BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. EAD-9/ AO/SM/165-182/2018-19]

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

In respect of:

Entity		Entity	
No	**Name (PAN No.)**	**No**	**Name (PAN No.)**
1	Mr. Sanjay Jethalal Soni (PAN: BVSPS9741N)	10	Mr. Miteshgiri Chandangiri Goswami (PAN: ARSPG2051Q)
2	Ms. Krupa Sanjay Soni (PAN: BVSPS9740P)	11	Mr. Arif Gulammustufa Shaikh (PAN: CKZPS8073E)
3	M/s. J M Soni Consultancy (PAN: AAGFJ2939P)	12	Mr.Janakray Vithasdas Soni (PAN: AFNPS8401H)
4	Mr. Krunal Gopaldas Rana (PAN: AKMPR9961M)	13	Mr.Amitkumar Rameshchandra Rana (PAN: ASPPR5709L)
5	Mr. Amul Gagabhai Desai (PAN: AHDPD3526G)	14	Mr. Dhaval Satishkumar Agrawal (PAN: AJYPA0481G)
6	Mr. Dhirenkumar Dharamdas Agarwal (PAN: AAZPA8189K)	15	Mr. Ajaykumar Jayantilal Pala (PAN: AFHPP7032D)
7	Ms. Shweta Dhiren Agrawal (PAN: AIZPA2160J)	16	Ms. Nehaben Janakray Soni (PAN: AWOPS1717J)
8	Ms. Shantiben Gangaram Desai (PAN: ARLPD2375B)	17	Mr. Vipul Virendrakumar Patel (PAN: AGQPP0881N)
9	Ms. Vaishali Jimish Soni (PAN: AQHPS2680R)	18	Mr. Mahesh Somabhai Desai (PAN: AMGPD0183P)

In the matter of trading by Soni Group in the scrip of M/s. Parichay Investments Ltd

Facts of the case:

1. Securities and Exchange Board of India ("SEBI") had conducted investigation in the scrip of Parichay Investments Ltd ("PIL) during July 21, 2010 to August 30, 2011 which was listed on Bombay Stock Exchange ("BSE"), to look into the possible violation of the provisions of the Securities and Exchange Board of India Act, 1992 ("the Act") and various Rules and Regulations made thereunder. The period mentioned above hereinafter referred to as "Investigation period" or "IP".
2. Pursuant to the investigation, it was alleged that Sanjay Jethalal Soni ("Sanjay"), Krupa Sanjay Soni ("Krupa"), J M Soni Consultancy ("JM Soni"), Krunal Gopaldas Rana ("Krunal"), Dhirenkumar Dharamdas Agarwal ("Dhirenkumar"), Mahesh Somabhai Desai ("Mahesh"), Amul

Gagabhai Desai ("Amul"), Shweta Dhiren Agrawal ("Shweta"), Shantiben Gangaram Desai ("Shantiben) and Arif Gulam Mustufa Shaikh ("Arif) had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) (b),(e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("FUTP Regulations") while trading in the scrip of PIL and ;

3. Vaishali Jimish Soni ("Vaishali"), Ajaykumar Jayantilal Pala ("Ajay") and Nehaben Janakray Soni ("Neha") had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (b) and (e) of ("FUTP Regulations while trading in the scrip of PIL and;

4. Dhaval Satishkumar Agrawal ("Dhaval"),Janakray Vithasdas Soni ("Janak"), Vipul Virendrakumar Patel ("Vipul"), Amitkumar Rameshchandra Rana ("Amit") and Miteshgiri Chandangiri Goswami ("Mitesh") had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) and (g) of FUTP Regulations while trading in the scrip of PIL. Persons mentioned in para 2, Para 3 and Para 4 are also collectively referred to as "Entities".

Connection of the Entities:

5. The following connections of the Entities was alleged based on the perusal of details of KYC documents and off-market transfers (Names of people other than entities have been used to demonstrate the reliationship among entities). Based on their connection with each other, all of them are collectively addressed as Group or Soni Group

(Table 1)

Sl. No.	Name of entity	PAN	Basis of connection
1.	Sanjay Jethalal Soni	BVSPS9741N	Self. He is a sub-broker registrered under Trade name "Shreeji Securities" affiliated to Prabhudas Lilladher Pvt Ltd having SEBI Registration no.INS018717418/01-05028
2.	Krupa Sanjay Soni	BVSPS9740P	(1) Krupa Sanjay Soni is wife of Sanjay Jethalal Soni. (2) Krupa Sanjay Soni and Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in. (3) From the bank account transaction statements, it was observed that were regular fund movements between Sanjay Soni and Krupa Soni.
3.	M/s. J.M. Soni Consultancy	AAGFJ2939P	(1) Sanjay Soni is the proprietor of M/s. J.M. Soni Consultancy. (2) M/s. J.M. Soni Consultancy and Krupa Sanjay Soni share common address D-19, Karnavati Apts., Near Shradda Petrol Pump Hotel, Ahmedabad and contact no. 9727548290. (3) From the bank account transaction statements, it was observed that there were regular fund movements between M/s. J M Soni Consultancy and Sanjay Soni as well as Krupa Soni.
4.	Krunal Gopaldas Rana	AKMPR9961M	(1) Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy share common contact no. 9727548290. (2) From the bank account statement, there were transfer of funds between Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy

Sl. No.	Name of entity	PAN	Basis of connection
			on September 3, 2009. (3) On perusal of trades of Krunal Gopaldas Rana with BMA Wealth Creators P. Ltd., it was observed that orders were placed through Sanjay Jethalal Soni.
5.	Dhiren Dharamdas Agarwal	AAZPA8189K	(1) Dhiren Dharamdas Agarwal and Sanjay Jethalal Soni share common contact no. 9879430033. (2) From the bank account statement, there were transfer of funds between Dhiren Dharamdas Agarwal and M/s. J.M. Soni Consultancy on July 21, 2010. (3) On perusal of trades of Dhiren Dharamdas Agarwal with BMA Wealth Creators P. Ltd., it was observed that orders were placed through Sanjay Jethalal Soni.
6.	Shweta Dhiren Agrawal	AIZPA2160J	Shweta Dhiren Agarwal is wife of Dhiren Dharamdas Agarwal.
7.	Amul Gagabhai Desai	AHDPD3526G	On perusal of trades of Amul Gagabhai Desai with BMA Wealth Creators P. Ltd., it was observed that orders were placed through Sanjay Jethalal Soni.
8.	Mahesh Somabhai Desai	AMGPD0183P	(1) Mahesh Somabhai Desai and M/s. JM Soni Consultancy shares common contact no. 9727548290. (2) On perusal of trades of Mahesh Somabhai Desai with Prabhudas Lilladher P. Ltd., it was observed that orders were placed through Sanjay Jethalal Soni.
9.	Arif Gulam Mustafa Shaikh	CKZPS8073E	(1) Arif Gulam Mustafa Shaikh and Krupa Sanjay Soni share common email id *shreejisecurities14@yahoo.co.in.* (2) Arif Gulam Mustafa Shaikh and M/s. JM Soni Consultancy shares common contact no. 9727548290.
10.	Jimish Jitendrabhai Soni	ADRPS3416L	From the bank account statement, there have been transfer of funds between Jimish Jitendrabhai Soni and Sanjay Jethalal Soni on May 14, 2010.
11.	Vaishali Jimish Soni	AQHPS2680R	Vaishali Jimish Soni and Jimish Jitendrabhai Soni share common address i.e. 2/8, Akshat Apartment, Nr. B. D. Rav Hall, Bhuyandev, Char Rasta, Mem Nagar, Ahmedabad.
12.	Miteshgiri Chandangiri Goswami	ARSPG2051Q	Pravinbhai Daduji Thakor was the introducer.
13.	Pravinbhai Daduji Thakor	AJLPT7398G	Krupa Sanjay Soni is the introducer. Krunal Gopaldas Rana and Amul Gagabhai Desai are the witnesses**.**
14.	Ajaykumar Pala	AFHPP7032D	Ajaykumar Pala and Hetalben Rajeshkumar Pala share common address i.e. Maruti Agr. Opp Ankur Protin, Sarkhej Bavla Road, Changodar Taluka, Sanand Ahmedabad**.**
15.	Hetalben Rajeshkumar Pala	AFHPP7030B	Sanjay Jethalal Soni was the introducer and Krupa Sanjay Soni also verified the identification
16.	Vipul Virendrakumar Patel	AGQPP0881N	From the bank account transaction statements, it was observed that there were regular fund movements between Ashlesh Shah and Vipul Virendrakumar Patel. Vipul Virendrakumar Patel and Ashlesh Shah shares common contact no. 9825071515.

Sl. No.	Name of entity	PAN	Basis of connection
17.	Ashlesh Gunvantbhai Shah	AEOPS0718P	From the bank account transaction statements, it has been observed that there have been regular fund movements between Ashlesh Shah and Paresh Ramjibhai Chauhan, Kinjal Girish Shah, Vipul Virendrakumar Patel and M/s. JM Soni Consultancy.
18.	Shantiben Gangaram Desai	ARLPD2375B	Shantiben Gangaram Desai and Krupa Sanjay Soni / Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in.
19.	Janakray Vithaldas Soni	AFNPS8401H	Sanjay Soni is the introducer of Janakraj Vithaldas Soni**.**
20.	Amitkumar R Rana	ASPPR5709L	(1) Amitkumar Rana and Miteshgiri Goswami shares common contact no. 9879013113. (2) Received shares in off market from Miteshgiri Chandangiri Goswami in the scrip Oregon Commercial Ltd. on July 28, 2010.
21.	Dhaval Satishkumar Agrawal	AJYPA0481G	Dhaval Satishkumar Agrawal and Amitkumar Rana shares common contact no. 9879013113.
22.	Nehaben Janakray Soni	AWOPS1717J	Nehaben Janakray Soni is wife of Janakray Vithaldas Soni

Price-Volume Analysis:

6. It was observed that price of the scrip increased from Rs.36.00 to Rs.399.65 (i.e. an increase of Rs.363.65) thereafter the price of the scrip fell to Rs.19.25 (i.e. a decrease of Rs.380.40). The period of investigation has been divided into two patches, the details are as under:-

(Table 2)

Period	Dates		Opening Price (volume) on first day of the period (Rs.)	Closing price (volume) on last day of the period (Rs.)	Low price(volume) during the period (Rs.)	High Price(volume) during the period (Rs.)
Pre Investigation period	(01-Apr-10 – 20-Jul-10)	Price	There was no trading in the scrip till July 20, 2010			
		Vol.				
Investigation Patch-I	(21-Jul-10 – 23-Feb-11)	Price	Rs.36.00 (21-Jul-10)	Rs.399.65 (23-Feb-11)	Rs.36.00 (21-Jul-10)	Rs.407.75 (23-Feb-11)
		Vol.	45,000	28,450	45,000	28,450
Investigation Patch-II	(24-Feb-11 – 30-Aug-11)	Price	Rs.386.05 (24-Feb-11)	Rs.19.25 (30-Aug-11)	Rs.18.45 (30-Aug-11)	Rs.398.00 (25-Feb-11)
		Vol.	9,750	9,800	9,800	44,550
Post investigation period	(01-Sep-11 – 31-Dec-11)	Price	Rs.18.30 (02-Sep-11)	Rs.34.35 (30-Dec-11)	Rs.16.25 (27-Sep-11)	Rs.37.05 (28-Dec-11)
		Vol.	11,350	14,101	17,100	21,666

Matched Trades

7. In the instant case, connected entities had traded among themselves during the day and thereby created artificial volume in a scrip, hence the trades of these entities are termed as Match trades. Hon'ble Supreme Court in the matter of Ketan Parekh vs. SEBI had observed that "*A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium.*". In the instant case also, matched

trades are executed to escape from the regulatory surveillance. Considering the substantial trades by the Group in the scrip and number of trades matched among themselves, it was alleged that there was meeting of mind elsewhere and it was a deliberate attempt by the entities of the group to create artificial volume in the scrip.

8. On the basis of the connection among Entities, it was alleged that the following Entities who had entered into substantial volume of matched trades (more than 10,000 shares) and executed matched trades repeatedly by trading within the group and thereby created artificial volumes in the scrip, which are summarized below.

(Table 3)

S.No	Entity Name	Buy Qty matched with Other entities	Sell Qty matched with other entities
1	KrunalGopaldasRana	2,51,200	2,18,000
2	AmulGagabhai Desai	2,28,650	2,07,800
3	DhirenkumarDharamdas Agarwal	1,03,750	1,50,750
4	Krupa Sanjay Soni	1,33,550	2,53,650
5	Sanjay JethalalSoni	1,41,050	1,47,850
6	Mahesh Somabhai Desai	95,800	1,40,900
7	ShwetaDhiren Agrawal	77,700	44,350
8	MiteshgiriChandangiriGoswami	52,650	11,900
9	ArifGulammustufa Shaikh	78,350	33,850
10	JanakrayVithaldasSoni	42,350	13,950
11	AmitkumarRameshchandra Rana	10,350	26,050
12	VipulVirendrakumar Patel	49,700	13,650
13	J M Soni Consultancy	39,900	18,800
14	ShantibenGangaram Desai	0	23,650
15	DhavalSatishkumar Agrawal	12,150	12,000
	Grand Total	13,17,150	13,17,150

9. It can be seen that sell trades were placed in such a fashion that trades to the tune of nearly 100% of bought quantity were matched within the group which is quite unlikely in case of trading behavior of any unrelated entities.

Self- Trades

10. Self-trades are fictitious trades without intention of change in ownership of shares and thereby creating artificial volumes. It was alleged that Krunal, Krupa, Sanjay and Amul by executing self-trades repeatedly (criteria: quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days) had created artificial volumes without intention of change in ownership of shares. The details of their trades are summarized as under:-

(Table 4)

Client Name	Self Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (Rs.)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Krunal	34,850	240	36	1.00	0.41	5.14	6.57
Sanjay	29,750	224	22	1.00	0.35	6.29	6.53
Krupa	29,550	146	34	-17.05	0.35	5.62	5.96
Amul	21,150	230	33	0.85	0.25	3.43	4.96
Total	115,300	840		-14.2	1.36	20.48	24.02

Price Manipulation

LTP Contribution

11. It was alleged that Krupa, Krunal, Amul, Sanjay, Mahesh, Dhiren, Vaishali, Arif, Shweta, Shantiben, Ajay, Neha and J M Soni had individually contributed 1.00% or more towards positive LTP (+ve) in PIL during Investigation period. Further, it was alleged that for 173 trades the buy orders were placed in the system before the sell orders were placed thereby contributed Rs.196.65 to LTP. Further, for 296 trades which contributed Rs.173.45 to LTP, the counter party sellers were among these 13 entities. Thus, by trading among themselves and by placing orders above LTP these Entities have manipulated the price of the scrip. Details are tabulated in the following table –

(Table 5)

Name	**All trades**			**LTP Diff. > 0**			**LTP Diff. < 0**			**LTP Diff. =0**		**% of +ve LTP**
	Sum of LTP diff.	**Sum of Qty**	**No of trades**	**Sum of LTP diff.**	**Qty traded**	**No of trades**	**Sum of LTP diff.**	**Qty traded**	**No of trades**	**Qty traded**	**No of trades**	**to total mkt. +ve LTP**
Ms. Krupa Sanjay Soni	62.45	5,25,700	3,892	294.10	42,600	264	-231.65	52,050	469	4,31,000	3,158	12.61
Mr. AmulGagabhai Desai	67.15	6,16,150	4,109	154.55	63,400	221	-87.40	35,850	279	5,16,900	3,609	6.63
Mr. KrunalGopaldasRana	18.10	6,78,000	4,966	118.75	49,000	188	-100.65	61,500	328	5,67,500	4,450	5.09
Mr. Sanjay JethalalSoni	47.00	4,73,000	2,504	100.70	53,100	178	-53.70	18,700	203	4,01,200	2,123	4.32

Mr. Dhirenkumar Agarwal	51.85	4,24,950	1,941	99.40	38,800	117	-47.55	23,850	152	3,62,300	1,672	4.26
Mr. Mahesh Somabhai Desai	31.10	2,85,350	3,155	68.80	22,050	157	-37.70	12,400	109	2,50,900	2,889	2.95
Ms. VaishaliJimishSoni	51.10	86,300	555	62.55	10,600	91	-11.45	11,900	59	63,800	405	2.68
Mr. ArifGulammustufa Shaikh	15.05	1,52,650	836	42.00	24,650	72	-26.95	9,350	87	1,18,650	677	1.80
Ms. ShwetaDhiren Agrawal	36.80	2,15,300	1,260	40.90	14,650	43	-4.10	6,750	27	1,93,900	1,190	1.75
Ms. Shantiben Desai	20.50	90,600	664	35.30	5,400	56	-14.80	11,900	40	73,300	568	1.51
Mr. AjaykumarJayntilal Pala	15.70	37,750	415	29.30	3,500	30	-13.60	4,200	58	30,050	327	1.26
Ms. NehabenJanakraySoni	19.35	68,700	458	24.80	4,950	26	-5.45	8,450	14	55,300	418	1.06
M/s. J M Soni Consultancy	3.05	1,29,550	709	24.65	17,900	48	-21.60	9,700	56	1,01,950	605	1.06
Total	**440.05**	**39,18,700**	**26,628**	**1,122.4**	**3,55,750**	**1,527**	**-682.35**	**2,76,700**	**1,928**	**32,86,200**	**23,172**	**48.13**
Total of the market	**363.65**	**84,17,700**	**52,583**	**2,331.84**	**8,88,050**	**3,414**	**-1968.19**	**6,60,700**	**3,954**	**68,68,900**	**45,215**	**100.00**

New High Price (NHP)

12. New high price is the price which is higher than the price already established in the scrip during the period under consideration. During Patch I of the investigation, the price of scrip increased from Rs.36.00 to a high of Rs.407.75 (an increase of Rs.371.75) through first trades as well as intra-day price movements. The details of the trades of following Entities contributing towards NHP have been analyzed and the same is as under:-

(Table 6)

S.No.	Clients Name	Sum of NHP Qty	No. of Trades	% to total mkt. NHP trades	NHP (Rs.)	% to total mkt. NHP
1	Mr. AmulGagabhai Desai	15,300	40	8.58	37.25	10.01
2	Ms. Krupa Sanjay Soni	5,900	36	7.73	21.55	5.77
3	Ms. ShwetaDhiren Agrawal	4,550	11	2.36	19.70	5.30
4	Ms. VaishaliJimishSoni	3,050	27	5.79	15.85	4.25
5	Mr. KrunalGopaldasRana	4,700	25	5.36	14.65	3.93
6	Mr. Mahesh Somabhai Desai	4,700	33	7.08	11.40	3.05
7	Mr. Sanjay JethalalSoni	2,500	18	3.86	11.35	3.07
8	Mr. ArifGulammustufa Shaikh	2,150	14	3.00	8.15	2.18
9	Mr. Dhirenkumar Agarwal	750	9	1.93	5.60	1.51

S.No.	Clients Name	Sum of NHP Qty	No. of Trades	% to total mkt. NHP trades	NHP (Rs.)	% to total mkt. NHP
10	Ms. ShantibenGangaram Desai	750	7	1.50	4.10	1.09
11	M/s. JM Soni Consultancy	550	4	0.86	1.35	0.37
12	Ms. NehabenJanakraySoni	800	6	1.29	0.50	0.12
	Total	**45,700**	**230**	**49.34**	**151.45**	**40.65**

13. Hence it was alleged that above mentioned 12 entities have contributed Rs.151.45 (i.e. 40.65% to total market NHP) in 230 trades. Thus, these entities have contributed to the price rise by establishing new high price and manipulated the price of the scrip.

Price contribution by First Trade

14. It was alleged that Amul, Krunal, Sanjay, Krupa, Dhiren, JM Soni and Shantiben had contributed majorly towards net LTP by participating in First Trades and had contributed Rs.57.85 towards net LTP in 57 first trades as detailed below. Hence, the entities had contributed to the price rise by increasing LTP through first trades and manipulated the price of the scrip.

(Table 7)

S.No	Clients Name	Sum of First Trades LTP diff. (`)	No. of First Trades	First Trades Qty.	% to total No. of First Trades	% to total First Trades Qty.
1	Mr. AmulGagabhai Desai	18.80	9	1,450	5.92	3.57
2	Mr. KrunalGopaldasRana	13.60	10	550	6.58	1.35
3	Mr. Sanjay JethalalSoni	11.75	7	6,350	4.61	15.62
4	Ms. Krupa Sanjay Soni	9.95	21	1,050	13.82	2.58
5	Mr. Dhirenkumar Agarwal	2.60	8	3,900	5.26	9.59
6	M/s. JM Soni Consultancy	1.05	1	50	0.66	0.12
7	Ms. Shantiben Desai	0.10	1	50	0.66	0.12
	Total of the group	**57.85**	**57**	**13,400**	**37.51**	**32.95**

15. It was alleged that Entities had created the misleading appearance in the securities market by trading among themselves through matched trades and trading with self through self-trades. It was also alleged that there was manipulation in the price of the scrip by contributing significant percentage to the last traded price, New High price and first trade by the Entities.

Appointment of Adjudicating Officer

16. Vide order dated June 02, 2016 Shri S V Krishnamohan was appointed as Adjudication Officer in terms of Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as Rules) read with section 15-I of the Act to inquire and adjudge the aforesaid violations under Section 15 HA of the Act. .

Show Cause Notice, Reply and Personal Hearing

17. Based on the findings, common Show Cause Notice ("SCN") dated August 24, 2017 and supplementary SCN dated October 24, 2018 were issued to Entities.
18. In response to SCN, Arif and Miteshgiri did not file any reply.Vipul filed his reply through his authorized representative ("AR") and remaining Entities had appointed their authorized representative to represent them and file a common reply to SCNs.

No response from Arif

19. The SCN dated August 24, 2017, Supplementary SCN dated October 24, 2018 and hearing notices dated September 18, 2017 (hearing scheduled on October 13, 2017), October 26, 2017 (hearing scheduled on November 6, 2017), November 8, 2017 (hearing scheduled on November 23, 2017) sent to the following last known address of Arif, as per SEBI records, were returned undelivered :

- 3, Madina row house, Nr Hajibaba Dargah, Sarkhej, Ahmedabad-380002, Gujarat
- 607/22, Mahvir Cloth market, Opp. Old Railway Station Road, Kalupur, Ahmedabad-380002, Gujarat
- F-27, Shakti Arcade, Nr. Shukan Hall, Opp. Water Tank, Science City Road Sola, Ahmedabad – 380060, Gujarat

20. Since the notices were returned undelivered and affixture of the same could not be done, the said notices were uploaded in SEBI website under unserved notices heading and also in terms of Rule 7(4) of AO rules the details of SCN and hearing notice were published in Ahmedabad Editions of Times of India and Gujarat Samachar on January 30,2018 and hearing was granted on Februry 22, 2018.
21. Arif had neither replied to SCN nor appeared before me to make his submissions. Having satisfied with the efforts taken by SEBI in serving the notices to Arif, I proceed further with the materials available on record.

No response from Miteshgiri

22. Despite the SCN dated August 24, 2017, Supplementary SCN dated October 24, 2018 and hearing notices dated September 18, 2017 (hearing scheduled on October 13, 2017), October 26, 2017 (hearing scheduled on November 6, 2017), November 8, 2017 (hearing scheduled on

November 23, 2017) being served as per the postal records available before me, Miteshgiri had neither replied to SCNs nor appeared before me to make his submissions.

23. Having satisfied with the opportunities given to Miteshgiri, I proceed further in the matter with materials available on record.
24. Pursuant to supplementary SCN, opportunity of hearing was granted to all the Entities on November 12, 2018.

Response of Vipul

25. In response to the SCN being served, Vipul vide his letter dated November 4, 2017 sought certain documents to file his reply and the documents were provided vide letter dated June 7, 2018. Pursuant to the same, Vipul filed his reply vide letter dated May 14, 2018 and also sought an oppoturnity of personal hearing. Accordingly, personal hearing was granted on June 13, 2018. On that day, the AUthorised ("AR") of Vipul appeared before me and reiterated the submissions made vide letter dated May 14, 2018 and also sought certain information which were provided to them in a CD and also another opportunity of hearing was granted on June 21, 2018. On June 21, 2018, AR reiterated the submissionsn made vide letter dated June 20, 2018 and sought KYC and bank statements as referred to in the investigation report and the same was provided vide email dated June 25, 2018. In response, AR appeared before me on November 12, 2018 and reiterated the submissions made vide letter dated October 30, 2018.
26. Responses of Vipul for SCN and Supplementary SCN inter-alia states the following :

- *SEBI vide letter dated October 26, 2017 informed the Noticee that Mr. Sanjay Soni appeared on his behalf stating that he is authorized and represented the Noticee in the matter. The Noticee says that he has not authorized Sanjay Soni to make any submissions on his behalf and he attending the matter independently and separately.*
- *No allegation against the Noticee for price manipulation by LTP contribution and first trade, trades of the Noticee has not resulted in New High Price but for matched trades. Further, the Noticee was not alleged to have carried out any circular, self or reversal trades and not carried out any off-market transactions.*
- *Noticee's purported match trade volume of 75350 (buy) and 49350 (sell) amounting to 1,24,700 shares which is only 1.01% of the total market volume and 2.25% of the alleged group volume during the investigation period.*
- *Noticee stated that he is unable to supplement detailed reply inter alia explaining the inadvertent error/ mistake caused by SEBI while considering the trades placed by Noticee, on the platform of the Exchange (where buyer and seller are not known / identify each other), as alleged match trades.*

- *Noticee relies on Hon'ble SAT's order in Ketan Parekh vs Securities and Exchange Board of India in Appeal no.2 of 2004, "… A synchorized trade is one hwere the buyer and seller enter the quantity and price of the shares they wish to transact at substantially the same time. This could be done through the same broker (termed a cross deal) or through two different brokers. Every buy and sell order has tomatch before the deal can go through. This matching may take place through the stock exchange mechanism or off market. When it matches through the stock exchange, it may or may not be a synchronized deal depending on the time when the buy and sell orders are placed .."…*
- *Noticee states that, assuming without agreeing,that Noticee inadvertently executed match trades, then also the volume of the alleged match trade inadvertently executed by the Noticee is only 1.01% of the total market volume which is minuscule and therefore cannot be said to create artificial volume.*
- *The Noticee states that SEBI has failed to establish any basis of connection among the purported group or sub-group. Since no basis of connection has been adduced by SEBI therefore considering Noticee part of some group is erroneous and on this ground alone instant proceedings qua the Noticee shall be dropped Further, Noticee is not having any connection between him and other Noticees (so as to call them together as 'Group/ Sub-group/).*
- *The Noticee is not in the top 10 entities in terms of the volume. From the table at point 5 of the SCN, it is apparent that Krupa (total volume 5,25,700 shares), Sanjay (total volume 6,78,000 shares), JM Sone (total volume – 1,29,550 shares) and Krunal (total volume – 6,78,000 shares) were trading heavily in the market and they were top 10 parties trading in the scrip. Hence some of the orders were bound to get matched based on price time priority basis on the system. Accordingly, partial matching of orders / trades were system driven, unintentional and technical. Further, no prior meeting of mind is reflected from the pattern of matching of trades.*
- *In response to the 418 alleged matched trades, following examples were illustrated to establish there is no meeting of mind since there was huge difference in order placement time and price of both buyer and seller and the purported matching of trades were due to normal matching price and time algorithm which is in-built feature in trading platform.*

    - *With regard to noticee as buyer, the noticee placed a buy order for 30,000 shares (order id 15000063035104) on 23.11.2010 at 14.10.21 whereas the counter party noticee has placed sell order at 14.20.03. There exists time difference of 10 minutes between buy order time and sell order time. It is pertinent to note that apart from 4000 shares matched with Krupa, there were 9 different counter parties to the said buy order placed by the Noticee with whom remaining 26,000 shares got matched.*

- *Noticee placed buy order for 49,000 shares (order id 22000071013789) on 7.1.2011 at 11.43.38. The Noticee's buy order was first in time and it appears that sellers grabbed the pre-existing order. It is pertinent to note that there were 16 different counter parties to the said buy order placed by the Noticee including Krupa, Sanjay, JM Consultancy.*
- *With regard to Noticee's sell order for 3000 shares (order id no.120000097020676) on 13.1.2011 at 14.02.08 whereas the order placed by Krunal was at 14:10. The Noticee's sell order was first in time and it happens that sellers grabbed the pre-existing order. It is pertinent to note that apart from 150 shares matched with Krunal, there were 4 other different counter parties to the said buy order placed by the Noticee with whom remaining 2850 shares got matched.*
- *From the above, it is evident that there was a huge difference between buy and sell quantity of orders placed by the Noticee and the counter parties. There was difference in order placement time and price (as it was a limit order) of both buyer and seller. Hence, there was no meeting of mind between buyer and seller. The purported matching of trades were due to normal matching of price and time algorithm which is in-built feature in trading platform.*

- *Vipul also referred to SAT's observation in the matter of Ketan Parekh vs SEBI in Appeal no.2 of 2004 wherein SAT has observed that ".. when it matches through the stock exchange, it may or may not be a synchornised deal depending on the time when the buy and sell orders are placed …". Hence, noticee's on market trades are bonafide and genuine and cannot be termed as a synchronized / matched trades.*
- *With regard to connection among noticees, no basis of connection has been established in the SCN with the purported group entities except Mr. Ashlesh Shah. From the perusal of bank statement of Ashlesh, it is observed that alleged objectionalble transactions of the Noticee are from November 2010 to march 2011 and that a bank account transaction as early as 7 months before his alleged objectionable transactions in Parichay Investments Ltd cannot be considered/ attributed to his alleged matched trades and cannot form the basis of connection with the alleged group. However, there is no a single trade has matched with Ashlesh. Further, no role of Sanay, Krupa and JM Soni, Krunal is reflected in the trading of noticee with whom the noticees' certain trades have been alleged to be matched. The allegations levied based on these connection are farfetched. Also referred to SAT's judgement in the matter of Ashlesh Shah vs SEBI in this regard.*
- *Further it is submitted that all the trades have resulted into delivery as the scrip was in T Group. When there are upfront restrictions in the trading in "Parichay Scrip' and these restrictions are reviewed on a periodic basis, then there cannot be question of any artificial volume. It therefore cannot be said that the Noticee's volume was artificial.*

Response of Sanjay, Krupa, Krunal, Amul, Dhiren, Mahesh, Vaishali, JM Soni, Shweta, Janak, Neha, Shanti, Amit, Dhaval and Ajay

27. SCN dated August 24, 2017 in the matter of PIL was issued to Sanjay, Krupa, JM Soni, Krunal, Amul, Dhiren, Vaishali, Mahesh, Shanti, Amit, Shweta, Janak, Ajay, Neha and Dhaval. In response, AR appeared on their behalf and made submissions. In response, a common reply was filed by AR vide letter dated November 6, 2017.

28. As per the principles of natural justice, opportunity of personal hearings were granted on October 13, 2017 and November 7, 2017. On the date of hearing the AR appeared before me and reiterated submissions made vide letter dated November 6, 2017 and undertook to make further submissions by November 24, 2017. During personal hearing AR reported that they are in process of filing Settlement application. As a follow-up action, AR, vide Email dated January 4, 2018 was advised to give clarification on the reply filed and also to provide details of Entity wise settlement application filed. Since no reply had come as stated during the personal hearing, a reminder mail was sent on January 18, 2018 giving further time upto January 23, 2018 wherein it was also stated that failing which the matter would be proceeded based on the material available on record. However, no response has been received from the Entities as on the date of this Order. In the meantime, internal department of SEBI had confirmed that no settlement application has been received as stated.

29. The submissions made by AR vide letter dated November 6, 2017 inter-alia states:

- *The Investigation period considered is abnormally high and no circular trading can be alleged for such long period of time amongst the noticees.*
- *The allegation of self-trades at Para 3.1 of SCN is unfounded and all trades executed by the Noticee as described in para 3.1 were genuine and all payin/payout obligations were met by the Noticee.*
- *In respect of data at Table 4 of SCN, it is incorrect to call entire 18 Noticees are group as they are ultimately unrelated to each other.*
- *It is submitted that the scrip of Parichay is illiquid and therefore, lesser trades were generally executed at BSE. Since, lesser trades were executed, it is incorrect to label to 18 Noticees as belonging to one group. Further, amongst the Noticees, only Sanjay, Krupa and JM Soni are interrelated.*
- *The Noticees deny that they have created artificial volumes in trading of Parichy.*
- *With regard to prince manipulation, it is stated that since there was a buy call from brokers and market messages, the Noticees entered into buy trade in the scrip of Parichay and it is incorrect to alleged price manipulation amongst 13 Noticees as all such Noticees are not related to each other except Krupa, and Sanjay. All trades were executed on BSE platform and all buy/sell obligations were met by the respective Noticees.*

- *The Noticees submitted that the spread between Bid price and Offer price was more than 1% throughout the trading sessions and in order to execute buy trade, market price was considred and therefore, there is the difference between the LTP.*
- *Since the volume was less and the entities acquired shares at the Last offer price, the New High Price of the scrip was achieved. There is no malafide intention of the Noticees and no case is made out for any misdoing or any unfair trade practice.*
- *The allegation of entering into first trade is misconceived by the AO. Rise is price of the scrip over the spread of trading sessions cannot be solely attributed to Noticees.*

Consideration of Issues, Evidence and Findings:

30. I have carefully perused the charges levelled against the Entities in the SCN and all the documents available on record. In the instant matter, the following issues arise for consideration and determination in respect of:

I. Whether Sanjay, Krupa, J M Soni, Krunal, Dhirenkumar, Mahesh, Amul, Shweta, Shantiben and Arif Vaishali, Ajay and Neha had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) (b),(e) and (g) of FUTP Regulations and;

II. Whether Vaishali, Ajay and Neha had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (b) and (e) of FUTP Regulations and;

III. Dhaval,Janak, Vipul, Amit and Mitesh had violated Section 12A(a), (b) and (c) of the Act and Regulations 3(a),(b),(c),(d), 4(1), 4(2) (a) and (g) of FUTP Regulations>

IV. Does the violation, if any, on the part of Entities attract monetary penalty under Section 15 HA of the Act**?**

V. If so, what would be the quantum of monetary penalty that can be imposed on Entities taking into consideration the factors mentioned in Section 15J of the Act?

31. Before proceeding further, I would like to refer to the relevant provisions of SEBI Act and FUTP Regulations.

SEBI Act, 1992

PROHIBITION OF MANIPULATIVE AND DECEPTIVE DEVICES, INSIDER TRADING AND SUBSTANTIAL ACQUISITION OF SECURITIES OR CONTROL

12A.
No person shall directlyor indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;

(c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

SEBI (PFUTP) Regulations:

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

No person shall directly or indirectly—

(a) *buy, sell or otherwise deal in securities in a fraudulent manner;*

(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.*

Findings

32. On perusal of the material available on record, the following findings have been made :

33. Sanjay as a sub-broker of Prabhudas Lilladhar Pvt Ltd operated under the trade name “Shreeji Securities” in BSE. Most of the Entities are connected to Sanjay in the capacity of clients of Sanjay. As per trade log, Sanjay had executed the trades as a dealer under the user name

"Sanjay Soni Jethalal" through the member broker BMA Wealth Creators P Ltd. It is not on record whether Sanjay Jethalal Soni was registered with BMA Wealth Advisors as Sub-broker or he was acting as un-registered sub-broker.

Connection among entities

34. In this order, trade by Entities is seen as a whole as the trades of the Group. In order to establish the fact that Entities were involved as a group and termed as "Soni Group", I have to first get satisfied that the Entities are belonging to "Soni Group" and acted in tandem. Connection among Entities as alleged in para 5 demonstrates how they are connected to each other In this regard, I would like to rely on the observation of Hon'ble SAT in the following matters:

34.1 Ashlesh Shah Vs SEBI (Misc. Application no.254 of 2017 and Appeal no.265 of 2017):

"…Decision of the WTM that the appellant belonged to Krupa Soni group deserves acceptance, because, admittedly appellant had introduced Krunal G. Rana to the broker for opening the trading account and admittedly Krunal Rana had traded in the RCL scrip for several days during the investigation period. Moreover, it is an admitted fact that the appellant had several financial dealings with J.M. Soni Consultancy a sole proprietary concern of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Ms. Krupa Soni is the wife of Sanjay Soni who had also traded in the shares of RCL on several days during the investigation period. Thus, the facts on record clearly show that the appellant belonged to Krupa Soni group…."

34.2 Master Finlease Ltd vs. SEBI (Appeal no. 334 of 2014)

Argument advanced by the counsel for the appellant that having common address and having shares of Vishvas Securities Ltd. could not be a ground to infer that the appellant was connected with the Vishvas Group is without any merit. In the present case, the Adjudicating Officer has not only established the connection of the appellant with the Vishvas Group but also demonstrated that the trading pattern among themselves resulted in synchronized trades and circular trades which were in violation of the PFUTP Regulations. In these circumstances, the finding recorded by the Adjudicating Officer that the pattern of synchronized order placement and circular trading clearly establish that the transactions were carried out with the intension that the orders of participating entities should match and that there was prior arrangement with respect to those of transactions cannot be faulted. The Adjudicating Officer is justified in holding that the very fact that the Vishvas group entities were trading continuously among themselves by placing orders in such pattern thereby contributing significantly to the total volume in the market cannot be faulted.

35. Further, the common reply filed by the 15 Entities and Sanjay's email dated September 11, 2017 wherein he sought time to file reply on behalf of 17 Entities since they are his past clients and his appearance along with AR on behalf of them, clearly established that they are connected.

36. Based on the connection shown, common reply, declaration of Sanjay thatall other entities were his past clients, declaration of Sanajay that he would be representing all other entities and above observations of SAT, I am convinced with the allegations that Entities were connected to each other and all have acted in tandem to create artificial volume in the scrip and hence I am setting aside the defense put up by the Entities on connection among entities in their reply.

Match trade by group

37. Having established that Entities had acted as a group, the allegations and the responses will be dealt as that of the group instead of the individual Entities.
38. One of the allegations against the Entities was that they had indulged in Matched trades as per the data given in Table 3. The match trades executed by the group as a whole is given below:

(Table 8)

	Qty	% to market volume of 8417700 shares
Total match Trade buy qty by the group	1317150	15.64
Total match Trade sell qty by the group	1317150	

39. The above table clearly defeat the defense of Entities that the trades are genuine since they had met all the obligations of delivery and fund. No doubt they would have taken delivery and made payment to subvert the malafide intention. However, whatever has been bought has been sold during the investigation period itself within the group only without any intention of holding the share. In short, instead of squaring-off during the day, they squared-off during the investigation period when the objective of creation of artificial volume and price manipulation was met, which is apparent from the LTP contribution.

40. Considering the fact that all these match trades were carried out through a screen-based trading platform on a segment with hundreds of different scrips. Significantly high percentage of matching of these orders within the group, appear to be practically impossible unless there is a prior understanding or a pre-meditated plan between the entities executing them.

41. In this regard, I would like to refer to Hon'ble SAT's observation in the matter of Anita Dalal vs. SEBI (Appeal no.211 of 2012) that

> *"… trades have taken place in the impugned scrips through a group of connected entities like Maruti Group and Maniar Group through reversal, self-trades and off market transactions and the trades of the appellant also substantially fell in the same category and hence the theory of mere coincidence cannot be accepted. It is the case of the Board that reversal, self trades and matching trades have taken place in the dealings of the appellant and the percentage of transactions highlighted by the appellant cannot be considered to be relevant. There cannot be cases of perfect synchronization of time, quantity and volume. The appellant has contributed in the creation of artificial volumes in the scrips when the connected group traded in a manipulative manner…*"

42. Further, I would also like to refer to Hon'ble Supreme court's order in the matter of Rakhi Trading vs SEBI wherein it is observed

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

42. We are fortified in our conclusion by the judgment of this Court in Securities And Exchange Board of India v. Kishore R. Ajmera, though it is a case pertaining to brokers, wherein it has been held at paragraph 25:

> *"25. The SEBI Act and the Regulations framed thereunder are intended to protect the interests of investors in the Securities Market which has seen substantial growth in tune with the parallel developments in the economy. Investors' confidence in the capital/securities market is a reflection of the effectiveness of the regulatory mechanism in force. All such measures are intended to pre-empt manipulative trading and check all kinds of impermissible conduct in order to boost the investors' confidence in the capital market. The primary purpose of the statutory enactments is to provide an environment conducive to increased participation and investment in the securities market which is vital to the growth and development of the economy. The provisions of the SEBI Act and the Regulations will, therefore, have to be understood and interpreted in the above light."*
>
> *In this case it was also held that in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or the provision of the Regulations is concerned. To quote:*
>
> *"31. 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…" We do not think that those illustrations are exhaustive. There can be several such situations, some of which we have discussed hereinabove.*

43. The traders thus having engaged in a fraudulent and unfair trade practice while dealing in securities, are hence liable to be proceeded against for violation of Regulations 3(a), 4(1) and 4(2)(a) of PFUTP Regulations. Appeal Nos.1969/2011, 3175/2011 and 3180/2011 are hence allowed. The orders of the Securities Appellate Tribunal are set aside and that of the SEBI are restored to the extent indicated above.

43. Further, I would like to refer to the observations of Hon'ble Supreme Court in the matter of Rakhi Trading Vs SEBI, as detailed below, to conclude that the trades executed by the Entities are not genuine.

"35. Having regard to the fact that the dealings in the stock exchange are governed by the principles of fair play and transparency, one does not have to labour much on the meaning of unfair trade practices in securities. Contextually and in simple words, it means a practice which does not conform to the fair and transparent principles of trades in the stock market. In the instant case, one party booked gains and the other party booked a loss. Nobody intentionally trades for loss. An intentional trading for loss per se, is not a genuine dealing in securities. The platform of the stock exchange has been used for a non-genuine trade. Trading is always with the aim to

make profits. But if one party consistently makes loss and that too in preplanned and rapid reverse trades, it is not genuine; it is an unfair trade practice. Securities market, as the 1956 Act provides in the preamble, does not permit "undesirable transactions in securities". The Act intends to prevent undesirable transactions in securities by regulating the business of dealing therein. Undesirable transactions would certainly include unfair practices in trade. The SEBI Act, 1992 was enacted to protect the interest of the investors in securities. Protection of interest of investors should necessarily include prevention of misuse of the market. Orchestrated trades are a misuse of the market mechanism. It is playing the market and it affects the market integrity.

36. Ordinarily, the trading would have taken place between anonymous parties and the price would have been determined by the market forces of demand and supply. In the instant case, the parties did not stop at synchronised trading. The facts go beyond that. The trade reversals in this case indicate that the parties did not intend to transfer beneficial ownership and through these orchestrated transactions, the intention of which was not regular trading, other investors have been excluded from participating in 46 these trades. The fact that when the trade was not synchronizing, the traders placed it at unattractive prices is also a strong indication that the traders intended to play with the market.

37. We also find it difficult to appreciate the stand of SAT that the rationale of change of beneficial ownership does not arise in the derivatives segment. No doubt, as in the case of trade in a scrip in the cash segment, there is no physical delivery of the asset. However, even in the derivative segment there is a change of rights in a contract. In the instant case, through reverse trades, there was no genuine change of rights in the contract. SAT has erred in its understanding of change in beneficial ownership in reverse trades. Even in derivatives, the ownership of the right is restored to the first party when the reverse trade occurs. In this context, the discussion in Ketan Parekh (supra) assumes significance:

> *"20. …As already observed 'synchronisation' or a negotiated deal ipso facto is not illegal. A synchronised transaction will, however, be illegal or violative of the Regulations if it is executed with a view to manipulate the market or if it results in circular trading or is dubious in nature and is executed with a view to avoid regulatory detection or does not involve change of beneficial ownership or is executed to create false volumes resulting in upsetting the market equilibrium. 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." (Emphasis Supplied)*

From the facts before us, it is clear that the traders in question did not intend to transfer beneficial ownership and therefore these trades are non genuine.

38. Rather than allowing the market forces to operate in their natural course, the traders repeatedly carried out the impugned transactions which deprived other market players from full participation. The repeated reversals and predetermined arrangement to book profits and losses respectively, made it clear that the parties were not

trading in the normal sense and ordinary course. Resultantly, there has clearly been a restriction on the free and fair operation of market forces in the instant case.

44. While dealing with the defenses put forth by Vipul, I would like to state that

43.1 I will consider his submission that he is not alleged for price manipulation by LTP contribution, NHP and firt trades while determining the quantum of penalty.

43.2 With regard to his submission that his match trades are miniscule and therefore cannot be said to create aritificial volume, I would like to state on a stand alone basis his submission may be considered, however, when he has been established as a member of Soni Group, I can't ignore his contribution in the overall allegation.

43.3 With regard to his claim that transactions were executed at the prevailing market price and on the floor of the exchange and there was transfer of beneficial ownership, I would like to refer to to Hon'ble SAT's observation in the matter of Anita Dalal vs. SEBI (Appeal no.211 of 2012) that *"… trades have taken place in the impugned scrips through a group of connected entities like Maruti Group and Maniar Group through reversal, self trades and off market transactions and the trades of the appellant also substantially fell in the same category and hence the theory of mere coincidence cannot be accepted. It is the case of the Board that reversal, self trades and matching trades have taken place in the dealings of the appellant and the percentage of transactions highlighted by the appellant cannot be considered to be relevant. There cannot be cases of perfect synchronization of time, quantity and volume. The appellant has contributed in the creation of artificial volumes in the scrips when the connected group traded in a manipulative manner…*"

43.4 With regard to Vipul's submission that apart from 4000 shares matched with Krupa out of 30,000 shares (buy order placed Order id - 15000063035104), there were 9 different counter parties to the said buy order. On analysiing the said order, it reaveals that out of 9 entities, 8 entities belong to Soni Group (highlighted) and only one entity was outside the group.

(Table 9)

Counter Parties	Sum Of Traded_Qty
Amul Gagabhai Desai	650
Arif Gulammustufa Shaikh	1750
Deepaben Ajaykumar Pala	2000
Desai Mahesh	100
Dhirenkumar Dharamdas Agarwal	6400
Krunal Gopaldas Rana	5500
Krupa Sanjay Soni	4000
Miteshgiri Chandangiri Goswami	8950
Soni Krupa Sanjay	650
Grand Total	**30000**

43.5 With regard to another claim (order id 22000071013789) there were 16 counter parties to his buy order there were 16 different counter parities including Sanjay, Krupa and JM Soni. However, on analyzing the said order, it reveals that out of 16 counter parties, orders to the tune of 45150 shares out of total trade of 49000 were matched with the entities belong to Soni Group(highlighted).

(Table 10)

Counter parties	Sum of Traded_Qty
Chauhan Pragnesh	100
Harshaben Rameshkumar Panchal	100
J M Soni Consultancy	18800
Jayeshbhai Keshavlal Gurjar	100
Jignesh Ashwinbhai Mevada	250
Krupa Sanjay Soni	5500
Kunjal Ghanshyambhai Modi	500
Nayanaben Sumanbhai Prajapati	50
Paresh Ramjibhai Chauhan	100
Pradeep Narendra Bhatt	150
Sanjay Jethalal Soni	20750
Sanjaykumar Dineshbhai Modi	1000
Satishchandra Fulchand Jain	500
Shilpa Prahladbhai Chauhan	100
Sonal Ankitkumar Darji	500
Sureshbhai Maganbhai Patel	500
Grand Total	**49000**

43.6 With regard to another claim (sell order id 12000097020676) there were 4 other counter parties to his sell order other than Krunal. On analysis, out of 4, 3 other counter parties are belong to Soni group (highlighted) and indicted in the current order.

(Table 11)

Counter parties	Sum of Traded_Qty
Desai Mahesh	1750
Krunal Gopaldas Rana	150
Laxman Harkishan Narang	250
Shantiben Gangaram Desai	300
Soni Nehaben Janakray	550
Grand Total	**3000**

45. In one of his defences with respect to connection amongst entities, Vipul, had referred to Hon'ble SAT's order in the matter of Ashlesh Shah Vs SEBI. I note that Hon'ble SAT has uphold that Ashlesh belongs to Soni Group and had set aside the order of SEBI WTM by stating that as the only trade executed by of Ashlesh cannot be termed as manipulative or an effort to create artificial volume. Therefore the facts of the current case is different, hence I am not inclined to rely on the submsisions made by Vipul.
46. With regard to Entities' claim that the purported matching of trades were due to normal matching of price and time algorithm which is inbuilt feature in trading platform/ system. However, considering the fact that all these match trades were carried out through a screen-based trading platform on a segment with hundreds of different scrips , the placement of orders repeatedly among connected entities, a significantly high percentage of matching of these orders, appear to be practically impossible unless there is a prior understanding or a pre-meditated plan between the entities executing them.

47. I note that trading between Entities had created artificial volume in the scrip which has incited other gullible investors to take interest in the scrip without any fundamentals. I note that though the alleged transactions were repetitive and were substantial in quantity and were definitely synchronized to create artificial volume in the scrip, hence allegation of creation of artificial volume stands concluded.

48. I note in the instant matter the matching of these trades was not noted in a solitary incident or two, instead, a large number of trades got matched regularly. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Entities in the scrip to induce other persons to invest in the said scrip.

Self-trades

49. Krunal, Krupa, Sanjay and Amul had indulged in self-trades by executing 115,300 shares through 840 trades, which constitutes Constituting 1.36% market volume as detailed below:

(Table 12)

Client Name	Self Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (Rs.)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Mr. KrunalGopaldasRana	34,850	240	36	1.00	0.41	5.14	6.57
Mr. Sanjay JethalalSoni	29,750	224	22	1.00	0.35	6.29	6.53
Ms. Krupa Sanjay Soni	29,550	146	34	-17.05	0.35	5.62	5.96
Mr. AmulGagabhai Desai	21,150	230	33	0.85	0.25	3.43	4.96
Total	115,300	840		-14.2	1.36	20.48	24.02

50. It was observed from the trade log/Order log that such self-trades were done by Krunal, Krupa, Sanjay and Amul on several days and in certain instances the time difference between buy and sale order was negligible.

51. It is not out of place to mention that if Krunal, Krupa, Sanjay and Amul were genuinely trading in the scrip, then, it should have adopted such modus operandi which is permissible / fair enough and in accordance with regulatory framework, but not such strategy which is not warranted under law. Such placing of orders with no time difference or very less time difference, itself pre assures Krunal, Krupa, Sanjay and Amul that their respective buy/sell orders are most likely to match with itself only. By adopting such mechanism/modus operandi of selling/buying shares to itself during entire listing day in high volumes as compared to total market that too many of them from same terminal, reveals fraudulent / manipulative intent of Krunal, Krupa, Sanjay and Amul to match its respective orders with itself without changing the ownership in such shares, and its intent to create misleading appearance of trading. In the absence of any solid defence rather than mere denial from Krunal, Krupa, Sanjay and Amul and on the basis of material available, I conclude that Krunal, Krupa, Sanjay and Amul had violation the provisions of FUTP regulations by executing self-trades.

LTP Contribution

52. From Table 5, I note that Krupa, Amul, Krunal, Sanjay, Dhiren, Mahesh, Vaishali, Arif, Shweta,Shantiben, Ajay, Neha and JM Soni who are related/ connected, had, while acting in tandem, acted in manipulative manner to inflate the LTP of the scrip and manipulated the stock price and created misleading appearance while executing match trades and self-trades and

thereby contributed to gross positive LTP of Rs.1,130.55 which contributes to 57.06% of total market positive LTP. I also note that the alleged violation of LTP contribution is not noted in a solitary incident or two, instead, a large number of trades got matched regularly through 1840 trades for 460,250 shares. The frequency of such trades ensured consistent matching of the orders for the purpose of creating volume among the Entities in the scrip to induce other persons to invest in the said scrip, create misleading appearance and price manipulation.

53. As can be seen from Table 6, Amul, Krupa, Shweta, Vaishali, Krunal, Mahesh, Sanjay, Arif, Dhiren, Shantiben, JM Soni and Neha had traded extensively in the scrip which resulted in NHP of Rs.151.45 through 230 trades and 45700 shares. Their contribution 40.65% to total market NHP establishes the allegation against them that they had indulged in price manipulation.

54. Here, it is important to refer to the observations made by the Hon'ble SAT in its order dated March 21, 2014 in ***Saumil Bhavnagari Vs. SEBI*** which are as under:

"… but by purchasing shares at the higher price in LTP in most of the trades, the noticee had given a wrong impression about the liquidity of the scrip in the market. It must not be forgotten that every trade establishes the price of the scrip and the Noticees trading at higher than LTP resulted in the price of the scrip going up and were done with a view to set the price at a desired level and thereby influencing the innocent/gullible investors. By purchasing at a higher price in most of his trades, the noticee had given the wrong impression about the price of the scrip in the market. It is an accepted state of affairs that in cases of manipulation of the volume and / or price of a particular scrip, it is usually an arduous task to obtain direct evidence. However, the analysis of the trade and order logs as undertaken hereinabove, establishes the malafide intention of the appellant."

First Trade

55. In addition, from Table 7, it can be seen that Amul, Krunal, Sanjay, Krupa, Dhiren, JM Soni and Shantiben had also contributed to price manipulation through first trade by contributing to first trade LTP of Rs.57.85 through 57 trades for 13400 shares. Thus establishes the allegation that they had contributed to LTP through First Trade.
56. The fact is that all 18 Entities had indulged extensively as a group while executing match trades and in addition some entities, as stated above, had also indulged in executing repetitive match trades, self-trades and price manipulation through LTP contribution, NHP and First trade.
57. I find that by indulging in the above mentioned manipulative trades, the Entities not only created artificial volume in the scrip and manipulated price gave a misleading appearance of trading in the scrip. The said match trades and self-trades trades during the investigation period for such volumes and over a period of time further establishes that the Entities were acting in concert and

such trades could not have been carried out without the meeting of minds for such manipulation in the market. Thus I conclude that the Entitles being related/connected with one another, had traded in the scrip in a manipulative manner and thus violated provisions as mentioned in paras 2,3 and 4 warranting imposition of monetary penalty under Section 15HA of the SEBI Act.

58. Having established that Entities had violated the provisions FUTP Regulations as stated above, I find the Entities liable for penalty.

59. The penalty levied in terms of the penal provisions as stated below:

Section 15HA of the SEBI Act, 1992 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 of twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.*

60. Here, it is important to refer to the observation of the Hon'ble Supreme Court of India in the matter of ***SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC)*** wherein it was observed 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…"*

61. While determining the quantum of penalty under Section 15HA of the Act, it is important to consider the factors stipulated in Section 15J of the SEBI Act, 1992 which reads as under:-

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

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default."

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

62. It is noted that available records does not specify the disproportionate gains or unfair advantage made by the Entities or the specific loss suffered by the investors due to such match trades, self-trades, and reversal trades.

63. Though, as observed above, no quantifiable unfair / disproportionate gain was shown to have been acquired by the Entities in the above mentioned activities, I cannot ignore the gravity of violations involved in the matter. Having established that Entities had executed trades which

were manipulative and in my opinion, indulging in trades with manipulative intent to create misleading appearance of trading (as analyzed in pre paras of this order), certainly is in the nature of causing possible adverse impact in disturbing the equilibrium of fair market mechanism. I would also like to take into consideration the adjudication proceedings dealt by me against the same Soni Group in the matters of Ushdev International Ltd, Saianand Commercial Limited (erstwhile Oregon Commercial Limited) and Shree Global Tradefin Ltd. I am of the opinion that entities of Soni Group are repetitive offenders and they are involved in several manipulative activities. While deciding the quantum of penalty for each Entity, the violations established against them and the repetitive nature of offences have been considered.

64. While levying the penalty, I had taken into consideration the role of Entities in the above referred proceedings dealt by me as detailed below:

64.1 Penalty levied (Table 13)

Scrip Name	**Entity**	**Penalty levied**
Shree Global Tradefin	Krupa, Krunal, Dhiren, Sanjay	Rs.10,00,000 each
	Amul, Mahesh, JM Soni, Arif	Rs. 5,00,000 each
Ushdev International Ltd	Krupa, Krunal	Rs.30,00,000 each
	Dhiren	Rs.25,00,000
	Amul	Rs.20,00,000
	Mahesh, Sanjay	Rs.15,00,000 each
	JM Soni, Shantiben, Amit, Arif	Rs.10,00,000 each
	Mitesh, Neha,	Rs.5,00,000 each

64.2 Involved in other proceedings before me (Table 14)

Scrip Name	**Entity**
Saianand Commercial Ltd	Krupa, Krunal, Sanjay, Dhiren, Amul, Mahesh, JM Soni, Arif, Vaishali, Mitesh, Shweta, Vipul and Ajay

65. Further, I would like to take into account the repetitive offences of the Entities and the penal action taken against them while determining the quantum of penalty as stated in clause (c) of Section 15 J. From the below mentioned table it is clear that despite being penalized on several instances, certain Entities continued to manipulate the market. Further the punishments should be so severe, to deter the offenders from repeating the same. It appears that despite being penalized on several instances certain Entities continued to manipulate the market. Therefore, I am of the opinion that penalty so levied should be so deterrent that these Entities do not resort

to these practices any further. Hence, I am convinced that the penalties levied against the Entities commensurate with their violations and repetitive offences.

(Table 15)

Entity name	Earlier Penal action taken by SEBI
Krupa	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Sanjay	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014 • Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014 • Penalty of Rs.30 lakh levied in the matter of Shree Global Tradefin Ltd which was reduced to Rs.10 lakh by SAT • Penalty of Rs.10 lakh levied in the matter of Hit Kit Global Solutions Ltd which was reduced to Rs.7 lakh by SAT • Restrained from buying or selling or dealing in the securities market for a period of 6 months in the matter of Vijay Textiles Ltd on December 11, 2007
Krunal	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Dhiren	• Restrained from buying or selling or dealing in the securities market till for a period of five years in the matter of Rotam Commercials Ltd on October 1, 2014
Amul	• Restrained from buying or selling or dealing in the securities market till further orders in the matter of Moryo Industries Ltd on December 4, 2014

ORDER

66. In view of the above, after considering all the facts and circumstances of the case and exercising the powers conferred upon me under Section 15-I (2) of the SEBI Act, 1992 read with Rule 5 of the Adjudication Rules, I hereby impose the following monetary penalties on Entities:

Sr. No.	Name of the Entity	Nature of findings in brief	Provisions of Law Violated	Penalty Provision	Penalty Amount (In Rs.)
1	Ms. Krupa Sanjay Soni (PAN: BVSPS9740P)	**Self Trade, Match Trade, Price manipulation through LTP Contribution,**	Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a),(b),(e)	**15 HA of the Act**	**25,00,000 (Rupees Twentyfive lacs)**
2	Mr. Krunal Gopaldas Rana (PAN: AKMPR9961M)				**25,00,000 (Rupees Twentyfive lacs)**
3	Mr. Sanjay Jethalal Soni (PAN:BVSPS9741N)				**25,00,000**

		NHP, First Trade	and (g) of FUTP Regulation		**(Rupees Twentyfive lacs)**
4	Mr. Amul Gagabhai Desai (PAN: AHDPD3526G)				**25,00,000 (Rupees Twentyfive lacs)**
5	Shantiben Gangaram Desai (ARLPD2375B)	**Match Trade, Price manipulation through LTP, NHP, First Trade**			**20,00,000 (Rupees twenty lacs)**
6	M/s. J M Soni Consultancy (PAN: AAGFJ2939P)				**20,00,000 (Rupees twenty lacs)**
7	Mr. Dhirenkumar Dharamdas Agarwal (PAN: AAZPA8189K)				**20,00,000 (Rupees twenty lacs)**
8	Mr. Mahesh Somabhai Desai (PAN: AMGPD0183P)	**Match trade, Price manipulation through LTP, NHP**			**15,00,000 (Rupees fifteen lacs)**
9	Mr. Arif Gulammustufa Shaikh (PAN: CKZPS8073E)				**15,00,000 (Rupees fifteen lacs)**
10	Shweta Dhiren Agarwal (PAN AIZPA2160J)				**15,00,000 (Rupees fifteen lacs)**
11	Ms. Vaishali Jimish Soni (PAN: AQHPS2680R)	**Price manipulation through LTP, NHP**	Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (b) and (e) of FUTP Regulation		**5,00,000 (Rupees five lacs)**
12	Nehaben Janakray Soni (AWOPS1717J)	**Price manipulation through NHP**			**5,00,000 (Rupees five lacs)**
13	Ajaykumar Jayantilal Pala (PAN AFHPP7032D)	**Price manipulation through LTP**			**5,00,000 (Rupees five lacs)**
14	Dhaval Satishkumar Agrawal (PAN AJYPA0481G)	**Match trade**	Section 12 (a), (b) and (c) of the Act read with Reg.3(a), (b), (c), (d), 4(1), 4(2) (a) and (g) of FUTP Regulation		**5,00,000 (Rupees five lacs)**
15	Janakray Vithaldas Soni (PAN AFNPS8401H)				**5,00,000 (Rupees five lacs)**
16	Vipul Virendra Patel (PAN AGQPP0881N)				**5,00,000 (Rupees five lacs)**
17	Amitkumar Rameshchandra Rana (ASPPR5709L)				**5,00,000 (Rupees five lacs)**
18	Mr. Miteshgiri Chandangiri Goswami (PAN: ARSPG2051Q)				**5,00,000 (Rupees five lacs)**

67. Entities shall remit/pay the said amount of penalty within 45 days of receipt of this order either by way of demand draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, or by e-payment facility into Bank account the details of which are given below:

Bank Name	State Bank of India
Branch	Bandra Kurla Complex
RTGS Code	SBIN0004380

Beneficiary Name	SEBI - Penalties Remittable to Government of India
Beneficiary A/c No	31465271959

68. Entities shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form as provided in SEBI Circular No. SEBI/HO/GSD/ T&A/CIR/P/2017/42 dated May 16, 2017 and details of such payment shall be intimated should be forwarded to "The Division Chief (Enforcement Department - DRA- I), Securities and Exchange Board of India, SEBI Bhavan, Plot no C- 4 A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400052 and also to e-mail ID - tad@sebi.gov.in

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

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

PLACE : MUMBAI **SAHIL MALIK**

DATE : 16 November, 2018 **ADJUDICATING OFFICER**