip of BGIL. Those *self-trades* were executed on Algo Trading Software in an automated manner and there is no human intervention in such matching of trades. There is no material to indicate employment of any device or scheme or artifice by the Noticee to defraud or induce any person to trade in the scrip or to indulge in market manipulation.
30. In this regard, Hon'ble SAT in case of *KSL & Industries Ltd v. SEBI* in (Appeal no. 9 of 2003) has held that *"I do not find any material on record in support of the said charge. A wild allegation of market manipulation, in particular the charge of fraudulent action unsupported with convincing evidence are not sustained. Fraud cannot survive on mere conjecture and surmises."*
31. In view of the above and taking into account the aforesaid orders of Hon'ble SAT and Hon'ble Supreme Court, it is concluded that the allegation of violation of executing self-trades at BSE for 58,448 shares thereby creating a misleading appearance by VPP does not hold merit.
32. The second allegation is that had VPP and Kahor had indulged in trades which were circular / reverse / structured trades in nature and which were executed without the intention of change of ownership of BGIL shares thereby creating false or misleading appearance of the scrip of BGIL at NSE and BSE i.e. VPP had bought the shares from Kahor and sold the shares back to Kahor. It is noted that the allegation of circular trading between VPP and Kahor is of 2,09,539 shares (2,67,987 shares less 58,448 shares of VPP's *self-trades*) which constitutes 0.24% percent of the total traded volume.
33. It is noted that on the day of listing, at NSE, VPP sold 48,332 shares to Kahor. From the trade log pattern, it is observed that Kahor placed one buy order for a volume of 48,447 shares for a price of Rs. 73 per share matched with two sell orders of VPP (2011072802000681 and 2011072802004389) for a volume of 1,00,000 and 1,50,000 shares respectively. The sell orders of VPP were placed for a price of Rs. 73 per share and the buy and sell orders were placed at a time difference in the range of 01:13 to 01:39 minutes. These buy order of Kahor matched with two sell orders of VPP, resulted in multiple trades for a volume of 48,332 shares, which is 0.10% of the market volume. Though the buy order and sell orders were placed at identical price, there is no similarity in terms of quantity placed and time factor of the order placement. Similarly, on BSE, VPP had placed 8 buy orders which were matched with 5 sell orders of Kahor. It is observed that most of the buy-sell orders

placed by VPP-Kahor were not identical in terms of price and volume. There is no material available on record to establish that the trades were manipulative.

34. It is pertinent to note that on the listing day, VPP has entered into buy and sell trades of 50,55,939 equity shares (one side) out of the 8.8 crore equity shares of BGIL. It is inevitable that VPP would be a party to either purchase or sell in the market due to the high volume of his transactions. In a screen based trading system, these kind of trades were executed on Algo Trading Software in an automated manner and there is no human intervention in such matching of trades. Further, it may not be reasonable to hold that mere 0.24% can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing.

35. In view of the said facts, the allegation that trades between VPP and Kahor which were executed for creating false or misleading appearance of the scrip of BGIL does not stand established. In support of this conclusion, reliance is placed on the judgment of Hon'ble SAT in the case of *Narendra Vallabhji Bahuva v. SEBI (Appeal No. 516 of 2018)* dated July 14, 2021, wherein it was, *inter-alia*, held that:

“8. We also find that only one trade was executed by the appellant which constituted 0.36% of the total volume of 7 trades which in our opinion is too miniscule and would not create any impact either on the manipulative intention or on the circular / reversal and synchronized trades nor will have any impact on the transfer of beneficial ownership or leading to a false and misleading appearance of trading. Such miniscule trading cannot be termed as fraudulent in nature. [Emphasis Added]”

36. As the allegation against VPP and Kahor who are clients of Grishma is not established for the reasons as recorded above, the allegation against Grishma that it had aided and abetted its clients to create false or misleading appearance of trading in the securities market does not sustain.

Issue B: Whether Nimit and Shaswat have violated the provisions of PFUTP Regulations and whether Shaswat has also violated the provisions of the Broker Regulations?

Nimit:

37. The basis of allegation against Nimit is that he had executed structured trades in order to obtain exit from BGIL group without intention of change of ownership of shares and thereby created artificial volume. As per the SCN, some of the trade matches with that of VPP who is alleged to be connected with BGIL. Nimit's total

volume is 1,40,625 shares. The same comes to 0.15% of total shares traded. His transaction is at average price of Rs. 53.68.

38. It is pertinent to note that VPP, one of the Noticee in this matter as dealt with earlier, has been alleged for self-trades and reversal / circular trades with Kahor. But, VPP which is the alleged counterparty to Nimit, has not been charged for any structured / reversal / circular trades with Nimit. Further, there is no material available on record to suggest that Nimit had any prior consensus or there existed a meeting of minds with the counter party i.e. VPP. Further, there is no allegation of Nimit's relationship with VPP in the SCN.

39. It is a settled law that mere matching trade between two persons, *per se*, does not amount to violation of PFUTP regulations. There should be manipulation of either price or volume so as to allege violation of PFUTP regulations. In Nimit's case, no such manipulation is established. Further, it cannot be inferred that mere 0.15% can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Such an insignificant percentage of the total trading executed on the day of listing in this case does not seem to indicate any prior meeting of minds as alleged. Hence, the allegation in the SCN with respect to Nimit, cannot be carried through.

Shaswat:

40. As the allegation against Nimit who is a client of Shaswat is not established for the reasons as recorded above, the allegation against Shaswat that it had aided and abetted its client the execution of the structured trades to obtain exit and to create false or misleading appearance of trading in the securities market does not sustain.

Issue C: Whether Anoop Jain HUF, Anoop Jain, Ritu and Vimgi have violated the provisions of PFUTP Regulations and whether Vimgi has also violated the provisions of the Broker Regulations?

Anoop Jain HUF:

41. The basis of allegation against Anoop Jain HUF is that it had executed structured trades in order to obtain exit from BGIL group without intention of change of ownership of shares and thereby created artificial volume. As per the SCN, the same is because its trade of 50,025 matches with that of VPP who is alleged to be connected with BGIL.

42. It is pertinent to note that on the listing day, VPP has entered into buy and sell trades of 50,55,939 equity shares (one side) out of the 8.83 crore equity shares of BGIL. It is inevitable that VPP would be a party to either purchase or sell in the market due to the high volume of his transactions. In a screen based trading system, these kind of trades were executed on Algo Trading Software in an automated manner and there is no human intervention in such matching of trades. Further, it is noted that only a minor proportion of any given order of VPP has resulted in such reversal / circular trades. Further, it may not be reasonable to hold that mere 0.06% can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing.
43. Further, it is utmost importance to note that VPP, one of the Noticee in this matter, has been alleged for self-trades and reversal / circular trades with Kahor. But, VPP who is the counter party to Anoop Jain HUF has not been charged for any structured / reversal / circular trades with Anoop Jain HUF. Further, no evidence is brought out to suggest that Anoop Jain HUF and VPP had any prior consensus or there existed a meeting of minds. Further, the SCN has made allegation against Anoop Jain HUF ignoring the distinct counter party i.e. VPP and Anoop Jain HUF's relationship with VPP have not been spelt out in the SCN. Hence, the allegation in this regard falls on this count.

Anoop Jain:

44. The basis of allegation against Anoop Jain is that his sell order quantity of 2,80,525 shares was exhausted when Korp had executed the structured trades with him for the quantity of 14,799 shares. As brought out by Anoop Jain in his submissions, he had put two sell orders of 1 lakh shares each at the beginning of the market out of which only 14,799 shares got matched with Korp and the rest of his trades matched with other counter parties in the market.
45. From the submissions of Korp, it is noted that it had placed a buy order no. 2011072801181398 for 1,40,000 shares. Out of this buy order of 1,40,000 shares, the shares that got matched with Anoop Jain was 14,799 shares. At this juncture, it is relevant to note that the pending sell order of Anoop Jain before his order placement was 27,300 shares. Against these pending orders, the quantity that matched with Korp was only for 14,799 shares. As argued by Anoop Jain, had it been Korp's objective to provide exit to Anoop Jain as alleged through a structured deal, then all his pending orders would have matched with Korp which is not the case in this matter. Further, no other evidence has been put forth in the SCN to suggest that Anoop Jain had any prior consensus or there existed a meeting of minds with the counter party i.e. Korp. Further, Anoop Jain's relationship with Korp

has not been spelt out in the SCN. Hence, the allegation in this regard fails on this count.

Ritu:

46. The basis of allegation against Ritu is that her sell order quantity of 1,55,824 shares was exhausted when Korp had executed the structured trades with her for the quantity of 35,824 shares. It is noted that the SCN has failed to consider that she had put two sell orders of 1 lakh shares and another one for 90,500 shares out of which one order resulted into 59 trades and second order resulted into 42 trades and got matched with large number of market participants in the automated order matching mechanism of the stock exchange. Resultantly, the allegation was only with respect to 35,824 shares which got matched with Korp.

47. From the submissions of Korp, as already mentioned, it is noted that it had placed a buy order no. 2011072801181398 for 1,40,000 shares. Out of this buy order of 1,40,000 shares, the shares that got matched with Ritu was 35,824 shares. At this juncture, it is relevant to note that the pending sell order of Ritu before her order placement was 59,824 shares. Against these pending orders, the quantity that matched with Korp was for 35,824 shares. As argued by Ritu, had it been Korp's objective to provide exit to Ritu as has been alleged through structured deal, all her pending orders would have matched with Korp which is not the case in this matter. Further, no evidence has been put forth in the SCN to suggest that Ritu had any prior consensus or there existed a meeting of minds with the counter party i.e. Korp. Further, Ritu's relationship with Korp has not been spelt out in the SCN. Hence, the allegation in this regard falls on this count.

48. It is a settled law that mere matching of trade between two persons, *per se*, does not amount to violation of PFUTP regulations. There should be manipulation of either price or volume so as to allege violation of PFUTP regulations. In Anoop Jain HUF, Anoop Jain and Ritu's case, there is no material on record to suggest any relationship or any meeting of mind. Further, it cannot be inferred that such miniscule percentage can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Thus, it is concluded that the allegation against Anoop Jain HUF, Anoop Jain and Ritu does not stand established.

Vimgi:

49. As the allegation against Anoop Jain HUF, Anoop Jain and Ritu who are the clients of Vimgi is not established for the reasons as recorded above, the allegation against

Vimgi, their broker, that it had aided and abetted its client the execution of the structured trades to obtain exit and to create false or misleading appearance of trading in the securities market does not sustain.

Issue D: Whether Swift, Lookline, Aashrit, Orbit and GRD have violated the provisions of PFUTP Regulations and whether GRD has also violated the provisions of the Broker Regulations?

Swift:

50. It has been alleged in the SCN that Swift was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. The SCN further alleges that Swift had indulged in structured / synchronized trades with other entities thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL.
51. It is noted that Swift traded 10,01,000 equity shares of BGIL on listing day and the SCN did not allege any violation for its purchase of 5,00,500 equity shares of BGIL. It is noted that basis of allegation emanates from the fact that its sell order of 1,68,044 shares matched with the buy order of VPP who is alleged to be connected with BGIL thereby creating artificial volume and misleading appearance.
52. It is pertinent to note that VPP, one of the Noticee in this matter, has been alleged for self-trades and reversal / circular trades with Kahor. No evidence has been put forth in the SCN to suggest that Swift had any prior consensus or there existed a meeting of minds with the counter party i.e. VPP. From the records, it is noted that VPP had placed the buy order for the quantity of 1.75 lakh shares at ₹53.50 at 14:08:14 and Swift had placed a sell order for 2.75 lakh shares at ₹53.45 at 14:06:37. Out of the 2.75 lakh shares, 1,68,044 shares matched with the buy order of VPP and remaining with other different entities. At this juncture, it is relevant to note that if objective of Swift is to indulge in structured / synchronized trades with VPP, then the necessity to place sell order of 2.75 lakh shares against buy order placed by VPP for 1.75 lakh shares does not arise. Hence, the allegation in this regard does not have any merit.
53. The allegation against Swift is that it was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. It has been alleged that it had received a sum of Rs. 1.6 Crores from BGIL for a loss of Rs. 99,14,905 incurred in the trading of BGIL. Swift submitted that it received a sum of Rs. 1.6 Crores from Sanjukta Vanijya Private Limited which was towards sale of unlisted shares of various companies. In support of its claim, it submitted copies of the share sale bill and the same was found to be in order. Irrespective of the above, even assuming the allegations of the SCN are correct, it remains unexplained as to how BGIL would have compensated a sum

which is much higher than the amount of loss incurred by Swift and is found inconsistent. Thus, the allegation against Swift to this extent does not sustain.

Lookline:

54. It has been alleged in the SCN that Lookline was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. The SCN further alleges that Lookline had indulged in structured / synchronized trades with other entities thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL. It is noted that Lookline traded 10,00,000 equity shares out of which 3,56,791 equity shares allegedly were matched with by VPP thereby creating artificial volume and misleading appearance.
55. It is pertinent to note that VPP, one of the Noticee in this matter, has been alleged for self-trades and reversal / circular trades with Kahor. No evidence has been put forth in the SCN to suggest that Lookline had any prior consensus or there existed a meeting of minds with the counter party i.e. VPP. From the records, it is noted that VPP had placed two buy orders for the quantity of 2.50 lakh shares and 1.50 lakh shares. These two buy orders got matched with two sell orders placed by Lookline for 2,45,531 shares and 1,11,260 shares, respectively. At this juncture, it is relevant to note that if objective of Lookline is to indulge in structured / synchronized trades with VPP, then the necessity to place sell orders of 2,45,531 shares and 1,11,260 shares against buy orders placed by VPP for 2.50 lakh shares and 1.50 lakh shares does not arise. Though the buy orders and sell orders were placed at identical price, there is no similarity in terms of quantity of orders placed. Hence, the allegation in this regard does not have any merit.
56. It has been alleged that Lookline had received a sum of Rs. 3.04 Crores from BGIL for a loss of Rs. 75,38,319 incurred in the trading of BGIL. Lookline submitted that it received a sum of Rs. 25 Lac from Sanjukta Vanjiya Private Limited on July 28, 2011, Rs. 85 Lac from Darshan Tradelink Private Limited on July 28, 2011 and Rs. 1.245 Crores from Swadha Vinimay Private Limited on July 16, 2011 (before the listing of BGIL) on account of share application money from the said companies. In support of its claim, it submitted copies of the form of application for equity shares and the same was found to be in order. Assuming even for a moment that the allegation as mentioned in the SCN is correct, it is inconsistent as to why BGIL would compensate a sum which is much higher than the amount of loss incurred by Lookline. Thus, it is concluded that the allegation against Lookline to this extent also does not sustain.

Aashrit:

57. It has been alleged in the SCN that Aashrit was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. The SCN further alleges that Aashrit had indulged in structured / synchronized trades with other entities thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL.
58. As submitted by Aashrit and information available on records, Aashrit had placed an order at 10:45:48 at the price of Rs. 62.70 with a limit order rate of Rs. 65 (which has been considered to give exit to some entities). One of the entity i.e. VPP had placed two orders to sell at 09:15:24 for a quantity of 1,00,000 shares @ 82.20 and 90,500 shares @81.45 respectively and Kahor had placed the sell order for 97,300 shares at 09:15:17 @80 and Kahor modified his sell order to Rs.65 @10:38:00 and VPP modified his sell orders to Rs.65 @10:38:04 at this time the last traded price was Rs.63.30.
59. Aashrit traded 4,00,000 equity shares out of which 1,88,876 equity shares allegedly matched with orders placed by VPP and Kahor thereby creating artificial volume and misleading appearance. It is pertinent to note that VPP and Kahor, two of the Noticee in this matter, has been alleged for indulging in reversal / circular trades. But, VPP and Kahor, the counter parties, have not been charged for any structured / reversal / circular trades with Aashrit. Further, no evidence has been put forth in the SCN to suggest that Aashrit had any prior consensus or there existed a meeting of minds with the counter parties i.e. VPP and Kahor. There is no allegation in the SCN about any connection of VPP and Kahor with Aashrit. As submitted by Aashrit, Aashrit giving exit to 1,88,876 equity shares belonging to certain entities by purchasing 4,00,000 equity shares is inconsistent with the allegations made. Thus, the allegation against Aashrit does not stand established.
60. Another allegation against Aashrit is that it was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. It has been alleged that it had received a sum of Rs. 1.3 Crores from BGIL for a loss of Rs. 95,64,000 incurred in the trading of BGIL. Aashrit submitted that it received a sum of Rs. 80,00,000 from Darshan Tradelink Pvt. Ltd as advance towards share application money in the equity of BGIL. In support of its claim, it submitted a copy of the share application form. Further, Rs. 50,00,000 was received by it from Swadha Vinimay Pvt. Ltd towards sale of shares. In support of its claim, it submitted a copy of the bill of sale of shares. The same was perused and found to be in order. Thus, the allegation against Aashrit to this extent cannot be held.

Orbit:

61. It has been alleged in the SCN that Orbit was funded by BGIL to execute structured and synchronized trades in the scrip of BGIL. The SCN further alleges that Orbit had indulged in structured / synchronized trades with other entities thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL.
62. It is noted that Orbit traded 7,68,482 equity shares of BGIL on listing day and the basis of allegation emanates from the fact that its sell order of 57,153 equity shares matched with the buy order of VPP who is alleged to be connected with BGIL thereby creating artificial volume and misleading appearance.
63. It is pertinent to note that no evidence has been put forth in the SCN to suggest that Orbit had any prior consensus or there existed a meeting of minds with the counter party i.e. VPP. VPP and Orbit's relationship with VPP have not been spelt out in the SCN. Hence, the allegation in this regard cannot be held.
64. It has been alleged that Orbit had received sum of Rs. 10 lakh from BGIL for a loss of Rs. 1,23,26,937 incurred in the trading of BGIL. Orbit submitted that it received a sum of Rs. 10 lakh from Darshan Tradelink Pvt. Ltd as advance towards share application money in the equity of BGIL. In support of its claim, it submitted a copy of the share application form and the same was found to be in order. Irrespective of the above, even assuming the allegations of the SCN are correct, it remains unexplained as to how BGIL compensated a sum which is much lower than the amount of loss incurred by Orbit. Thus, it is concluded that the allegation against Orbit to this extent also does not sustain.
65. It is a settled law that mere matching of trade between two persons, *per se*, does not amount to violation of PFUTP regulations. In Swift, Lookline, Aashrit and Orbit's case, no such manipulation is established. Further, it cannot be inferred that such low percentage can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Such an insignificant percentage of the total trading executed on the day of listing in this case does not seem to indicate any prior meeting of minds as alleged especially as the relationship have not been established. Thus, it is concluded that the allegation against Swift, Lookline, Aashrit and Orbit does not stand established.

GRD Securities:

66. The total shares traded by GRD Securities in the day of listing was 2,32,938 equity shares which is 0.0027% of the total trades on the listing day. The SCN has not quantified its loss, however, it is noted that the investigation report suggests that it had made a loss of Rs. 77,56,485 which the GRD claims to be incorrect as the actual loss was only Rs. 1,02,122. The said objection of GRD Securities is taken into account. It is noted that in the SCN, there is no allegation of any kind of price manipulation against GRD Securities. Further, there is no material to suggest that any single transaction done by it as structured / circular / reversal trades.

67. It is noted that GRD Securities did not belong to any "GRD Group" as alleged. It is not connected and related to Swift, Lookline, Aashrit and Orbit for its share Trading Business. These four entities are its registered clients and its relationship with these entities is that of client & broker. It is also alleged in the SCN that it had received funds from Sohit and Rupak for covering its losses. In this regard, GRD Securities claimed that both Sohit and Rupak are its clients who have been regularly trading through it and the funds received from them are outstanding payment receivable on account of their trades / purchases / margin. In support of its claim, it provided copies of the ledger account with the entries of payment towards outstanding / margin. The same was perused and found to be in order. The SCN alleged that the funds of Rs.1.06 crores received by it to set off against the loss made by it which amounts to Rs. 1,02,122. In hindsight, if assuming the statement is correct, then why would BGIL compensate a sum which is much higher than the amount of loss incurred by it i.e. Rs.1.06 crores vis-à-vis loss of Rs. 1,02,122. This aspect is inconsistent. Thus, it is concluded that the allegation against GRD Securities to this extent does not sustain.

68. Further, as the allegation against Swift, Lookline, Aashrit and Orbit who are the clients of GRD Securities is not established for the reasons as recorded in the preceding paragraphs, allegation against GRD Securities i.e. executing structured trades on behalf of its clients in order to obtain exit from BGIL group and to give exit to its own clients and placing buy orders at a price far away from the market price and in turn aided and abetted its clients in executing manipulative and fraudulent structured trades in the scrip of BGIL does not sustain.

Issue E: Whether Wheelers, DDM, DDT and Korp have violated the provisions of PFUTP Regulations and whether Korp has also violated the provisions of the Broker Regulations?

Wheelers:

69. It has been alleged in the SCN that Wheelers had executed structured/circular trades with various entities and had provided exit to allottees in the IPO of BGIL thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL. It is noted that Wheelers had bought and sold 2,26,907 shares on NSE which constitute 0.25% of the traded market volume.
70. It is noted that on the day of listing, out of 92,500 shares sold by DDT, 2,000 shares matched with Wheelers. Further, 10 shares bought by it matched with GRD and 1,174 shares sold by it matched with GRD. It is submitted by Wheelers that while buying 130,000 shares on NSE, one trade for around 24,972 shares matched by coincidence. In a screen based trading system, these kind of trades were executed on Algo Trading Software in an automated manner and there is no human intervention in such matching of trades. There is no evidence to suggest employment of any device or scheme or artifice by Wheelers to defraud or induce any person to trade in the scrip or to indulge in market manipulation. Further, it cannot be inferred that mere 0.25% can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. In view of the said facts, the allegation that Wheelers had executed structured/circular trades with various entities and had provided exit to allottees in the IPO of BGIL thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL is not sustainable.
71. The other allegation against Wheelers is that BGIL had transferred the IPO proceeds to it through DDT in order to compensate the loss in giving exit to the top allottees. It is noted that DDT is a NBFC registered with RBI. Wheelers submitted that it was having regular financial transaction with DDT in the ordinary course. On 28.07.2011, it had a debit balance (amount receivable by it) of Rs.7.96 Crores from DDT. The amount of Rs. 0.89 crores transferred to it by DDT on 29.07.2011, was the part of the repayment. It submitted that the alleged fund transfer with DDT was in the ordinary course and repayment made to it by DDT cannot be branded as transfer of funds by BGIL. In support of its claim, it submitted copy of its bank statement and ledger statement with DDT during the relevant time. The same was perused and the submission made in this regards is of value and found to be credible. Thus, the allegation against Wheelers to this extent is inconsistent and thus, cannot be held.

DDM:

72. It has been alleged in the SCN that DDM had executed structured/circular trades with various entities and had provided exit to allottees in the IPO of BGIL thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL.

It is noted that DDM had bought and sold 2,00,000 shares on NSE which constitute 0.22% of the traded market volume.

73.DDM submitted that on the day of listing, 2,050 shares bought by it matched with GRD and while buying 1,30,000 shares on NSE, 79,657 shares got matched with VPP's sell order and another trade wherein out of its sell order for 1.50.000, 3 shares matched with VPP. On the listing day, VPP has entered into buy and sell trades of 50,55,939 equity shares (one side) out of the 8.8 crore equity shares of BGIL. It is inevitable that VPP would be a party to either purchase or sell in the market due to the high volume of his transactions. There is no clear evidence to suggest employment of any device or scheme or artifice by DDM to defraud or induce any person to trade in the scrip or to indulge in market manipulation. Further, it is difficult to infer that mere 0.22% can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Further, there is no allegation of funding by BGIL to DDM, the alleged collateral motive i.e. to compensate the loss in giving exit to the top allottees etc. also cannot sustain.

DDT:

74.It has been alleged in the SCN that DDT had executed structured/circular trades with various entities and had provided exit to allottees in the IPO of BGIL thereby creating artificial volume and misleading appearance of trading in the scrip of BGIL. It is noted that DDT had bought and sold 92,500 shares which constitute 0.10% of the traded market volume.

75.DDT submitted that on the day of listing, while buying shares on NSE, 16,470 shares matched with VPP and while buying shares on BSE, 35,221 shares matched with VPP. Further, out of 92,500 shares sold by it, 2,000 shares matched with DDT. On the listing day, VPP has entered into buy and sell trades of 50,55,939 equity shares (one side) out of the 8.8 crore equity shares of BGIL. It is inevitable that VPP would be a party to either purchase or sell in the market due to the high volume of his transactions. Further, it may not be reasonable to infer that such insignificant percentage i.e. 0.10% which relates to buying and selling of 92,500 shares by DDT can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing.

76.Another allegation against DDT is that BGIL had transferred Rs. 3.43 crore to DDT in order to compensate the loss in giving exit to the top allottees. From the SCN it is noted that, BGIL had transferred Rs.1 crore each to three entities namely, Abhilasha Exports Pvt Ltd, Skylight Distributors Private Limited, and Subhshree Hirise Pvt

Limited. Out of Rs. 3 crore, Rs. 2.90 crore had reached DDT. In addition to the above, BGIL had also transferred Rs. 0.53 crore directly to DDT. In total, Rs.3.43 crore was received by DDT. Out of this amount, Divydrishti Traders had transferred Rs. 0.89 crore to Wheelers and Rs. 1.97 crore to Korp. All these entities are connected to each other. These fund transfers are being dealt with as under:

a) Fund Transfers with BGIL:

- (i) On 22.6.11, it had in the ordinary course of business had lent Rs. 52.50 lacs to BGIL as an ICD. Subsequently, on 27.7.11, the said ICD of Rs.52.50 lacs was repaid by BGIL to it.
- (ii) The lending of ICD, the repayment of ICD and the payment of interest @10% by BGIL to it, is borne out in their bank statements, ledger statement and TDS statement for the interest received. The same was perused and it appears that these were transactions in the ordinary course of business and no correlation could be attached to the instant fund transfer.

b) Fund Transfers with Skylight Distributors Pvt. Ltd (SDPL):

- (i) SDPL had sought allotment of shares of DDT. Pursuant to the same, SDPL had transferred funds to the extent of Rs.3 crores in total in various tranches viz. Rs. 1 Crore on 20.12.10, Rs. 1 crore on 8.6.11 and Rs 1 crore on 28.7.11.
- (ii) On 31.3.12, DDT allotted 150.000 shares to SDPL after following the applicable procedure under the Companies Act and had also filed the requisite Forms / Returns for the same. The same was perused and found to be in order. Thus the transfers of funds were in the ordinary course of business and no clear correlation could be ascertained to the trading or exit provided as alleged.

c) Fund Transfers with Subhshree Hirise Pvt. Ltd. (SHPL):

- (i) SHPL had sought allotment of shares of DDT. Pursuant to the same, SHPL had transferred funds to the extent of Rs. 5.4 crore in total in various tranches viz. Rs. 2 crore on 10.6.11, Rs 1 .9 crore on 28.7.11 & Rs 1.5 crore on 23.9.11.
- (ii) Onn 31.3.12, DDT allotted 270.000 shares to SHPL after following the applicable procedure under the Companies Act and had also filed the requisite Forms / Returns for the same. The same was perused and found to be in order.

(iii) Given the above, the alleged fund transfer cannot be held as alleged.

d) Fund Transfers with Wheelers:

(i) It was having regular financial transaction with Wheelers (which is an NBFC) in that ordinary course. As on July 28, 2011, it had a total repayment obligation of Rs. 7.96 Crores to Wheelers.

(ii) The amount of R.0.89 crores transferred by it to Wheelers on 29.07.2011 was part of repayment. The details of regular fund transfer are evident from its bank statement and ledger statement with Wheelers during the relevant time. The same was perused and found to be in order.

(iii) Given the above, the alleged fund transfer cannot be held as alleged.

e) Fund Transfers with Korp:

(i) Korp was one of its brokers. As a result, there was regular financial transaction Korp. Korp submitted that it had transferred Rs. 1.97 crores to DDT on 28.07.2011 in the ordinary course for the purpose of trading / reducing our debit etc. In view of broker-client relationship, these kind of financial transactions arises when a party trades in huge volumes in shares and hence, the argument of DDT has merit.

(ii) Given the above, the alleged fund transfer cannot be held as alleged.

77. Irrespective of the above, even assuming the allegations of the SCN are correct, it remains unexplained as well as inconsistent as to how BGIL compensated a sum which is much higher than the amount of loss incurred by DDT. Thus, it is concluded that the allegation against DDT to this extent does not sustain.

78. It is a settled law that mere matching of trade between two persons, *per se*, does not amount to violation of PFUTP regulations. There should be manipulation of either price or volume so as to allege violation of PFUTP regulations. In Wheelers, DDM and DDT's case, no such manipulation is established. Further, it cannot be inferred that such miniscule percentage can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Such an insignificant percentage of the total trading executed on the day of listing in this case does not seem to indicate any prior meeting of minds as alleged especially

as the relationship have not been established. Thus, it is concluded that the allegation against Wheelers, DDM and DDT does not stand established.

Korp:

79. The total shares traded by GRD Securities on the day of listing was 9,06,178 equity shares which is 1.02% of the total trades on the listing day. It is noted that in the SCN, there is no allegation of any kind of price manipulation. Further, there is no material to suggest that any single transaction done by it as structured / circular / reversal trades with regard to the allegation of creation of artificial volumes or creation of false or misleading appearance in the securities market.

80. Korp submitted that it did not belong to any "*Korp Group*" as alleged. Korp submitted that Mr. Rajesh Kumar Agarwal is the common Director across all these companies and that he is the brother of Mr. Sushil Kumar Agarwal, its erstwhile Director. By virtue of two individuals who are brothers being directors in two separate companies, the companies as a whole cannot be termed as '*Korp Group*' companies as alleged. From the material available on record, it is noted that relationship of Korp with these entities is that of client and broker and not related financially or otherwise with any of these companies for its share trading business.

81. As regards the allegation in the SCN that Korp had received funds indirectly from BGIL through DDT, the same has been determined in the preceding paragraphs with respect of transfer of DDT to Korp for an amount of Rs. 1.97 crores.

82. Further, as the allegation against Wheelers, DDM and DDT who are the clients of Korp is not established for the reasons as recorded in the preceding paragraphs, the allegation against Korp i.e. executing structured trades on behalf of its clients in order to obtain exit from BGIL group and to give exit to its own clients and placing buy orders at a price far away from the market price and in turn aided and abetted its clients in executing manipulative and fraudulent structured trades in the scrip of BGIL does not sustain.

Issue F: Whether Prem and Shikha have violated the provisions of PFUTP Regulations and whether Prem has also violated the provisions of the Broker Regulations, SEBI Circular No. SEBI/MRD/SE/Cir- 33/2003/27 dated August 27, 2003 & SEBI Circular No. MRD/DoP/SE/Cir- 11/2008 dated April 17, 2008?

Prem:

83. Prem contended the allegations of alleged structured/synchronized trade as the present matter was on account of inadvertent fault on the part of operator of company who forgot to run the pre-order soft file in the trading software for execution of trunky trade of order with respect to fresh listing of IPO of BGIL placed by multi clients. Prem also submitted that it did not have relationship with BGIL or any of the Groups viz. GRD Group or KORP Group or Salasar Group, its directors or its senior management. It also denied that it did not receive directly or indirectly any part of IPO proceeds either from BGIL or GRO Group or KORP Group or Salasar Group. It also submitted that it was not related financially or otherwise with any of the clients under review, in any manner whatsoever, except Shikha - daughter of one of its director.
84. Prem submitted that out of its total clients (i.e. 1050), 63 No. of clients were allotted shares in IPO of BGIL and for its 38 registered clients, whose trades are under question, were allotted 1,60,332 shares in IPO of BGIL dated 21.07.2011. With respect to 38 clients, who are associated with it for a long time, the inadvertent mistake was committed by one operator who was required to execute the orders as per order instructions of such clients given by them prior to trading through the electronic file upload mechanism i.e. to make sell bid so that if the market reaches their level, all their holding will be sold in the market at the price best suited to them. Further, because of fault of operator who failed to run pre-order files, despite the fact that the market at NSE opened with Rs. 84/-, the saudas of none of those clients were executed as per their instructions
85. Prem submitted that all the respective clients had filed/lodged complaints against it for non-performance of their prior order instructions by it. In support of its claim, it had submitted copy of respective complaints filed by the clients. Further, Prem placed on record that with the sole motive to satisfy its clients, it had compensated them with the loss amount suffered by them due to mistake of operator/company. It paid all such clients according to the price as instructed by them and borne the loss to the tune of difference of Price instructed and actual sale price. In support of its claim, it had submitted details of payments made to respective clients. Further, Prem stated that all such clients whose holding in BGIL was sold by it on listing date i.e. 28.07.2011 had given evidence in the form of Affidavit on oath revealing the actual situation, decision taken and compensation made by it to all such clients to support the stand taken by Prem.
86. Considering the facts and circumstances, it cannot be inferred that Prem had aided and abetted the clients to execute the structured trades to obtain the exit from BGIL group and also have accepted shares of third party. Further, in the absence of any

evidence of its relationship with BGIL or any of the Groups viz GRD Group or Korp Group or Salasar Group have not been spelt out in the SCN. Admittedly, it did not diligently execute the orders as per order instructions of its 38 clients, whose trades are under question. Prem submitted the proof that it had paid all such clients according to the price as instructed by them and borne the loss to the tune of difference of Price instructed and actual sale price.

87. Given that Prem has restituted the rights of its clients and compensated them for the loss amount suffered due to mistake of operator/company. Further, the matter is more than ten years old and defects / discrepancies have been duly cured and there are no further investor complaints in this regard thereafter. Considering the facts and circumstances, it may not be a fit case for imposition of monetary penalty.

Shikha:

88. The basis of allegation against Shikha is that she had executed structured trades in order to obtain exit from BGIL group without intention of change of ownership of shares and thereby created artificial volume. Shikha submitted that she had sold 1494 equity shares of BGIL and also carried out some intra-day trades in several scrips including BGIL and that all the trades executed by her were based upon her own knowledge and skill without having anybody's influence and advice. She also stated that she had also done jobbing in the scrip of BGIL apart from selling of 1494 shares. She submitted that the stock broker i.e. Prem inadvertently sold shares of its other clients in her account which amounts to 1,58,838 shares. The said fact came to her knowledge when the Stock Broker had sent her the contract note for the trades done by her on 28.07.2011. She also stated that after reviewing the transactions for the trading conducted by her on 28.07 .2011, she raised objection for such transactions not belonging to her for which Prem apologized, reversed the wrong transactions and appropriately made necessary changes in the Financial Ledger.

89. Shikha contended that she cannot be held responsible for the mistake on the part of Prem who had inadvertently sold 1,58,838 equity shares of BGIL belonging to other clients in her client code without her knowledge and consent. Accordingly, the allegation against Shikha that she had executed structured trades in order to obtain exit from BGIL group and created artificial volume does not sustain.

Issue G: Whether Bahubali has violated the provisions of PFUTP Regulations and Broker Regulations?

90. The allegation against Bahubali is that it executed structured trades on behalf of its clients in order to obtain exit from BGIL Group (i.e. VPP) in order to give exit to its

clients and had aided and abetted its clients in executing manipulative and structured trades in the scrip of BGIL.

91. With regard to its sell transactions being structured as alleged, the following is noted:

- It had placed only one order (being Order No 170000085013648) at 9:33:20 wherein it had placed sell order for 2,50,000 shares.
- Its sell order has partly (to the extent of 183,284 shares) been matched (after a gap of around 00:01:04 seconds) with the order (being order no170000811J02635) placed by VPP for 2,50,000 shares at around 9:34:24. Further, VPP has vide the same order, picked up 67,226 shares from others in the market.
- Post execution of the aforesaid trades, its 75,178 shares were still lying/ parked unexecuted in the system.
- Subsequently, VPP has placed another order (being order no 17000081002647) for buying 250,000 shares at 9:34:36. Its pending order for sale of 75,178 shares matched against the said order for 250,000 shares.

92. From the above, it is noted that there was neither matching of time, nor matching of quantity / orders. Against its one order for sale of 250000 shares, which was prior in point of time, VPP had placed 2 different orders for a total of 500,000 shares. It is pertinent to note that VPP, one of the Noticee in this matter, has been alleged for self-trades and reversal / circular trades with Kahor. No evidence has been put forth in the SCN to suggest that Bahubali had any prior consensus or there existed a meeting of minds with the counter party i.e. VPP. Bahubali's relationship with VPP have not been spelt out in the SCN. Hence, the allegation in this regard falls on this count.

93. As regards the allegation that Bahubali had aided and abetted its clients in executing manipulative and structured trades in the scrip of BGIL, it is noted that its transactions were in the nature of short sales. Bahubali submitted that on 28.7.2011, it had in view of the fall in price taken a short position and it was in this context that it had sold the shares. The decision to sell the shares had no nexus with the allotments received by the various clients. Since it already had a short position in the said shares, it had bought shares from the allotted clients on the system. The said trades were in the nature of cross deals, wherein its clients were selling and it was buying the shares at the prevailing market price.

94. It is noted that buying of shares by a broker, through cross deals from the allotted clients cannot be given the flavour of structuring the trades or giving exit. Here, it is relevant to mention that the clients were actually trading in the scrip and that the

broker was only carrying out their directions. In this context, it is deemed necessary to refer to the Order of Hon'ble SAT in the matter of *Peasant J Patel vs. SEBI (Appeal No 150 of 2006)* wherein it was, *inter-alia*, held as under:

"4. There is yet another reason why we cannot uphold the impugned order. Even if one were to assume (though we have held otherwise) that the findings recorded in the impugned order were in accordance with the show cause notice and that the appellant was aiding and abetting his clients while executing the synchronized trades, we cannot lose sight of the fact that it were the clients who were actually trading in the scrip and that the appellant as a broker was only carrying out their directions. If that were so, we are surprised that none of the clients has even been questioned in regard to the impugned trades let alone being charged for executing synchronized trades. Since no action has been taken against any of the clients, it would be reasonable to assume that the Board treated them as innocent and found nothing wrong with their trades which were only executed by the appellant. It is quite paradoxical that persons who actually executed the trades with which fault has been found have not been proceeded against and the broker who only carried out the instructions of the clients and executed the trades on the trading system has been found guilty. We are, therefore, of the considered view that since the clients have not even been questioned, the appellant alone cannot be held guilty of executing synchronized trades."

95. In view of the facts mentioned above, it is concluded that the allegation that Bahubali had aided and abetted its clients in executing manipulative and structured trades in the scrip of BGIL does not sustain.

Issue H: Whether Pelf has violated the provisions of PFUTP Regulations and Broker Regulations?

96. The SCN alleged that fraudulent and manipulative trades have been entered by the clients/BGIL entities through Pelf and that it had aided and abetted its clients to create false or misleading appearance in the securities market by creating artificial volume and executed structured trades to give exit to its clients. It is also alleged that it entered into structured trades in its own account with entities connected to BGIL.

97. It is noted that Pelf bought 2,82,087 shares and sold 5,06,247 shares of BGIL. It bought and sold 2,34,155 shares in its proprietary account and bought and sold 47,932 shares and 2,72,092 shares respectively on behalf of its clients. Thus, it traded for total 7,88,334 shares in its own account and on behalf of its clients, amounting to 0.89% of the total volume of shares traded on NSE and BSE. Further,

the trading done on its proprietary account amount to 0.27% of the total volume of shares traded on NSE and BSE.

98. The findings against Pelf is that, its 1 sell order got matched with Lookline, an entity allegedly connected to GRD group and BGIL. It is noted that Pelf had bought and sold 2,34,155 shares and executed 617 buy trades and 814 sell trades at NSE on listing day. Out of those trades, one sell order for quantity of 1,29,860 shares, placed at 09.44.08, which was later modified to 1,26,550 shares at 09.44.53, only 71,408 shares have matched with Lookline at prevailing market price of Rs. 64.50. At the relevant time, 55,142 shares were sold in different quantities resulting into 35 trades across the market and balance 71,408 shares remained unsold. However, 71,408 shares which remained unsold matched with the buy order of Lookline placed at 09.49.29 AM for 5,00,000 shares. Notably, there was time difference of about 5 minutes in its sell order and Lookline buy order.

99. It is pertinent to note that Lookline, one of the Noticee in this matter, has been alleged for reversal / circular trades with Pelf. But, Lookline, the counter party, was not charged for any structured / reversal / circular trades with Pelf. Further, there is no material in the SCN to suggest that Pelf had any prior consensus or relationship or there existed a meeting of minds with the counter party i.e. Lookline. Hence, the allegation in this regard falls on this count.

100. There is an allegation that it had provided exit to its clients through structured trades on the basis of Buy Order No. 2011072800614057 and Buy Order No. 2011072800801265 placed by it. Buy Order No. 2011072800614057 and Buy Order No. 2011072800801265 placed by it were close to the prevailing market price. The first one was at Rs. 64.55 when the immediate available sell order was for Rs. 64.60 and the second order was placed at Rs. 64.60 when the pending sell order was available at Rs. 64.50. Further, its buy orders were for 1,26,990 shares and 86,652 shares respectively, while the sell orders of its clients were for 1,17,007 shares and 85,805 shares respectively. When it placed first buy order at the prevailing market price, it was merely a matter of coincidence that the orders placed by 80 clients by an offline order entry got executed against its buy order. Similarly, when the second buy order was placed, sell orders of 44 clients got executed against its buy order which was pending. It submitted that it was a mere coincidence that the buy orders placed by it in its proprietary account partially got matched with the sell orders of its clients.

101. There is no clear evidence to suggest employment of any device or scheme or artifice by Pelf to defraud or induce any person to trade in the scrip or to indulge in market manipulation. Further, it cannot be inferred that such miniscule percentage

i.e. 0.27% on account of its trading in proprietary account can create a false and misleading appearance of trading or have any impact on the price of the scrip or on trading on the day of listing. Such a trading executed on the day of listing in this case does not seem to indicate any prior meeting of minds as alleged. Thus, allegation to this extent is devoid of any merit.

102. Pelf also submitted that it made a profit of Rs. 13,358 out of buying and selling 2,34,155 shares in its proprietary account and contended that the allegation of making huge profits is unjustified and unwarranted. In support of its claim, it had provided details of profit made by trading in scrip of BGIL. Pelf's order bearing no. 2011072800508260, which was placed for 1,02,050 shares at 09:43:21 resulted in 120 trades with unknown entities/persons. However, there is no material to suggest nor any allegation that these trades matched with any of the BGIL group entity. Thus, the allegation that Pelf entered into structured trades in its own account with entities connected to BGIL does not sustain.

103. It has been further alleged in the SCN that it had placed buy orders at a price far away from the market price and in turn aided and abetted its clients giving them exit and indulged in fraudulent structured trades with its clients. Its Buy Order No. 2011072800614057 was placed when pending selling orders were at 64.60 and Buy Order No. 2011072800801265 was placed when selling orders were available at Rs. 64.55. Therefore, neither its buy order nor the sell orders of its clients were far away from the market price. Considering the submission which is a matter of record, the said trades cannot be said to be structured trades and the allegation that it had placed buy orders at a price far away from the market price and in turn aided and abetted its clients giving them exit and indulged in fraudulent structured trades with its clients does not sustain.

Issue I: Whether the Noticees are liable for monetary penalty under Section 15HA and/or Section 15HB of the SEBI Act, as applicable?

104. In view of the findings recorded at preceding paragraphs, the Noticees are not liable for monetary penalty under Section 15HA and/or Section 15HB of the SEBI Act, as applicable.

Issue J: If the answer to issue at 'I' is in affirmative, then what quantum of monetary penalty should be imposed on the Noticees?

105. This issue does not merit consideration.

ORDER

106. Taking into consideration the directions given by Hon'ble SAT vide Order dated April 06, 2016, the proceedings held before the erstwhile AO and held before the undersigned, a holistic view is being taken. Considering the said facts and in view of the findings recorded in the preceding paragraphs, it is concluded that the case does not warrant imposition of any monetary penalty. The Adjudication Proceedings initiated against the Noticees vide SCN dated May 06, 2013, is disposed of accordingly.

107. In terms of Rule 6 of the Adjudication Rules, copies of this order are sent to the last known address of the Noticees and also to SEBI.

Date: February 14, 2022
Place: Mumbai

Jeevan Sonparote
Adjudicating Officer