

BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO: ORDER/BS/AU/2021/22/14985-14986]

**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:

Sr. No.	Name	PAN
1.	Shri Mohammad Rashid	ATXPR1168A
2.	R K Stockholding Pvt. Ltd.	AACCR0011K

In the matter of Religare Enterprises Ltd.

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as 'SEBI') conducted investigation into the alleged irregularities in the trading in the shares of Religare Enterprises Ltd. (hereinafter referred to as 'REL') for the period April 13, 2011 to May 02, 2011 (hereinafter referred to as 'investigation period') and into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as 'SEBI Act, 1992') and Regulations made thereunder.
2. It was alleged that Mr. Mohammad Shahid (hereinafter referred to as Noticee No. 1) entered into synchronized and reversal of trades with one Ms. Promila Lal during the investigation

period. R K Stockholding Pvt. Ltd. (hereinafter referred to as Noticee No 2) was the broker of Noticee No. 1 in execution of the said transactions.

3. It was further alleged that Noticee No. 1 is an employee of Noticee No. 2. It was alleged that Noticee No. 2 transferred Rs. 14,83,048 in the ledger account of Noticee No. 1 for the transactions which never took place. It was further alleged that the contract notes provided by Noticee No. 2 were manipulated.
4. It was further alleged that Noticee No. 1 received 17,551 shares of Fedders Lloyd on December 02, 2010 from Noticee No. 2 which in turn he sold off market for Rs. 16,35,753. Upon inquiry, it was informed by Noticee No. 2 that Noticee No. 1 is known to Noticee No. 1 other capacity as well and the shares were given to Noticee No. 1 as a loan to facilitate him in his financial crisis. Therefore, it is alleged Noticee No. 2 funded Noticee No. 1 for purposes other than incidental to the securities market.
5. It was further alleged that Noticee No. 1 never paid any funds to Noticee No. 2. It was alleged that Noticee No. 2 allowed Noticee No. 1 to trade based on margin balance in his account derived from cash and stock holdings. It was further alleged that Noticee No. 2 funded Noticee No. 1 funded and provided funds Rs. 31,18,801 to him who in turn indulged in manipulative trades in the market.

APPOINTMENT OF ADJUDICATING OFFICER

6. Shri S V Krishnamohan was appointed as Adjudication Officer vide order dated February 26, 2016 to inquire and adjudge under Section 15 HA of the SEBI Act, the alleged violation of Regulations 3(a) to (d), 4(1), 4(2)(a) and (g) of SEBI (prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as PFUTP Regulations) by Noticee No. 1 and under Sections 15 HA and 15HB of the SEBI Act, the alleged violation of Regulations 4(1), 4(2) (a) of PFUTP Regulations, 2003 and Clause A (3), (4), (5) of the Code of Conduct prescribed for Stock Brokers specified under Schedule II under Regulation 7 of the

SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (hereinafter referred to as Stock Broker Regulations).

7. Subsequently vide order dated September 15, 2017, the undersigned was appointed as the Adjudicating Officer in the place of Shri S. V. Krishnamohan.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING

8. Separate Show Cause Notices dated April 29, 2016 and (hereinafter referred to as 'SCNs') were issued to the Noticees in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as the Rules) read with Section 15I of SEBI Act, 1992 for the violations as specified in the SCN.
9. Subsequently, vide hearing notice dated April 11, 2018, Noticees were granted an opportunity of personal hearing on April 20, 2018.
10. Vide separate replies dated April 24, 2018, the Noticees denied the allegations and requested for inspection of documents.
11. Noticee No. 2 conducted the inspection of the documents on August 08, 2018. However, Noticee No. 1 did not conduct the inspection of the documents.
12. Therefore, I am inclined to proceed ahead on the basis of the material available on record.

CONSIDERATION OF ISSUES AND FINDINGS

13. I have carefully examined the material available on record. The issues that arise for consideration in the present case are :
 - a. Whether Noticee No. 1 violated Regulations 3(a) to (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations?

- b. Whether Noticee No. 2 violated Regulations 4(1), 4(2) (a) of PFUTP Regulations, 2003 and Clause A (3), (4), (5) of the Code of Conduct prescribed for Stock Brokers specified under Schedule II under Regulation 7 of the Stock Broker Regulations?
- c. Does the violation, if established, attract monetary penalty under Sections 15HA and 15 HB of SEBI Act, 1992?
- d. If yes, then what should be the quantum of penalty?

FINDINGS

14. Before I proceed with the matter, it is pertinent to mention the relevant legal provisions which are reproduced below:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

- (a) buy, sell or otherwise deal in securities in a fraudulent manner;*
- (b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;*
- (c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;*
- (d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.*

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

...

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

15. The SCN alleges that the Noticee No. 1 entered into synchronized trades with Ms. Promila Lal and in all 1,01,302 shares were synchronized in 88 trades at BSE and 2,05,707 shares were synchronised at NSE in 166 trades. The said synchronised trades are summarized below:

BSE

Date	Traded among clients	Sync Volume	Sync volume as % of total traded among clients	No of total trades amongst clients/ No of synchronized trades	Synchronized qty to mkt volume
13.04.2011	5750	5750	100.00%	7 / 7	2.95%
15.04.2011	3000	3000	100.00%	4 / 4	1.54%
18.04.2011	9000	9000	100.00%	10 / 10	4.62%
19.04.2011	6000	5900	98.33%	7 / 6	3.03%
20.04.2011	11000	11000	100.00%	10 / 10	5.64%
21.04.2011	13000	13000	100.00%	10 / 10	6.67%
25.04.2011	6000	6000	100.00%	4 / 4	3.08%
26.04.2011	9600	9600	100.00%	6 / 6	4.92%
27.04.2011	4000	4000	100.00%	2 / 2	2.05%
28.04.2011	12000	12000	100.00%	8 / 8	6.15%
29.04.2011	9000	9000	100.00%	6 / 6	4.62%
02.05.2011	12952	12952	100.00%	15 / 15	6.64%
Total	101302	101202	99.90%	89 / 88	51.90%

NSE

Date	Traded among	Sync Volume	Sync volume as % of total traded among clients	No of total amongst clients/ No of synchronized trades	Synchronized qty to mkt volume
13.04.2011	24000	24000	100.00%	24 / 24	5.78%
15.04.2011	21000	21000	100.00%	22 / 22	5.06%
18.04.2011	18900	18800	99.47%	21 / 20	4.53%
19.04.2011	11000	11000	100.00%	12 / 12	2.65%
20.04.2011	19000	19000	100.00%	14 / 14	4.57%
21.04.2011	11927	11927	100.00%	6 / 6	2.87%
25.04.2011	12000	12000	100.00%	6 / 6	2.89%

26.04.2011	19980	19980	100.00%	12 / 12	4.81%
27.04.2011	4000	4000	100.00%	2 / 2	0.96%
28.04.2011	24000	24000	100.00%	12 / 12	5.78%
29.04.2011	12000	12000	100.00%	8 / 8	2.89%
02.05.2011	28000	28000	100.00%	28 / 28	6.74%
Total	205807	205707	99.95%	167 / 166	49.52%

16. It was further alleged that Noticee No. 1 also entered into reversal trades with Ms. Promila Lal during the investigation period in the following manner:

BSE

S No	Trade date	Buy Client	Member no.	Sale Client	Total traded quantity	Total reversed quantity	Net LTP Contribution
1	13/04/2011	Promila Lal	10047	Mohd Rashid	2800	2800	3.1
	13/04/2011	Mohd Rashid	12310	Promila Lal	2950		
2	15/04/2011	Promila Lal	10047	Mohd Rashid	1500	1500	-0.55
	15/04/2011	Mohd Rashid	12310	Promila Lal	1500		
3	18/04/2011	Promila Lal	10047	Mohd Rashid	4500	4500	3.75
	18/04/2011	Mohd Rashid	12310	Promila Lal	4500		
4	19/04/2011	Promila Lal	10047	Mohd Rashid	3000	3000	-1.9
	19/04/2011	Mohd Rashid	12310	Promila Lal	3000		
5	20/04/2011	Promila Lal	10047	Mohd Rashid	5500	5500	-1.65
	20/04/2011	Mohd Rashid	12310	Promila Lal	5500		
6	21/04/2011	Promila Lal	10047	Mohd Rashid	6500	6500	-4.5
	21/04/2011	Mohd Rashid	12310	Promila Lal	6500		
7	25/04/2011	Promila Lal	10047	Mohd Rashid	3000	3000	0.2
	25/04/2011	Mohd Rashid	12310	Promila Lal	3000		
8	26/04/2011	Promila Lal	10047	Mohd Rashid	4800	4800	-1.35
	26/04/2011	Mohd Rashid	12310	Promila Lal	4800		
9	27/04/2011	Promila Lal	10047	Mohd Rashid	2000	2000	-0.95
	27/04/2011	Mohd Rashid	12310	Promila Lal	2000		
10	28/04/2011	Promila Lal	10047	Mohd Rashid	6000	6000	-1.3
	28/04/2011	Mohd Rashid	12310	Promila Lal	6000		
11	29/04/2011	Promila Lal	10047	Mohd Rashid	4500	4500	2.6
	29/04/2011	Mohd Rashid	12310	Promila Lal	4500		

12	13/04/2011	Promila Lal	10047	Mohd Rashid	6452	6452	1.65
	13/04/2011	Mohd Rashid	12310	Promila Lal	6500		
Total					101302	50552	-0.90

NSE

S No	Trade date	Buy Client	Member no.	Sale Client	Total traded quantity	Total reversed quantity	Net LTP Contribution
1	13/04/2011	Promila Lal	10047	Mohd Rashid	12000	12000	0.95
	13/04/2011	Mohd Rashid	12310	Promila Lal	12000		
2	15/04/2011	Promila Lal	10047	Mohd Rashid	10500	10500	-0.7
	15/04/2011	Mohd Rashid	12310	Promila Lal	10500		
3	18/04/2011	Promila Lal	10047	Mohd Rashid	9500	9400	3.15
	18/04/2011	Mohd Rashid	12310	Promila Lal	9400		
4	19/04/2011	Promila Lal	10047	Mohd Rashid	5500	5500	-0.05
	19/04/2011	Mohd Rashid	12310	Promila Lal	5500		
5	20/04/2011	Promila Lal	10047	Mohd Rashid	9500	9500	-0.35
	20/04/2011	Mohd Rashid	12310	Promila Lal	9500		
6	21/04/2011	Promila Lal	10047	Mohd Rashid	6000	5927	-0.9
	21/04/2011	Mohd Rashid	12310	Promila Lal	5927		
7	25/04/2011	Promila Lal	10047	Mohd Rashid	6000	6000	-0.15
	25/04/2011	Mohd Rashid	12310	Promila Lal	6000		
8	26/04/2011	Promila Lal	10047	Mohd Rashid	10000	9980	-2
	26/04/2011	Mohd Rashid	12310	Promila Lal	9980		
9	27/04/2011	Promila Lal	10047	Mohd Rashid	2000	2000	0.5
	27/04/2011	Mohd Rashid	12310	Promila Lal	2000		
10	28/04/2011	Promila Lal	10047	Mohd Rashid	12000	12000	-2.35
	28/04/2011	Mohd Rashid	12310	Promila Lal	12000		
11	29/04/2011	Promila Lal	10047	Mohd Rashid	6000	6000	1.05
	29/04/2011	Mohd Rashid	12310	Promila Lal	6000		
12	13/04/2011	Promila Lal	10047	Mohd Rashid	14000	14000	3.25
	13/04/2011	Mohd Rashid	12310	Promila Lal	14000		
Total					205807	102807	2.4

17. It was alleged that by entering into aforementioned trades, Noticee No. 1 created artificial volume leading to false and misleading appearance of trading in the scrip of REL.

18. It was also alleged that Noticee No. 2 being a SEBI registered intermediary failed to exercise due skill, care and diligence in its conduct of broking business by acting as a broker to the aforesaid trades of Noticee No. 1.

19. The following can be observed from the Synchronised trades executed by Noticee No.

Synchronised Trades of suspected entities i.e, Mohammad Rashid and Promila Lal – BSE

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of Total Market volume	Sum of LTP at Sync Trades	Sum of NLP at Sync trades
126822	126822	253644	101302	101202	99.90	51.90	-0.9	-0.95

Synchronised Trades of suspected entities i.e, Mohammad Rashid and Promila Lal - NSE

Gross Buy Qty of suspected entities	Gross Sell Qty of suspected entities	Gross Total	Total traded qty among the suspected entities	Synchronized traded qty by suspected entities	Sync Trades as % of total traded qty among the suspected entities	Sync Trades as % of Total Market volume	Sum of LTP at Sync Trades	Sum of NLP at Sync trades
249460	249460	498920	205807	205707	99.95	49.52	2.15	-0.1

20. It is noted that the synchronised trades executed by the Noticee no. 1 is 51.90% of the total volume traded by her at BSE and 49.52% of the total volume traded by her in the scrip of REL at NSE. However, the Last Traded Price (LTP) because of such trades is miniscule i.e. -0.9 at BSE and 2.15 at NSE. Further the New Low Price (NLP) is in negative pursuant to such trades.

21. However, in certain orders the price, time and quantity were matched between Noticee No. 1 and Ms. Promila Lal, for eg:

BUY ORDER				SELL ORDER				TRADE			Time difference
Client	Time	Rate	Qty.	Client	Time	Rate	Qty	Time	Qty	Price	
Promila Lal	10:00:34	488.5	1000	Mohd Rashid	10:00:34	488.5	1000	10:00:34	1000	488.5	00:00:00
Mohd Rashid	10:00:46	488.55	1000	Promila Lal	10:00:46	488.55	1000	10:00:46	1000	488.55	00:00:00
Promila Lal	11:46:09	487	2000	Mohd Rashid	11:46:08	487	2000	11:46:09	2000	487	00:00:01

Mohd Rashid	11:46:19	487.05	2000	Promila Lal	11:46:19	487.05	2000	11:46:19	2000	487.05	00:00:00
Promila Lal	11:46:28	487	500	Mohd Rashid	11:46:29	487	500	11:46:29	500	487	00:00:01
Mohd Rashid	11:46:38	487.05	500	Promila Lal	11:46:38	487.05	500	11:46:38	500	487.05	00:00:00
Promila Lal	12:40:38	484.05	2000	Mohd Rashid	12:40:38	484.05	2000	12:40:38	2000	484.05	00:00:00
Mohd Rashid	12:40:52	484.1	2000	Promila Lal	12:40:52	484.1	2000	12:40:52	2000	484.1	00:00:00
Promila Lal	15:13:32	482	1000	Mohd Rashid	15:13:32	482	1000	15:13:32	1000	482	00:00:00
Mohd Rashid	15:13:43	482.05	1000	Promila Lal	15:13:43	482.05	1000	15:13:43	1000	482.05	00:00:00

22. Further, in case of reversal trades, few orders were reversed immediately. For eg:

TRADE_DATE	CLIENTNAME	CP_CLIENTNAME	ORDER_TIME	CP_ORDER_TIME	TRADED_QTY
13/04/2011	Promila Lal	Sri Mohd Rashid	09:29:00.097460	09:28:59.977197	1000
13/04/2011	Sri Mohd Rashid	Promila Lal	09:29:09.407532	09:29:09.690558	1000
13/04/2011	Promila Lal	Sri Mohd Rashid	10:27:41.149828	10:27:41.125809	1000
13/04/2011	Sri Mohd Rashid	Promila Lal	10:27:49.845370	10:27:49.921542	1000
13/04/2011	Promila Lal	Sri Mohd Rashid	14:30:58.235125	14:30:57.999792	800
13/04/2011	Sri Mohd Rashid	Promila Lal	14:31:11.861903	14:31:12.066468	800

23. Thus, it is noted that both synchronized and reversal trades were executed with very little or no time difference. This leads to the inescapable conclusion that both trades may be executed in a pre-meditated fashion perhaps by one person only on behalf of the other.

24. It is pertinent to mention here that Hon'ble SAT in Appeal No. 54 of 2002 in Nirmal Bang Securities Pvt. Ltd. v. SEBI vide order dated October 31, 2003 observed the following:

"It was submitted by the Appellants that it was not possible for the broker to know who the counter party broker is and that trades were not synchronized but it was only a coincidence in some cases. Theoretically this is OK. But when parties decide to synchronize the transaction the story is different. There are many transactions giving an impression that these were all synchronized, otherwise there was no possibility of such perfect matching of quantity price etc. As the Respondent rightly stated it is too much of a coincidence over too

long a period in too many transactions when both parties to the transaction had entered buy and sell orders for the same quantity of shares almost simultaneously. ”

25. Further Hon’ble SAT in Appeal No. 393 of 2015 in the matter of Magnum Equity broking Ltd. v. SEBI vide order dated November 28, 2016, noted the following:

“Synchronized trades in the history of the securities market have always been shunned for the simple reason that they create a misleading appearance of artificial volume in a particular scrip by giving the public the impression that a lot of trading activity is being conducted with respect to that scrip, making it seem like a good investment opportunity. Such artifices, if allowed to grow in number in the market, hurt the sanctity of market mechanism and hinder the ongoing constant process of the market righting and restoring itself.”

26. Further, Hon’ble Supreme Court in the matter of SEBI v Kishore Ajmera in Civil Appeal No. 2818 of 2008, observed the following:

“In these cases the volume of trading in the illiquid scrips in question was huge, the extent being set out hereinabove. Coupled with the aforesaid fact, what has been alleged and reasonably established, is that buy and sell orders in respect of the transactions were made within a span of 0 to 60 seconds. While the said fact by itself i.e. proximity of time between the buy and sell orders may not be conclusive in an isolated case such an event in a situation where there is a huge volume of trading can reasonably point to some kind of a fraudulent/manipulative exercise with prior meeting of minds...

When over a period of time such transactions had been made between the same set of brokers or a group of brokers a conclusion can be reasonably reached that there is a concerted effort on the part of the concerned brokers to indulge in synchronized trades the consequence of which is large volumes of fictitious trading resulting in the unnatural rise in hiking the price/value of the scrip(s)... The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The fact that the broker himself has initiated the sale of a particular quantity of the scrip on any particular day and at the end of the day approximately equal number of the same scrip has come back to him; that trading has gone on without settlement of accounts i.e. without any payment and the volume of trading in the illiquid

scrips, all, should raise a serious doubt in a reasonable man as to whether the trades are genuine. The failure of the brokers/sub-brokers to alert themselves to this minimum requirement and their persistence in trading in the particular scrip either over a long period of time or in respect of huge volumes thereof, in our considered view, would not only disclose negligence and lack of due care and caution but would also demonstrate a deliberate intention to indulge in trading beyond the forbidden limits thereby attracting the provisions of the FUTP Regulations.

Upto an extent such conduct on the part of the brokers/sub-brokers can be attributed to negligence occasioned by lack of due care and caution. Beyond the same, persistent trading would show a deliberate intention to play the market. The dividing line has to be drawn on the basis of the volume of the transactions and the period of time that the same were indulged in. In the present cases it is clear from all these surrounding facts and circumstances that there has been transgressions by the respondents beyond the permissible dividing line between negligence and deliberate intention.”

27. The Hon’ble SAT in the matter of Ketan Parekh v. Securities and Exchange Board of India (Appeal no. 2 of 2004, Date of Decision-14.07.2006), has held that:

“...Any transaction executed with the intention to defeat the market mechanism whether negotiated or not would be illegal. Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available. The nature of the transaction executed, the frequency with which such transactions are undertaken, the value of the transactions, whether they involve circular trading and whether there is real change of beneficial ownership, the conditions then prevailing in the market are some of the factors which go to show the intention of the parties. This list of factors, in the very nature of things, cannot be exhaustive. Any one factor may or may not be decisive and it is from the cumulative effect of these that an inference will have to be drawn.”

28. Therefore, in the light of above, it is apparent that the trades were synchronized by resulting in violation of the provisions Regulations 3(a) to (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations to create false or misleading appearance of trading. However, it is also pertinent to mention that Noticee No. 1 failed to attend the hearing granted in the adjudication proceedings. It is also noted that Noticee No. 1 vide his letter dated April 24, 2018 sought inspection of the documents. However, he failed to conduct the inspection of documents when

he was granted opportunities to do so. Considering the failure on the part of Noticee No. 1 to attend the adjudication proceedings strongly indicates that he played a role in matching the trades.

29. Further, it is noted that Noticee No. 1 was an employee of Noticee No. 2 and had access to the register and ledger of Noticee No.2 and possibly was instrumental in executing the trades as well as fudging of ledger and accounts. Considering the above discussion and facts of the case, I am inclined to give a benefit of doubt to Noticee No. 2.
30. As discussed in the pre-paras, Noticee No. 1 has avoided any inquiry in the matter. Further, sufficient opportunities have been given to Noticee No. 1 to attend to the adjudication proceedings. Therefore, I am of the firm view that Noticee No. 1 has violated the provisions of Regulations 3(a) to (d), 4(1), 4(2)(a) and (g) of the PFUTP Regulations. In view of the above, I conclude that the Noticee No. 1 is liable for monetary penalty under the provisions of section 15HA of the SEBI Act, which reads as under:

Penalty for fraudulent and unfair trade practices.

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

31. In this regard, the provisions of Section 15J of the SEBI Act and rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, the adjudicating officer shall have due regard to the following factors namely :-
- (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
 - (b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

32. Clearly, from the above observations, the Noticee No. 1 was instrumental in the creation of artificial volume in the scrip of Religare during the investigation period by executing non-genuine transactions. From the manner in which Noticee No.1 executed the above mentioned transactions, his intention to execute the manipulative trades is very much evident. Considering the same, it is concluded that the Noticee No. 1 has violated the statutory provisions of law. In this context, reliance is placed upon the order of the Hon'ble Supreme Court of India in the matter of Chairman, SEBI Vs Shriram Mutual Fund {[2006]5 SCC 361} –wherein the Hon'ble Supreme Court of India held that “...*In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant...*”. It is noted that Noticee No. 1 executed the manipulative trades for considerable period of time. Though, the disproportionate gain made by the Noticee No. 1 or loss caused to investors due to execution of such trades is not available on record, it is a fact that manipulative trades were executed over a considerable period of time.

ORDER

33. Having considered all the facts and circumstances of the case, the material available on record and the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 5,00,000 /-(Rupees Five Lakh only) on the Noticee No. 1 viz. Mr. Mohammad Rashid under the provisions of section 15HA of the SEBI Act for the violation of Regulations 3(a) to (d), 4(1), 4(2)(a) and (g) of PFUTP Regulations. I am of the view that the said penalty is commensurate with the default committed by the Noticee No. 1.
34. The Noticee shall remit / pay the said amount of penalty within 45 (forty five) days of the receipt of this order either by way of Demand Draft (DD) in favour of “SEBI -Penalties Remittable to Government of India”, payable at Mumbai and the said DD should be forwarded to the Division Chief, Enforcement Department -I (EFD), Division of Regulatory Action -

2 [EFD1-DRA-2] SEBI Bhavan, Plot No.C4-A, ‘ G’ Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai –400 051 and also send an email to tad@sebi.gov.in with the following detail

Case Name	
Name of Payee	
Date of Payment	
Amount Paid	
Transaction Number	
Bank Details from which the payment is made	
Payment is made for	Penalty

35. Payment can also be made online by following the below path at SEBI website www.sebi.gov.in ENFORCEMENT → Orders → Orders of AO → Click on PAY NOW or at <https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html>.
36. Further, the Adjudication proceedings initiated against the Noticee No. 2 vide the SCN dated April 29, 2016 stands disposed of without any penalty.
37. In terms of rule 6 of the Rules, copy of this order is sent to the Noticees and also to the Securities and Exchange Board of India.

Place: Mumbai
DATE: February 15, 2022

BIJU. S
ADJUDICATING OFFICER