BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. Order/AA/MG/2019-20/5771]

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

Shri Vasudev Ramchandra Kamat (PAN: ADCPK2552N)

In the matter of Spectacle Industries Limited (now known as Spectacle ventures Limited)

BACKGROUND OF THE CASE

1. The Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') observed huge rise in the traded volumes and/or price of the shares of the Spectacle Industries Limited (Subsequently name changed to Spectacle Infotek Limited and now known as Spectacle Ventures Limited) (herein after referred to as '**Spectacle/Company**'). In view of the same, SEBI conducted an investigation in the scrip of Spectacle which is listed on the Bombay Stock Exchange (hereinafter referred to as '**BSE'**) and the National Stock Exchange (hereinafter referred to as '**NSE'**) for the period May 29, 2009 to April 30, 2010 (hereinafter referred to as '**Investigation Period /IP'**). It is noted that during the investigation period, the share price of Spectacle increased from Rs. 41.00 to Rs. 122.65.

2. The Adjudicating Officer (hereinafter referred to as '**AO**') of SEBI in its order dated September 26, 2014 (hereinafter referred to as '**AO order**') concluded that certain entities including Shri Vasudev Ramchandra Kamat (hereinafter referred to as '**Noticee/ by name'**) has created artificial volume in the scrip of Spectacle and imposed penalties accordingly. The aforesaid AO order was challenged by the Noticee in the Hon'ble Securities Appellate Tribunal (hereinafter referred as '**SAT**') in Appeal No. 14 of 2015 and SAT vide order dated March 08, 2016 (herein after referred to as '**SAT Order**') set aside the AO order with respect to the Noticee and restored the matter to the file of AO.

APPOINTMENT OF ADJUDICATING OFFICER

3. Considering the directions of SAT, the Competent Authority of SEBI, vide order dated August 09, 2017 appointed Shri Suresh B. Menon as AO to conduct the adjudication proceedings in the manner specified under Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**AO Rules**') and if satisfied that penalty is liable, impose such penalty deemed fit in terms of Rule 5 of the Adjudication Rules and Section 15HA of the SEBI Act. Pursuant to the posting of Shri Suresh B. Menon to another department of SEBI, the undersigned was appointed as the Adjudicating Officer vide order dated March 18, 2019.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A Show Cause Notice No. SEBI/EAD/AA/MKG/19929/2019 dated August 05, 2019 (herein after referred to as **'SCN'**) was issued to the Noticee by the undersigned under Rule 4(1) of the AO Rules to show-cause as to why an inquiry should not be initiated against the Noticee and penalty not be imposed upon it under section 15HA of the SEBI Act for the alleged violation of the Regulation 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the SEBI

(Prohibition of Fraudulent and Unfair Trade Practices relation to Securities market), 2003 (hereinafter referred to as the '**PFUTP Regulations'**).

5. The details in respect of violation/ non-compliance by the Noticee as observed from the SCN are as given below:

a) *On analysis of the trading activity in the scrip of Spectacle on BSE, the investigation, prima facie, revealed that a group of twenty eight (28) entities including the Noticee were connected to each other and had traded heavily in the scrip of Spectacle.*

b) *The details of 28 Pabari-Parikh Group entities along with connection within the group is given below:*

Table : 1

Client Name	KYC Relation	Fund Movement	Share movement through off market	Client Name	KYC Relation	Fund Movement	Share movement through off market
1.Gemstone Investments Ltd	Sl. no.10 is the director in sl. No.1. Sl. no.10 & 17 have common office address. Sl. no.10 introduced sl. no.17 for trading a/c.			**15.Santosh Vishram Ghadshi**	Has off market share and fund movement with Amar Premchand Walmiki, who has off market share and fund movement with sl. no. 17.		
2.Bhupesh Rathod	Introduced sl. no.22, 19, 17, 12 for trading a/c and knows sl. No. 25	With Sl. No. 27		**16.Bipinkumar Gandhi**			With sl. no. 17.
3.Ketan Babulal Shah			With sl. no.19	**17.Bhavesh Pabari**	Sl. no.10 & 17 have common office address. Sl. no.10 introduced sl. no.17 for trading a/c. Sl. no. 5 is his uncle & sl. no. 28 is his brother in law. Sl. no. 19 is cousin of sl. no.17 Sl. no. 17 & 22 both directors of Rajnandi Yarns Pvt. Ltd.(sl.no.4) Share common Tel. no. with sl. no. 27, 28, 6. Sl. no. 2 introduced him for trading a/c. BR* with sl. no. 6, 11, 12, 19, 22, 25, 27		With sl. no. 19, 22, 4, 5, 6, 27, 28, 16,
4.Rajnandi Yarns Private Limited	Sl. no. 17 & 22 both directors of Rajnandi Yarns Pvt. Ltd.(sl.no.4)		With sl. no. 5, 6, 11, 12, 17, 19, 22, 23, 27, 28,	**18.Kaushik Karsanbhai Patel**		With sl. no. 17.	With sl. no. 28.
5.Bharat Shantilal Thakkar	Sl. no. 17 is his nephew. Same address with sl. no.17. Sl. no. 17 is his nominee. Joint a/c with sl. no. 17.	With sl. no. 17, 19, 27	With sl. no. 17, 7, 4,	**19.Prem Mohanlal Parikh**	Sl. no. 19 is cousin of sl. no.17. Common email with sl. 27, 19 & 28.	With sl. no. 17, 22, 12.	With sl. no. 17, 22, 12, 4, 5, 6, 22, 23, 27, 28.

	BR* with sl. no. 6, 11, 12, 19, 22, 27, 28				Sl. no. 22 is nominee of sl. no.19. BR* with sl. no. 5, 6, 11, 12, 17, 22, 27, 28.		
6.Bipin Jayant Thaker	Same Tel. no. with sl. no. 17. BR* with sl. no. 5, 11, 12, 17, 19, 22, 27, 28,	With sl. no. 4, 17.	With sl. no. 4, 23, 11, 17, 19, 22.	**20.Santosh Maruti Patil**	Sl. no.10 introduced sl. no.20 for opening a/c with the member Comfort Securities.	With sl. no. 10.	
7.Vasudev Ramchandra Kamat#	Sl. no. 5 share the same address with sl. no.17.		With sl. no.5	**21.Kaushik Rajnikant Mehta**		With sl. no. 24, 15.	With sl. no. 17, 24.
8.Bharat G Vaghela	Same address & Tel.no. as sl. no. 16 who share movement with sl.no. 17. Sl. No. 11 is nephew of sl. no. 17 and shares same Tel. no. with sl. no. 17.	With sl. no. 11.		**22.Hemant Madhusuda n Sheth**	Sl. no. 17 & 22 both directors of Rajnandi Yarns Pvt. Ltd. Same email with sl. no. 28. BR* with 2, 5, 19, 27, 28, 6, 11, 12, & sl. no. 25 is his wife & sl. no. 26 is his nephew.	With sl. no. 17, 19, 12.	With sl. no. 17, 19, 12, 4, 25, 27, 28, 23, 6,
9.Sagar Janak Vyas	Similar address as sl.no. 19.			**23.Jigar Praful Ghoghari**			With sl. no. 4, 6, 19, 22, 27.
10.Narendra Prabodh Ganatra	Sl. no.10 is the director in sl. No.1. Sl. no.10 was a director in Spectacle (resigned from the said company on June 01, 2010). Sl. no.10 & 17 have common office address. Sl. no.10 introduced sl. no.17 for trading a/c.			**24.Vipul Hiralal Shah**	Sl. No. 21 has off-market transaction with sl. No. 17.	With sl. No. 21.	With sl. no.17.
11.Chirag Rajnikant Jariwala	Same Tel. no. with sl.no.17. Sl. no. 17 is his uncle. BR* with sl. no. 5, 6, 12, 17, 22, 27, 28.	With sl. no. 17, 22, 8, 4	With sl. no. 4, 6	**25.Mala Hemant Sheth**	Sl. no. 25 is the wife of sl. no. 22 and sl. no. 26 is the nephew.	With sl. no. 17, 19..	With sl. no. 22,
12.Kishore Chauhan	Joint a/c with sl. no. 17 Sl. no. 17 & 22 are witness for demat a/c. BR* with sl. no. 5, 6, 11, 17, 19, 22, 27.	With sl. no. 17, 19, 22	With sl. no. 4, 17, 19, 22, 28,	**26.Gaurang Ajit Seth**	Has common address & Tel. no. with sl. no. 22. & sl. no. 22 and 17 both directors of Rajnandi Yarns Pvt. Ltd.(sl.no.4)		
13.Manish Suresh Joshi	Sl. no.10 introduced sl. no.13 for trading a/c.			**27.Ankit Sanchaniya**	Same Tel. no. with sl. no. 19 and also shares Tel. no. with sl. no. 17 who is the nominee for his a/c. BR* with sl. no.5, 6, 11, 12, 17, 19, 22, 28,	With sl. no. 17, 19.	With sl. no. 4, 17, 19, 22, 11, 23, 28.
14.Kaushik Gangaram Rathod	Same Tel. no. with sl. no. 16.	Sl. no. 16 has fund movemen t with sl.no. 17.	Sl. no. 16 has off-market transfers with sl. no. 17.	**28.Vivek Kishanpal Samant**	Sl. no. 17 is the brother in law & shares common Tel. no. & sl.no. 17 is the nominee of sl. no. 28 for trading a/c & bank a/c. Shares email with sl. no. 22. Shares email with sl. no. 19.	With sl. no. 22.	With sl. no. 4, 17, 22, 11, 12, 19, 27.

*BR - Business relation.

The Noticee vide letter dated August 11, 2014 admitted his relationship with Bharat Shantilal Thakkar.

c) *It was observed from the trade log analysis that PPG entities dealing through multiple brokers purchased 12,91,93,874 shares accounting for 76.58% of the total volume*

traded during the period under investigation and sold 10,61,95,225 shares accounting for 62.95% of the total volume traded during the period under investigation. The Noticee purchased 5,000 shares in the scrip during the investigation period. Further, the Noticee sold 20,000 shares in the scrip accounting for 0.01% of the total traded volume during the period under investigation. Out of 28 PPG entities, 26 PPG entities traded 8,82,03,123 shares (52.28% of the market volume) within the group entities, accounting for 68.27 % of the total purchase of the group and 83.06 % of the total sale of the group.

d) *The SEBI has observed from the Price volume data that the scrip was traded on 228 trading days during the investigation period. Out of 228 trading days, the group entities traded among themselves on 223 days, i.e., 98% of the investigation period. It was observed that the contribution of the PPG entities to daily market volume ranged from 4.94% on May 29, 2009 to 81.15% on April 30, 2010. Out of 223 trading days on which the PPG entities traded among themselves, on 130 trading days PPG entities contributed more than 50% of the total market volume. It was further observed that out of aforesaid 223 trading days on which the PPG entities traded among themselves, on 215 trading days both buy and sell orders were placed within time difference of one minute. It was observed that the contribution of the PPG entities, to daily market volume ranged from 3.52% on May 29, 2009 to 83.56% on March 09, 2010. Out of 215 trading days, on 11 trading days, the PPG entities contributed to more than 50% of the total market volume by placing both buy and sale order within one minute time difference. Further, it was observed that the trades executed by the PPG entities on 149 trading days, out of 215 trading days, were synchronised in nature. It was also observed that by executing synchronised trades among the group entities, the contribution of PPG entities to total market volume ranged from 0.73% on May 29, 2009 to 28.69% on March 18, 2010.*

e) *The Pabari-Parikh group is found to have had indulged in off-market transfer of 5,53,54,390 shares of Spectacle amongst themselves during the period January 01, 2009 and January 31, 2011. The off-market deals and fund movements would further support the connection among the group.*

f) *In view of the above, it is alleged that that the Noticee being part of Pabari-Parikh Group entities indulged in trading within the group resulting in no change of beneficial ownership and thereby, created artificial volume in the scrip of Spectacle which gave a false and misleading appearance of trading in the scrip. Therefore, it is alleged that the Noticee has violated provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of the PFUTP Regulations. The Noticee was advised to file its reply if any, within 15 days of receipt of the SCN.*

6. The SCN was duly served upon the Noticee and the Noticee vide letter dated August 22, 2019 responded and made submissions on the preliminary issues such as issuance of fresh SCN in the matter. The Noticee also sought for an opportunity of personal hearing in the matter. Thereafter, the Noticee was granted an opportunity of personal hearing on September 12, 2019 vide hearing notice dated August 28, 2019, in the interest of natural justice. The Authorized Representative of the Noticee (herein after referred to as '**AR**') vide email dated September 09, 2019 requested for adjournment of the hearing which was acceded to. The Noticee was granted another opportunity of hearing on September 20, 2019, vide email dated September 13, 2019. The AR attended the hearing on the scheduled date and reiterated the submissions made by the Noticee vide letter dated August 22, 2019. The Noticee was granted final opportunity of personal hearing on October 09, 2019 vide email dated September 24, 2019. The AR, vide email dated September 25, 2019, requested to clarify whether the Noticee is required to reply to the SCN dated August 05, 2019 or to the SCN dated October 10, 2013. Vide email dated September 26, 2019, the AR was informed that the present proceedings are with respect to the SCN dated August 05, 2019. The AR vide email dated October 05, 2019 requested for adjournment of the hearing which was acceded to. The Noticee was granted final opportunity of hearing on October 22, 2019, vide email dated October 09, 2019. The Noticee vide letter dated October 09, 2019 replied to the SCN and inter alia made following submissions:

   i. *I am making my submissions to the present SCN dated 05-08-2019 by assuming that the earlier SCN dated 10-10-2013 has been replaced with the present SCN dated 05-08-2019.*
   ii. *I wish to submit that by qualification I am a doctor and presently employed in a reputed government hospital. Beside my profession of Doctor, I used to invest my savings in various schemes including the Securities Market.*
   iii. *I deny each and every statement, allegation, observation etc. made in the captioned SCN. I deny and refute that I had violated the provisions of PFUTP Regulations as alleged in the SCN.*

iv. *I deny that I was part of Pabari Parikh Group. I had purchased shares of Spectacle Infotek Limited and LGS through off market transactions from Mr. Bharat Thakkar.*

v. *Erstwhile AO in his order dated 23-09-2014 had dropped allegation of 4(2)(e) of PFUTP Regulation i.e. allegation of price manipulation against all the Noticees including me. Further, since no details has been provided regarding manipulation of the price of the scrip of Spectacle, I am not making any submission for the alleged violation of 4 (2) (e) of the PFUTP Regulation i.e. for price manipulation.*

vi. *Since in the present SCN, no such allegation has been made against me and I had admittedly not executed any synchronized trade, I am refraining myself from making any submissions on the same.*

vii. *My trading volume in the scrip of Spectacle was too miniscule as compare to the market volume and also in compare to volume of the other purported Pabari-Parikh Group entities. I had purchased only 5,000 shares and sold only 20,000 shares of Spectacle during the Investigation Period. Total market volume during the IP was 16,87,04,623 shares. It is submitted that the total buy quantity by the purported group entities in the scrip of SIL during the Investigation period was 12,91 ,93,874 shares and the sale quantity was 10,61,95,225 shares*

viii. *Out of, aforesaid buy of 5,000 shares, only 4,000 shares were matched within the group. Similarly, out of, aforesaid sell of 20,000 shares, only 17,600 shares were matched within the group.*

ix. *My most of the transactions were delivery based transactions.*

x. *The scrip was traded on 228 trading days during the investigation period out of which the group entities traded among themselves on 223 days. However, I have traded only on 12 days.*

xi. *That my off market transaction with Mr. Bharat Thakkar is not illegal and in the SCN no allegation has been made on the validity of the off market transaction.*

xii. *Besides the trading in the shares of SIL, I had made several delivery based transactions in various companies including couple of Nifty 50 companies.*

xiii. *The Investigation failed to prove any connivance amongst the Noticees.*

xiv. *It is further submitted that Mr. Bharat Thakkar was not the counterparty to my trades in the scrip of SIL except a paltry trade of 1,320 shares which was just a coincidence.*

xv. *That mere connection cannot be an allegation. The evidence to strengthen the connection such as KYC documents etc. are not provided with the SCN and during the inspection of the documents. Therefore, the principle of natural justice has not been followed in the present proceeding.*

xvi. *No order has been passed by the Ld. Whole Time Member, SEBI against me before or after issuing of the SCN dated 10-10-2013. I was not made a party to various Orders i.e. Ex-Parte Order dated 02-02-2011, confirmatory order dated 08-07-2011and final order passed by the Ld. Whole Time Member, SEBI in various scrip including Spectacle.*

xvii. It is further submitted that there has to be sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party. In the present SCN, no such iota of evidence of collusion with the counterparties to my trades has been found.

xviii. The Noticee also cited various case laws and judgments in support of its submissions.

The AR attended the hearing on the scheduled date and reiterated the submissions made by the Noticee vide letter dated October 09, 2019. The AR was granted time till November 05, 2019 to make additional submissions in the matter. The AR vide email dated November 05 & 25, 2019 made additional submissions wherein it cited various case laws in support of its submissions.

CONSIDERATION OF EVIDENCE AND FINDINGS

7. I have perused the written submissions of the Noticee and the documents available on record. The issues that arise for consideration in the present case are :
    a) Whether the Noticee has violated Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a), (b), (e) & (g) of PFUTP Regulations by indulging in manipulative trades.
    b) Does the violation, if any, attract monetary penalty under Section 15HA of the SEBI Act?
    c) If yes, what should be the quantum of penalty?

8. The Noticee in its email dated September 25, 2019 and its reply dated October 09, 2019 has sought clarification with respect to the issuance of fresh SCN to it. In this regard, it is clarified that the SCN dated October 10, 2013, issued to the Noticee along with other entities, was concluded vide adjudication order dated September 26, 2014. The aforesaid AO order was challenged by the Noticee in the Hon'ble SAT in Appeal No. 14 of 2015 and SAT vide order dated

March 08, 2016 set aside the AO order with respect to certain entities including the Noticee and restored the matter to the file of the Adjudicating Officer. Thereafter, an SCN dated August 05, 2019 was issued to the Noticee. I also note from the reply of the Noticee that an opportunity of personal hearing was granted to the Noticee, by the erstwhile Adjudicating Officer before the issuance of SCN dated August 05, 2019. However, in view of the discrepancies pointed out by the SAT in the Adjudication order dated September 26, 2014, a fresh SCN dated August 05, 2019 was issued. Further, a clarification in this regard was also sent to the AR vide email dated September 26, 2019.

9. Before moving forward, it is pertinent to refer to the relevant provisions of the PFUTP Regulations read as under:

> ***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;*
> ***(b)*** *dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;*
> *(c).....*
> *(d).....*

(e) *any act or omission amounting to manipulation of the price of a scrip*
(g) *entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

10. The first issue for consideration is whether the Noticee has violated provisions of Regulation 3(a), (b), (c), (d) and Regulation 4(1) & 4(2)(a), (b), (e) and (g) of PFUTP Regulations. On consideration of the SCN, its annexures and other material available on record, I observe that a Group of twenty eight (28) entities (hereinafter collectively referred to as the '**Pabari-Parikh Group/ PPG entities**') including the Noticee were connected to each other and had traded heavily in the scrip of Spectacle.

11. I also note from the SCN that the Noticee is connected to one of the PPG entities viz. Mr. Bharat Shantilal Thakkar. The Noticee has received shares of Spectacle, in the off market from Mr. Bharat Shantilal Thakkar which is admitted by the Noticee in its reply dated October 09, 2019. Further, the Noticee in its reply dated August 11, 2014 has made the following submissions with respect to Mr. Bharat Shantilal Thakkar –

"….On various occasions we (The Noticee and Mr. Bharat Shantilal Thakkar) had discussions among our self on different investment strategy and financial planning and had also attended stock market Seminar….."

Therefore, I find that the Noticee is admittedly connected to the PPG entity, Mr. Bharat Shantilal Thakkar, who in turn is connected to other PPG entities. Details of such connections are provided at the table – 1 and further elaborated in the SCN also.

12. I note from the available records that the Noticee, in collusion with the other PPG entities, was alleged to have contributed to the creation of artificial volume in the scrip of Spectacle during the Investigation period. I observe that out of

228 days on which the scrip of Spectacle was traded during the period of investigation, the trades amongst Pabari-Parikh Group were executed on 223 days, i.e., 98% of the total no of days the scrip was traded during the period of investigation. Further, the PPG entities purchased 12,91,93,874 shares accounting for 76.58% of the total volume traded during the period under investigation and sold 10,61,95,225 shares accounting for 62.95% of the total volume traded during the period under investigation. Further, Out of these 28 PPG entities, 26 PPG entities traded 8,82,03,123 shares (52.28% of the market volume) within the group entities, accounting for 68.27% of the total purchase of the group and 83.06% of the total sale of the group. Thus, I find that the Pabari-Parikh Group contributed significant volume in the scrip of Spectacle during the IP.

13. I observe from the available records and the trade log, that the Noticee and other PPG entities have executed following trades, in the scrip:

Table – 2

Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
Gemstone Investments Ltd. (Narendra P Ganatra)	626395	0.37	399286	351395	0.21	347193
Bhupesh Harishchandra Rathod	4583	0.00	1750	4583	0.00	722
Ketan Babulal Shah	111045	0.07	41893	18045	0.01	17218
Raj Nandi Yarns Private Limited	50500	0.03	49574	0	0.00	0
Bharat Shantilal Thakkar	10470357	6.21	6153659	9502811	5.63	6930672
Bipin Jayant Thaker	6631816	3.93	4760598	3822962	2.27	3153916
Vasudev Ramchandra Kamat	**5000**	**0.00**	**4000**	**20000**	**0.01**	**17600**
Bharat Gangasingh Vaghela	5632325	3.34	4000455	7036639	4.17	5708621
Sagar Janak Vyas	128000	0.08	0	0	0.00	0
Narendra Prabodh Ganatra	13538	0.01	0	13538	0.01	307
Chirag Rajnikant Jariwala.	3090781	1.83	2445224	1769290	1.05	1447682
Kishorbhai Balubhai Chauhan	9721840	5.76	5966256	8058635	4.78	6049066
Manish Suresh Joshi	50000	0.03	0	50000	0.03	48601
Kaushikkumar Gangaram Rathod	97140	0.06	0	0	0.00	0
Santosh Vishram Ghadshi	500	0.00	0	500	0.00	199
Bipinkumar Ramniklal Gandhi	1393286	0.83	598762	962338	0.57	287473
Prakash Pabari Bhavesh	14085463	8.35	9350484	20707340	12.27	18149114
Kaushik Karsanbhai Patel	0	0.00	0	10418	0.01	10418
Prem Mohanlal Parikh	12723256	7.54	9168628	7670445	4.55	6882270

Client Name	Total Buy (Market)	Percentage of Market Volume	Buy amongst Group	Total Sell (Market)	Percentage of Market Volume	Sell amongst Group
Santosh Maruti Patil	328516	0.19	249267	328516	0.19	242572
Kaushik Rajnikant Mehta	10000	0.01	305	10000	0.01	10000
Hemant Madhusudan Sheth.	29962411	17.76	20269354	22356173	13.25	18715993
Jigar Praful Ghodhari	947718	0.56	936030	582260	0.35	559011
Vipul Hiralal Shah	439119	0.26	365218	236600	0.14	206075
Mala Hemant Sheth	818384	0.49	499338	625863	0.37	544230
Gaurang Ajit Sheth	18087	0.01	8672	15042	0.01	7898
Ankit Rajendre Sanchaniya	15478199	9.17	10398910	9984834	5.92	7620317
Vivek Kishanpal Samant	16355615	9.69	12535460	12056998	7.15	11245955
Total	**129193874**	**76.58**	**88203123**	**106195225**	62.95	88203123

14. I note from the available records that the Noticee's buy quantity was 5,000 shares which contributed 0.0029% of the total market volume in the scrip of Spectacle. The Noticee's buy quantity in Spectacle, within the Pabari-Parikh Group was 4,000 shares, which contributed 0.0045% of buy volume among the Pabari-Parikh Group. The Noticee's sell quantity was 20,000 shares, which contributed 0.01% of the total market volume in the scrip during the IP. The Noticee's sell quantity within the Pabari-Parikh Group, in the scrip, was 17,600 shares, which was 0.02% of the sell volume among the Pabari-Parikh Group. From the above, I find that the Noticee, by trading amongst the group, has contributed to the volume created by the Pabari-Parikh Group in the scrip of Spectacle.

15. The Noticee has contended "*….. there has to be sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party. In the present SCN, no such iota of evidence of collusion with the counterparties to my trades has been found.* ". In this regard, I note that it is extremely difficult to prove facts which are especially within the knowledge of parties concerned and the legal proof in such circumstances depends upon the attending circumstances and, therefore, circumstantial evidence has to be taken into consideration. In this connection, it would be appropriate to refer to the Order of the Hon'ble Supreme Court of India in SEBI vs. Kishore Ajmera; Civil Appeal

No. 2818 of 2008 (dated February 23, 2016), wherein the following has been observed with respect to market manipulations:

> *"It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion…"*

Therefore I do not find any merit in the submission of the Noticee.

16. In view of the above, I conclude that the Noticee being part of the Pabari-Parikh Group has indulged in trading among the group entities, involving no change of beneficial ownership, in the scrip of Spectacle. I find that neither the Noticee nor the available records provide any plausible justification for such trading behavior. Thus, I find that the trading of the Noticee has also contributed to the creation of artificial volume and such trading is fraudulent in nature. Therefore, I find that the dealings of the Noticee are manipulative and therefore, the charges levelled against them in the SCN regarding the contravention of the provisions of Regulations 3(a), (b), (c), (d) and Regulations 4(1), 4(2)(a), (b) & (g) of PFUTP Regulations stand established.

17. I find from the investigation report that the buy order rate at which the Noticee placed the orders was close to the best available sell orders and as such the price rise on account of the said trades cannot be attributed to the Noticee. In

view of the above, the allegation against the Noticee for violation of the provisions of Regulation 4(2)(e) of the PFUTP Regulations does not stand established.

18. I note that the Noticee has *inter alia* stated that the evidence to strengthen the connection such as KYC documents etc. are not provided with the SCN. However, it is seen that the data of the market trades and off market transaction of PPG entities including that of the Noticee, relied upon in the instant proceedings have already been provided to the Noticee.

19. The Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) 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…".*

20. In view of the above, I am convinced that it is a fit case for imposition of monetary penalty on the Noticee under the provisions of Section 15HA of the SEBI Act, which reads as under:

SEBI Act

Penalty for fraudulent and unfair trade practices.

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

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

Factors to be taken into account while adjudging quantum of penalty.

15J.While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely:—

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation.— For the removal of doubts, it is clarified that the power 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.

22. I note that the available records do not mention the specific profits made by the Noticee or loss suffered by the investors due to price manipulation committed by the Noticee in the instant case. However, I cannot ignore the gravity of violations involved in the matter. Having established that the Noticee had executed trades through which he contributed to the volume manipulation, in my opinion, such trades are certainly in the nature of causing adverse impact in disturbing the equilibrium of fair market mechanism. I also note that the other PPG entities have contributed significantly in artificial volume creation by trading among themselves and by indulging in synchronized trades and self-trades in the scrip during the investigation period. However, in respect of the Noticee, the only charge is creation of artificial volume by trading among the PPG entities.

ORDER

23. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticee and also the factors mentioned in Section 15J of the SEBI Act and in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the AO Rules, I hereby impose a penalty of Rs. 1,00,000/- (Rupees One Lakh only) on the Noticee viz. Shri Vasudev Ramchandra Kamat under the provisions of Section 15HA of the SEBI Act. I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticee.

24. The Noticee shall remit / pay the said total amount of penalty within 45 days of receipt of this order in either of the way, such as by following the path at SEBI website www.sebi.gov.in, ENFORCEMENT > Orders > Orders of AO > PAY NOW; OR by using the web link https://siportal.sebi.gov.in/intermediary/AOPaymentGateway.html. In case of any difficulties in payment of penalties, the Noticee may contact the support at portalhelp@sebi.gov.in.

25. The said confirmation of e-payment made in the format as given in table below should be sent to "The Division Chief, EFD-DRA- II, Securities and Exchange Board of India, SEBI Bhavan, Plot no. C- 7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051" and also to e-mail id:- tad@sebi.gov.in

1. Case Name:	
2. Name of 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)	

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

27. In terms of the provisions of Rule 6 of the Adjudication Rules, copies of this order are being sent to Shri Vasudev Ramchandra Kamat and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: November 28, 2019

Dr. ANITHA ANOOP
ADJUDICATING OFFICER