WTM/AB/IVD/ID2/14174/2021-22

SECURITIES AND EXCHANGE BOARD OF INDIA

FINAL ORDER

Under Section 12(3) of Securities and Exchange Board of India Act, 1992 read with Regulations 27 of Securities and Exchange Board of India (Intermediaries) Regulations, 2008

In respect of:

Sr. No.	Name of the Intermediary	Registration Number
1.	Yoke Securities Limited (Previously known as Venture Broking Pvt. Ltd.)	INZ000242232 (Previous registration numbers: INB011294239 INB231123234)

In the matter of Pyramid Saimira Theatre Ltd.

1. The present proceedings have emanated from a show cause notice dated December 23, 2020 (hereinafter referred to as **"SCN"**) issued by Securities and Exchange Board of India (hereinafter referred to as "**SEBI"**) to Yoke Securities Limited, previously known as Venture Broking Pvt. Ltd. (hereinafter referred to as "**Noticee**"). The Noticee presently is a registered stock broker with SEBI being member of National Stock Exchange of India Ltd. (hereinafter referred to as "**NSE**") and BSE Ltd. (hereinafter referred to as "**BSE**").

2. The SCN forwarded therewith copy of an Enquiry Report dated July 21, 2020 (hereinafter referred to as "**ER**") submitted by the Designated Authority (hereinafter referred to as "**DA**") and called upon the Noticee to show cause as to why action as recommended by the DA including passing of appropriate direction should not be taken against them in terms of the erstwhile Regulation 28 (2) (since omitted) of the SEBI (Intermediaries) Regulations, 2008 (hereinafter referred to as "**Intermediaries Regulations**"). In the ER, the DA had recommended that the Noticee may be a prohibited from taking up any new clients for a period of 4 months.

3. The ER found that Noticee had violated Section 12A of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act, 1992**") read with Regulations 3(a), 3(b), 3(c), 3(d), 4(1), 4(2) (a), (b) and (e) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations, 2003**"). The ER also found that the clients of the Noticee had traded extensively in the scrip of Pyramid Saimira Theatre Limited (hereinafter referred to as "**PSTL**") with entities related to Mr. Nirmal Kotecha (one of the promoters and the largest shareholder of PSTL) and facilitated Mr. Nirmal Kotecha to offload his stake in the market to the detriment of the genuine investors and adversely affecting the integrity of securities market and the Noticee facilitated the same.

4. A brief background of the matter is as follows:

   a. On December 21 and 22, 2008, there were several media reports that the SEBI had directed Mr. P.S. Saminathan, one of the promoters of PSTL, to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "**SAST Regulations**") for an additional 20% stake at a price not less than Rs 250/- within 14 days, for allegedly violating creeping acquisition norms. With the reports in the media appearing about the

impending offer at Rs 250/-, the shares of the company shot up on Monday morning i.e. December 22, 2008, when the stock markets opened for the day. On December 22, 2008, PSTL first informed BSE and NSE in the morning that PSTL had not received any communication from SEBI regarding the media reports on Open Offer. BSE disseminated the denial by PSTL at 10:28:04 a.m. on December 22, 2008 on its website and NSE did so at 10:30:00 a.m. on same day.

b. Subsequently, on the same day, at around 10:30 a.m., PSTL received the alleged SEBI order directing PSTL to make an open offer, when the courier company, Blue Dart, delivered the purported SEBI letter to PSTL. Mr. P.S. Saminathan informed BSE and NSE on December 23, 2008 about the receipt of the letter from SEBI. In this regard, on December 23, 2008, SEBI issued a Press Release clarifying that the SEBI had neither issued a letter nor an order to Mr. P.S. Saminathan for the said open offer and that the said letter was apparently circulated with ulterior motives. SEBI had lodged an FIR with regard to the forgery of the SEBI letter in Bandra Kurla Police Station, Mumbai and also initiated an investigation into the matter.

c. The investigations by SEBI, *prima facie*, revealed that the forgery was done to manipulate the stock price of PSTL and that Mr. Nirmal Kotecha, one of the promoters and the largest shareholder of PSTL then, was one of the major beneficiaries of the said manipulation and appeared to have largely masterminded the forgery. It was further observed that several persons/ entities directly and indirectly related to Mr. Nirmal Kotecha had bought PSTL shares on BSE and NSE during December 15-19, 2008 and sold these shares on December 22, 2008 i.e. after the price rise in the shares on December 22, 2008 consequent to the publication of the forged SEBI letter. It was also found that some persons/ entities had sold PSTL shares on December 22, 2008 and bought back the shares at lower prices on the same day taking advantage of

both the price rise which occurred due to the publication of the forged SEBI letter as well as the price fall which occurred due to a clarification issued by Mr. P.S. Saminathan that PSTL had not received any communication from SEBI directing Mr. P. S. Saminathan to make open offer.

d. Pending investigation, SEBI vide an *ad interim ex parte* order dated April 23, 2009 (hereinafter referred to as "**the interim order**") issued under Sections 11, 11B and 11(4) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**") *inter alia* directed 257 entities and their proprietors/partners/directors, as applicable, who *prima facie* appeared to have played a role in the forgery of the SEBI letter, dissemination of the information contained in the forged letter to the media, misleading the media to believe in the authenticity of the information that was circulated to them, carrying out suspicious banking transactions, carrying out and disguising the manipulative intent of Mr. Nirmal Kotecha and gaining advantage from the forgery and have channeled funds either directly or indirectly in the stock markets for manipulating the scrip of PSTL, not to buy, sell or deal in the securities market including in Initial Public Offerings, in any manner, either directly or indirectly, till further directions. Thereafter, investigation was concluded which revealed that there were several others who were also involved in the manipulation in the scrip of PSTL and associated with Mr. Nirmal Kotecha in the following manner:

(i) These entities were associates of Mr. Nirmal Kotecha and are directly or indirectly related with him as part of the 'Nirmal Kotecha Associates' and had benefitted from the circulation of the forged letter.

(ii) Mr. Amol Konkane had acted as a front entity of Mr. Nirmal Kotecha to execute alleged fraudulent trades in the securities market and camouflage his nefarious activities.

(iii) Several entities had executed circular trades, reversal trades, synchronized trades and self-trades in PSTL shares amongst entities associated with Mr. Nirmal Kotecha on various dates resulting in manipulation of the price/volume in the shares of PSTL.

(iv) Several entities had executed fraudulent and fictitious trades and have facilitated Mr. Nirmal Kotecha in offloading his stake in the scrip of PSTL in the market.

e. With respect to the Noticee, the investigation concluded that the Noticee had connived with the broker, India Capital Market Pvt. Ltd. (hereinafter referred to as "**ICMPL**") to create artificial volumes in the PSTL scrip to facilitate Mr. Nirmal Kotecha to offload his shares in the market to the detriment of the genuine investors. To facilitate the gameplan, the Noticee had allegedly used its own director to carry out the nefarious activities of Mr. Nirmal Kotecha. It was further alleged that the clients of the Noticee indulged in synchronised, reversal and matched trades with the clients of ICMPL who were acting as front entities of Mr. Nirmal Kotecha.

5. After giving an opportunity of hearing to the Noticee, and considering the reply submitted by the Noticee and other material available on record, the DA submitted the ER which recommended that the Noticee be a prohibited from taking up any new clients for a period of 4 months. Thereafter, the SCN was issued to the Noticee on December 23, 2020. After the issuance of the SCN, a letter dated February 11, 2021 was received from the Noticee acknowledging the receipt of the SCN and stating that it did not wish to avail an opportunity of personal hearing in the matter. The Noticee did not make any submissions on the findings of the ER, in its reply. Thereafter, the matter was placed before another Whole Time Member of SEBI as the Designated member for further proceedings on March 01, 2021. Thereafter on August 02, 2021 the matter was placed before me as a

Designated Member, as the earlier Designated Member was demitting office on October 04, 2021. In view of the same, the matter is being proceeded with based on the material available on record.

6. The ER has noted that SEBI conducted investigation from the period June 1, 2008, as it was observed that there was significant increase in the trading volume of PSTL shares on BSE and NSE from June 2008 onwards as follows:

Month	**BSE traded quantity**	**NSE traded quantity**
January 2008	2342025	3480268
February2008	1135238	2322225
March 2008	2079554	2256511
April 2008	1128920	1201922
May 2008	2450990	2688202
Average (Jan – May 2008)	**18,27,345**	**23,89,826**
June 2008	88,44,112	69,10,155
July 2008	1,44,13,084	1,60,83,893

7. The ER also noted from the documents on record that the Noticee traded in the scrip of PSTL on behalf of three clients viz.

a) Ms. Priyanka Desai – wife of Mr. Darshan Desai, in whose name the Borivali (west) branch of the broker ICMPL was registered. Ms. Priyanka Desai was observed to be the remisier with ICMPL. It was further observed that during the investigation period, Mr. Darshan Desai executed trades for his wife Ms. Priyanka Darshan Desai in the scrip of PSTL.

b) Mr. Ankit Girishkumar Vasani – who also had a client account with the Borivali (West) branch of the broker ICMPL and who was in close touch with Mr. Amit Joshi, Branch Manager of Rashmi Building, Borivali (west) branch of ICMPL.

c) Mr. Amit Navinchandra Joshi – who is the Branch Manager of Rashmi Building, Borivali (west) branch of the broker ICMPL. He had introduced Mr.

Ankit Vasani to Borivali (West) branch of ICMPL and was found to be in close touch with Mr. Ankit Vasani.

8. It was observed in the ER that Mr. Ankit Vasani and Ms. Priyanka Desai were introduced to the Noticee by Mr. Nitin Goradia, Chartered Accountant of Mr. Rajesh Jani (the then Director of the Noticee). It was further observed that Mr. Nitin Goradia was the common link between the Noticee and ICMPL. Mr. Nitin Goradia was Mr. Rajesh Jani's Chartered Accountant and he had also lent the premises owned by him to ICMPL on rent from where the Borivali (West) branch of ICMPL was running.

9. The details of the trading done by the above- mentioned clients of the Noticee for the period from June 1, 2008 to December 22, 2008 in PSTL is provided below:

Trade Date	**Client Name**	**Sum of Buy Quantity**	**Sum of Buy Trade Value (Rs.)**	**Sum of Sell Quantity**	**Sum of Sell Trade Value (Rs.)**
August 1, 2008	Ankit Girishkumar Vasani	1735	289819.8	1735	291689
August 27, 2008	Ankit Girishkumar Vasani	200	26400	200	26342
September 10, 2008	Ankit Girishkumar Vasani	23244	3524410	23244	3630298
September 17, 2008	Ankit Girishkumar Vasani	951	115537.3	951	114430.3
September 29, 2008	Ankit Girishkumar Vasani	3863	362632	3863	366985
October 1, 2008	Ankit Girishkumar Vasani	382	36971.7	382	37148.45
October 3, 2008	Ankit Girishkumar Vasani	5000	466225	5000	466000
October 8, 2008	Ankit Girishkumar Vasani	510	40866.05	510	40592.65
November 3, 2008	Ankit Girishkumar Vasani	27998	1334652	27998	1341619

November 3, 2008	Priyanka Darshan Desai	89991	4577688	89991	4625581
November 4, 2008	Ankit Girishkumar Vasani	68187	3778080	68187	3809147
November 4, 2008	Priyanka Darshan Desai	93511	5139097	93511	5213183
November 5, 2008	Ankit Girishkumar Vasani	61481	3461043	61481	3519622
November 5, 2008	Priyanka Darshan Desai	1201	66713.05	1201	66576.7
November 6, 2008	Ankit Girishkumar Vasani	7872	396539.8	7872	395078.6
November 7, 2008	Ankit Girishkumar Vasani	5128	267422.2	5128	268082.6
November 10, 2008	Ankit Girishkumar Vasani	6438	359114	6438	359437
November 11, 2008	Ankit Girishkumar Vasani	4567	242332	4567	241561.7
November 14, 2008	Ankit Girishkumar Vasani	926	41665	926	41623.7
November 22, 2008	Amit Navinchandra Joshi	32995	2291733	32995	2311820
		436180	**26818941**	**436180**	**27166818**

10. The ER noted that an analysis of the counterparty clients of the Noticee's clients revealed that the major counterparty clients were Mr. Nirmal Kotecha and persons/ entities related/ associated with Mr. Nirmal Kotecha. It was observed that Mr. Rajesh Jani was the director of both Dynamic Stock Broking Pvt. Ltd. (hereinafter referred to as "**Dynamic**") (counterparty to the trades of the clients of the Noticee) and the Noticee. Further, out of the total trading volume of 4,36,180 shares each on buy and sell side, respectively, in the scrip of PSTL by the Noticee on behalf of the aforesaid three clients, 1,60,142 shares on the buy side and 1,28,409 shares on sell side matched with Mr. Nirmal Kotecha, Mr. Amol Kokane (front entity of Mr. Nirmal Kotecha) and persons/ entities associated with Mr. Nirmal Kotecha. The details of the counterparties to the trades of the aforesaid clients of the Noticee as given in the ER are below:

Trade Date	Client Name	CP Client Name	B	S	Grand Total
10-Sep-08	Ankit Girishkumar Vasani	DKG Securities Pvt Ltd	9712	1000	10712
	Ankit Girishkumar Vasani	Dynamic Stock Broking	466	1	467
	Ankit Girishkumar Vasani	Devang Rohitbhai Shah	200		200
	Total		**10378**	**1001**	**11379**
3-Nov-08	Ankit Girishkumar Vasani	Amol Anand Kokane	6700	10050	16750
	Total		**6700**	**10050**	**16750**
	Priyanka Darshan Desai	Amol Anand Kokane	36753	27902	64655
	Priyanka Darshan Desai	Dynamic Stock Broking		300	300
	Total		**36753**	**28202**	**64955**
4-Nov-08	Ankit Girishkumar Vasani	DKG Securities Pvt Ltd		41019	41019
	Ankit Girishkumar Vasani	Amol Anand Kokane	35363	7	35370
	Total		**37363**	**41026**	**78389**
	Priyanka Darshan Desai	Amol Anand Kokane	5722	37087	42809
	Priyanka Darshan Desai	DKG Securities Pvt Ltd		3611	3611
	Priyanka Darshan Desai	Priyanka Darshan Desai	894	894	1788
	Priyanka Darshan Desai	Dynamic Stock Broking	99		99
	Total		**6715**	**41592**	**48307**
5-Nov-08	Ankit Girishkumar Vasani	Amol Anand Kokane	35225	5238	40463
	Ankit Girishkumar Vasani	Dynamic Stock Broking	700	100	800
	Ankit Girishkumar Vasani	Priyanka Darshan Desai		100	100
	Total		**35925**	**5438**	**41363**
	Priyanka Darshan Desai	Amol Anand Kokane		100	100
	Total			**100**	**100**
22-Dec-08	Amit Navinchandra Joshi	Nirmal Narendra Kotecha	20023		20023
	Amit Navinchandra Joshi	Nirmal Narendra Kotecha	6285		6285
	Amit Navinchandra Joshi	Dynamic Stock Broking		1000	1000
	Total		**26308**	**1000**	**27308**
Grand Total			**160142**	**128409**	**290593**

11. The ER has analyzed some instance of synchronized and reversal trades between the clients of the Noticee and entities associated with Mr. Nirmal Kotecha. The same are discussed hereafter.

12. The details of the synchronized trade between Ms. Priyanka Darshan Desai, where the Noticee was acting as stock broker on her behalf) and Mr. Amol Anand Kokane (front entity of Mr. Nirmal Kotecha) is as given below:

    a. On November 3, 2008, Ms. Priyanka Darshan Desai sold 27,902 shares of PSTL through 11 trades to Mr. Amol Anand Kokane on BSE through the Noticee. Mr. Amol Kokane traded through the broker ICMPL. On the same day, Ms. Priyanka Darshan Desai bought back 36,753 shares through 4 trades from Mr. Amol Anand Kokane on BSE. Examination of the trades between Mr. Amol Anand Kokane and Ms. Priyanka Darshan Desai revealed that there were a total of 15 trades between them on November 3, 2008 on BSE. It was observed that the orders were placed by Mr. Amol Anand Kokane and Ms. Priyanka Darshan Desai in a synchronized manner so as to result in their orders getting matched in trades of large quantities of shares.

    b. On November 4, 2008 Priyanka Darshan Desai sold 37,087 shares of PSTL to Amol Anand Kokane on BSE through the Noticee. On the same day, Priyanka Darshan Desai bought back 5,722 shares from Amol Anand Kokane on BSE.

13. The ER noted from the order log and trade log that Ms. Priyanka Darshan Desai, one of the client of Noticee and Mr. Amol Anand Kokane had executed synchronized reversal transactions in the scrip of PSTL. As given in the example above, the two clients carried out reversal trades for 27,902 shares and 5,722 shares, respectively, on November 03, 2008 and November 04, 2008. It was observed that the trades of Ms. Priyanka Desai were executed by Mr. Darshan

Desai through the Noticee. The trades of Mr. Amol Kokane too were executed by Mr. Darshan Desai, but through the broker ICMPL, during the period October 27, 2008 to November 17, 2008. Therefore, it was observed that, during the said period, it was Mr. Darshan Desai who himself was executing the trades in the names of both viz. his wife Ms. Priyanka Desai, through the Noticee and Mr. Amol Kokane, through ICMPL, which had matched. Therefore, though these trades *prima facie* show transfer of beneficial ownership, but, in effect Mr. Darshan Desai himself was taking both the buy and sell decisions for the trades between Mr. Amol Kokane and Ms. Priyanka Desai.

14. It is also observed in the ER that there were synchronized trades between Ms. Priyanka Desai and Ms. Falguni Jayesh Shah, where the Noticee acted as the stock broker of Ms. Priyanka Desai. Transactions between Ms. Priyanka Darshan Desai and Ms. Falguni Shah is as under:

a. On November 3, 2008, Ms. Priyanka Darshan Desai trading through the Noticee bought 20,000 shares of PSTL from Ms. Falguni Jayesh Shah on BSE who was trading through B N Rathi Securities Ltd. On the same day, Ms. Priyanka Darshan Desai sold 19,900 shares to Ms. Falguni Jayesh Shah on BSE. Examination of the trades between Ms. Falguni Jayesh Shah and Ms. Priyanka Darshan Desai revealed that there were a total of two trades between them on November 3, 2008 on BSE. The examination of orders placed by Ms. Falguni Jayesh Shah and Ms. Priyanka Darshan Desai revealed that the orders were placed in a synchronized manner so as to result in their orders getting matched in trades of large quantities of shares.

b. On November 4, 2008, Ms. Priyanka Darshan Desai bought 25,847 shares of PSTL from Ms. Falguni Jayesh Shah on BSE. On the same day, Ms. Priyanka Darshan Desai sold back 24,796 shares to Ms. Falguni Jayesh

Shah on BSE. Examination of the trades between Falguni Jayesh Shah and Priyanka Darshan Desai revealed that there were a total of seven trades between them on November 4, 2008 on BSE. The examination of the orders placed by them revealed that the orders were placed in a synchronized manner so as to result in their orders getting matched in trades of large quantities of shares.

15. The ER, relying on call data records, noted that Mr. Darshan Desai called Mr. Jayesh Shah, the husband of Ms. Falguni Shah on November 4, 2008 at 14:31:20 and thereafter Mr. Darshan Desai on behalf of his wife Ms. Priyanka Desai and Mr. Jayesh Shah on behalf of his wife Ms. Falguni Jayesh Shah started executing synchronized trades in PSTL.

16. The reversal transaction between Mr. Amol Anand Kokane and Mr. Ankit G Vasani, where the Noticee acted as a stock broker of Mr. Ankit G. Vasani, as given in the ER, is as under:

a. On November 3, 2008, Mr. Amol Anand Kokane sold 6,700 shares of PSTL through 4 trades to Mr. Ankit Girish Vasani on BSE through the ICMPL. Mr. Ankit Girish Vasani was trading through the Noticee. On the same day, Mr. Amol Anand Kokane bought back 10,050 shares through 5 trades from Mr. Ankit Girish Kumar Vasani on BSE.
b. On November 5, 2008 Mr. Amol Anand Kokane sold 35,225 shares of PSTL through 10 trades to Mr. Ankit Girish Kumar Vasani on BSE. On the same day, Mr. Amol Anand Kokane bought back 5,238 shares through 10 trades from Mr. Ankit Girish Kumar Vasani on BSE.

17. The ER states that Mr. Ankit Vasani was introduced to ICMPL branch at Goyal Shopping Centre, Borivali (west) by Mr. Amit Joshi, Branch Manager, Rashmi Building, Borivali (west) Branch of ICMPL, who was also in close touch with Mr.

Ankit Vasani. From the call records, ER also observes that Mr. Darshan Desai, who was operating the account of Mr. Amol Kokane during the said period especially on November 3 and 5, 2008, was also seen to be in touch with Mr. Amit Joshi. ER observes that Mr. Ankit Vasani started trading in the scrip of PSTL from 11:19:26 through the Noticee i.e. immediately after he received call from Mr. Amit Joshi on November 03, 2008 at 11:19:01. He placed a total buy order for 3,77,420 shares and sell order for 5,20,309 shares of PSTL on November 03, 2008. The ER observes that trading on behalf of Mr. Amol Kokane in PSTL on November 03, 2008 started from 13:06:00 on that day. The ER observes that there were several matching trades between Mr. Amol Kokane trading through ICMPL and Mr. Ankit Vasani trading through the Noticee on the said days. The ER states that Mr. Darshan Desai was executing the trades on behalf of Mr. Amol Kokane during the said period. Also, it is known that Mr. Amol Kokane was Mr. Nirmal Kotecha's front. Thus, ER states that on November 03, 2008, Mr. Darshan Desai, the Branch Manager of Goyal Shopping Centre, Borivali (West) branch of ICMPL and Mr. Amit Joshi, Branch Manager, Rashmi Building, Borivali (West) branch of the ICMPL were together facilitating Mr. Nirmal Kotecha, through his front Mr. Amol Kokane, to carry out synchronized reversal transactions with Mr. Ankit Vasani, who was introduced to Borivali (West) branch of the Noticee by Mr. Amit Joshi, who was the then Branch Manager of Rashmi Building, Borivali (West) branch of ICMPL. It is further observed that Mr. Amit Joshi was in touch with Mr. Ankit Vasani on November 05, 2008, around the time when Mr. Ankit Vasani had put buy/ sell orders for trading in the scrip of PSTL. There were several matching trades between Mr. Amol Kokane and Mr. Ankit Vasani on the said day too. The ER further observed that Mr. Darshan Desai and Mr. Amit Joshi were together facilitating Mr. Nirmal Kotecha, through his front Mr. Amol Kokane, to carry out synchronized reversal transactions in PSTL on November 03 and 05, 2008. However, I find that no instances of synchronized trades between Mr. Amol Anand Kokane and Mr. Ankit Girish Vasani are mentioned in the ER.

18. The ER also mentioned the fund flow amongst various entities as follows:

> "It was further observed that Mr. Nitin Goradia was the common link between the Noticee by virtue of being Mr. Rajesh Jani's Chartered Accountant and with ICMPL by virtue of his having lent the premises owned by him to ICMPL from where the Borivali (West) branch of ICMPL was running. Further, Mr. Nitin Goradia was also the client of Dynamic and his client account with Dynamic was allowed debit balance of Rs. 15 lacs for more than a year since April 2008. Mr. Rajesh Jani had informed that as he was not able to pay interest to parties from whom Mr. Nitin Goradia had arranged loans for him, the outstanding amount due to Dynamic had also not been cleared by Mr. Goradia. Further, M/s. Kankeshwari Securities Pvt. Ltd., where Ms. Rita N. Goradia, wife of Mr. Nitin Goradia, Mr. Nimesh H. Chitalia, (Head, Business Development of ICMPL and the brother-in-law of Mr. Nitin Goradia), and, one Mr. Vilas P. Shah were the directors had lent an amount of Rs.30 lacs to Mr. Rajesh Jani in April 2006, by way of friendly interest free loan as claimed by Mr. Jani in his statement. Further, Mr. Janak H. Chitalia, who had lent an amount of Rs.12 lacs to Mr. Jani in December 2007, and subsequently lent the said funds to Mr. Amol Kokane in October 2008, immediately after receiving the amount from Mr. Jani, is also the brother-in-law of Mr. Nitin Goradia. Mr. Nitin Goradia, in the statement of Mr. Rajesh Jani, has also admitted that on the guarantee of Mr. Darshan Desai, he had further arranged loan of Rs. 15 lacs from his client Mr. Nigam V. Shah and Rs. 2.75 lacs from his other client Mr. Hemal Gandhi for Mr. Amol Kokane in October 2008."

19. From the above findings of the ER, I note as follows:

i) The Noticee facilitated synchronized reversal trades between Ms. Priyanka Desai (client of Noticee) and Mr. Amol Kokane (front entity of Mr. Nirmal Kotecha and client of ICMPL), for 27,902 shares and 5,722 shares, respectively, on November 03, 2008 and November 04, 2008, as detailed in para 12. Since both these trading accounts of Ms. Priyanka Desai and Mr. Amol Kokane were being operated by Mr. Darshan Desai, thus, these trades were clearly for the purpose of creating artificial appearance of trading in the market. Ms. Priyanka Desai was the wife of Mr. Darshan Desai who was an associate of Mr. Nirmal Kotecha and had been the

guarantor of funds for Mr. Amol Kokane, the front entity of Mr. Nirmal Kotecha, which had been arranged by Mr. Nitin Goradia. Mr. Nitin Goradia also happened to be the Chartered Accountant of Mr. Rajesh Jani, the director of the Noticee. Thus, I note that the director of the Noticee knew Mr. Nitin Goradia who was also known to the counter party stock broker ICMPL, being their landlord and also, the director of the Noticee knew Mr. Darshan Desai who was controlling both the trading accounts of the buyer and seller in these transactions. I note that the ER has identified trades of Ms. Priyanka Desai on three days wherein she was trading with entities related to Mr. Nirmal Kotecha. The fact that the trades were synchronized in nature, coupled with the fact that the director of the Noticee knew the counter party broker as well as the person who was placing the orders for both the buy and sell clients, I am of the view that preponderance of probabilities indicate that the trades were not genuine in nature and the Noticee was aware of such non genuine trades being carried out by its client and therefore, played a role in facilitating Mr. Nirmal Kotecha in carryout out his fraudulent activities.

ii) The Noticee also facilitated the synchronized trades of Ms. Priyanka Desai and Ms. Falguni N. Shah for two trades on November 03, 2008 and for 7 trades on November 04, 2008, as detailed in para 14. Call records indicate that Mr. Darshan Desai was in touch with the husband of Ms. Falguni Shah before placing of the orders thus indicating that the non-genuine nature of these trades. As mentioned earlier, the director of the Noticee knew Darshan Desai (being the guarantor for the loans arranged by him for Mr. Amol Kokane, a front entity of Mr. Nirmal Kotecha), and Mr. Darshan Desai was also placing the orders for Ms. Priyanka Desai through the Noticee as the stock broker and Mr. Darshan Desai was also in touch with the husband of the counter party client. These facts, along with the synchronized nature of the trades which took place over 2 days indicate

that the Noticee was aware of such non genuine trades being carried out by its client and therefore played a role in facilitating Mr. Nirmal Kotecha in carryout out his fraudulent activities.

iii) The Noticee also facilitated reversal trades between its client Mr. Ankit G. Vasani and Mr. Amol Kokane (client of ICMPL) on November 03, 2008 and November 05, 2008 as detailed in para 16. As mentioned above, the orders from Mr. Amol Kokane's trading account with ICMPL were being placed by Mr. Darshan Desai. The ER also notes that during the time that the orders for such reversal trades were placed, Mr. Darshan Desai was in touch with Mr. Amit N. Joshi who was the introducer of Mr. Ankit G. Vasani for the trading account with the Noticee and Mr. Amit Joshi was himself a manager of a branch of ICMPL and was also in touch with Mr. Ankit Vasani during the same time. This indicates that Mr. Darshan Desai, Mr. Amit Joshi and Mr. Ankit Vasani colluded with each other to carry out the reversal trades. As discussed earlier, the director of the Noticee knew Mr. Darshan Desai and the he also knew Mr. Nitin Goradia who was the owner of the office premises of ICMPL. Thus, based on the preponderance of probabilities I am of the view that the Noticee was aware of the reversal trades by its client Mr. Ankit G. Vasani (who was related to Mr. Amit N. Joshi who in turn was in touch with Mr. Darshan Desai, a known entity of the director of the Noticee) with Mr. Amol Kokane (a front entity of Mr. Nirmal Kotecha through the stock broker ICMPL (connected to the Noticee) and therefore played a role in facilitating Mr. Nirmal Kotecha in carryout out his fraudulent activities.

iv) However, I find that although the trades between Mr. Amol Anand Kokane and Mr. Ankit Girish Vasani are referred to as synchronized reversal trades in the ER, no instances of synchronized trades between Mr. Amol Anand Kokane and Mr. Ankit Girish Vasani are mentioned in the ER.

v) Out of the total trading volume of 4,36,180 shares each on buy and sell side, respectively, in the scrip of PSTL by the Noticee on behalf of the aforesaid three clients, 1,60,142 shares on the buy side and 1,28,409 shares on sell side matched with Mr. Nirmal Kotecha, Mr. Amol Kokane (front entity of Mr. Nirmal Kotecha) and persons/ entities associated with Mr. Nirmal Kotecha.

vi) I further note that vide an order dated June 23, 2020 in the matter of Pyramid Saimira Theatre Limited directions have been issued *inter alia* against Mr. Nitin Goradia, Mr. Darshan Desai, Mr. Rajesh Jani and Mr. Amit N. Joshi for facilitating Nirmal Kotecha in off-loading his stake in PSTL at the detriment of the common investors and having colluded with Nirmal Kotecha to disguise the trail of funds used by Nirmal Kotecha to carry out his nefarious activities through the accounts of Mr. Amol Kokane.

20. In view of the above, I find that the Noticee has indulged in synchronized and reversal trades on behalf of its clients in the scrip of PSTL during November-December, 2008. I find that by indulging in these trades, the Noticee facilitated Mr. Nirmal Kotecha to offload his stake in PSTL in the market to the detriment of the genuine investors and adversely affecting the integrity of securities market. In view of the same, I agree with the conclusion of the DA that the Noticee has violated section 12 A (a) of the SEBI Act and regulation 3(b), 4(1) and 4(2) (a), (b) and (e) of PFUTP Regulations, 2003.

21. I note that the SCN called upon the Noticee to show cause as to why action as deemed appropriate by the competent authority should not be taken against it in terms of Regulation 27 read with Regulation 28 of Intermediaries Regulations. I note that by the amendments made to Intermediaries Regulations on January 21, 2021, Regulation 27 which dealt with recommendations for actions which could

be made by DA in case of default, has been substituted and Regulation 28 which dealt with procedure for action on receipt of the recommendation from DA, has been omitted and these matters now stand governed by the Regulations 26 and 27, respectively. In this regard, reference may be made to the judgment of Hon'ble Supreme Court in ***CIT, Bangalore Vs. Venkateshwara Hatcheries (P) Ltd. and Ors. (1999) 3 SCC 632*** wherein it was held as under:

> *"……15. As noticed earlier, the omission of Section 2(27) and re- enactment of Section 80JJ was done simultaneously. It is a very well recognized rule of interpretation of statutes that where a provision of an Act is omitted by an Act and the said Act simultaneously re-enacts a new provision which substantially covers the field occupied by the repealed provision with certain modification, in that event such re-enactment is regarded having force continuously and the modification or changes are treated as amendment coming into force with effect from the date of enforcement of re-enacted provision. Viewed in this background, the effect of re-enacted provision of Section 80JJ was that profit from the business of livestock and poultry which enjoyed total exemption under Section 10(27) of the Act from assessment years 1964-65 to 1975-76 became partially exempt by way of deduction on fulfilment of certain conditions……."*

The aforesaid judgment has been quoted with approval by Hon'ble Supreme Court in its subsequent judgment in ***Fibre Boards (P) Ltd., Bangalore Vs. CIT, Bangalore (2015) 10 SCC 333***. In the present case, I note that prior to the aforesaid amendment, procedure for conduct of enquiry proceedings before designated authority (DA) and designated member (DM) was provided under Regulations 25 to 28 of the Intermediaries Regulations wherein Regulation 25 dealt with issue of SCN by DA, Regulation 26 dealt with reply of SCN by the Noticee, Regulation 27 dealt with recommendation for actions which could be made by the DA and Regulation 28 dealt with conduct of proceedings before DM like issue of SCN, hearing and passing of final order. After the amendment, Regulation 25, as substituted deals with holding of enquiry proceedings before DA, Regulation 26

deals with recommendation for actions which can be made by DA and Regulation 27 deals with conduct of enquiry proceedings before DM and passing of order by DM. Thus, the proceedings before DM which were earlier governed by the provisions of Regulations 28 are now governed by the provisions of Regulation 27 with certain modifications. Therefore, by virtue of the judgment of Hon'ble Supreme Court in *Venkateshwara Hatcheries case* (*supra*), the new Regulation 27 is regarded having force continuously (by virtue of pre-existing Regulation 28) and the modification or changes are treated as amendment coming into force with effect from the date of enforcement of new Regulation 27 i.e. January 21, 2021. Accordingly, the present proceedings can be concluded under the amended provisions of the Intermediaries Regulations and for the violations committed by the Noticee discussed in the previous paragraphs, directions under Regulation 27 of the Intermediaries Regulations can be issued.

22. I also note that as per ER, the clients of the Noticee traded in the scrip of PSTL between August 1, 2008 to December 22, 2008, however, the synchronized and reversal trades took place for 5 days, as identified in the ER, through the Noticee. I further note that the ER also observes that there is no proprietary trading by the Noticee. I also note that the matter pertains to transactions in the year 2008, i.e. around thirteen years have elapsed from the date of the defaults.

Directions:

23. In view of the above, I, in exercise of the powers conferred upon me in terms of Section 12(3) and Section 19 of the Securities and Exchange Board of India Act, 1992 read with Regulation 27 (5) of the Intermediaries Regulations, agree with the recommendations of the DA and as recommended by the DA, I direct that the Noticee i.e. Yoke Securities Limited (previously known as Venture Broking Pvt. Ltd.), be prohibited from taking up any new clients for a period of 4 months from the date of this order.

24. The order comes into force with immediate effect.

25. A copy of this order shall be served on the Noticee and all recognized Stock Exchanges.

-Sd-

Place: Mumbai **ANANTA BARUA**

Date : November 12, 2021 **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA