

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Order Reserved On: 17.9.2013**

**Date of Decision: 22.10.2013**

**Appeal No.25 of 2013**

Angel Broking Private Limited  
Akruti Trade Centre, Unit No.G1,  
Ground Floor, MIDC Road No.7,  
Andheri East, Mumbai – 400 093.

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhawan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

..... Respondent

Mr. Somasekhar Sundaresan, Advocate with Mr. Ravichandra S. Hegde and  
Mr. Joby Mathew, Advocates for the Appellant.

Mr. Kumar Desai, Advocate with Mr. Mihir Mody and Mr. Pratham Masurekar,  
Advocates for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer  
Jog Singh, Member  
A S Lamba, Member

Per : Justice J. P. Devadhar

1. Appellant has filed this appeal to challenge order passed by Whole Time Member of the Securities and Exchange Board of India ('SEBI' for short) on January 30, 2013. By that order, appellant is prohibited from taking up any new assignment (i.e. not to take up any new clients) for a period of two weeks.
2. Appellant is a SEBI registered stock broker and has been carrying on the activities of stock broking since 1997 on the Bombay Stock Exchange Limited as well as the National Stock Exchange of India Limited.

3. SEBI conducted investigation into dealings in the scrip of Sun Infoway Limited ('SIL' for short) during February 5, 2001 to May 2, 2001 ('investigation period' for short). During the period of investigation, there was consistent fall in price of the scrip of SIL accompanied by low delivery. Price of SIL scrip had fallen from Rs.342/- as on February 5, 2001 to a low of Rs.60.75 as on April 30, 2001 before finally closing at Rs.73.75 on May 2, 2001. SEBI had also conducted investigation in the scrip of SIL, for the period from February 2000 to August 2000. During that period of investigation it was noticed that price of the scrip had increased from Rs.10/- in February 2000 to Rs.696/- in August 2000 and appropriate action was initiated against various persons/entities involved in dealing in scrip therein, including appellant.

4. Based on investigation report for the period February 5, 2001 to May 2, 2001, enquiry officer appointed by SEBI issued notice on June 18, 2008 calling upon appellant to show cause as to why trades executed by appellant on behalf of its client Mr. Heerachand Salecha in the scrip of SIL which were synchronized circular trades and executed between a set group, should not be held to be violative of Regulation 4(a) and (d) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 ('PFUTP Regulations, 1995' for short) read with Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations, 2003' for short) and Clauses A(1) and A(5) of the Code of Conduct prescribed for stock brokers in Schedule II under Regulation 7 of the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 ('Stock Brokers Regulations' for short). Appellant in its reply denied all allegations made in the show cause notice. After hearing appellant, enquiry officer vide enquiry report dated May 31, 2010, recommended

that in view of violations of PFUTP Regulations, 1995 and Stock Brokers Regulations, appellant be restrained from taking up any new clients for one week.

5. On July 22, 2010, Designated Authority appointed by SEBI issued show cause notice under Regulation 28 of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008 ('Intermediaries Regulations' for short) calling upon appellant to show cause as to why penalty should not be imposed upon appellant as per enquiry report submitted by enquiry officer or as deemed fit by the Board. Appellant in its reply denied all allegations made in the said show cause notice dated July 22, 2010. Personal hearing was given to appellant on October 22, 2010. Thereafter addendum to show cause notice was issued on January 3, 2012. Appellant once again denied allegations made in the addendum. Personal hearing was once again granted to appellant. Thereafter by impugned order dated January 30, 2013, appellant has been prohibited from taking up any new assignments (i.e. not to take up any new clients) for two weeks. Impugning above order dated January 30, 2013 present appeal is filed.

6. Arguments advanced by Mr. Somashekar Sundaresan, learned counsel for appellant may be summarized thus:-

- a. Impugned order is violative of principles of natural justice as neither entire investigation report which formed basis for passing impugned order has been furnished to appellant nor appellant was given an opportunity to examine appellant's client Mr. Heerachand Salecha whose trades executed through appellant have been found to be violative of SEBI Act and regulations made thereunder.
- b. Alleged violations pertain to trades executed in 2001 and impugned order is passed after 12 years contrary to Regulation 28 (2) of Intermediaries Regulations. Relying on decisions of this Tribunal in Appeal no.143 of

2011 decided on November 28, 2011 (Aditi Dalal vs. SEBI) and Appeal no.114 of 2012 (HB Stockholdings Ltd. vs. SEBI) decided on 27/8/2013 it is contended that impugned order which suffers from inordinate delay is liable to be quashed and set aside or in the alternative, appellant be let off by warning appellant to be careful in future.

- c. Where trades executed by a client through a broker are found to be manipulative, broker can be made liable only if there existed relationship more than that of broker-client relationship. In the present case no such relationship is shown to have been existing between appellant (broker) and Heerachand Salecha (client) and hence prohibition imposed against appellant by impugned order is unjustified.
- d. Neither there is any material on record to suggest that there was any connection between appellant (broker) and Heerachand Salecha (client) nor there is any basis on which it could be concluded that appellant had executed artificial transactions to manipulate price of SIL scrip. Similarly none of alleged circular trades within the 'group' has been substantiated in the impugned order. In absence of any finding that appellant had knowledge of existence of the so called "group" or that group was acting in concert with intent to manipulate price of the scrip or that appellant had any understanding with other brokers in the group, imputation that appellant indulged in manipulative transactions or acted in connivance with other brokers in the 'group' is wholly unsustainable.
- e. Average quarterly turnover of appellant during 2000-01 was Rs.2250 crores and turnover of Heerachand Salecha during the period of investigation was Rs.7.7 crores which is 0.33 percent of appellant's average quarterly turnover on the Exchange and turnover of Heerachand Salecha in SIL scrip was 2.16 crores which is 0.096 percent of appellants

average quarterly turnover. Thus turnover in SIL scrip during investigation period being miniscule, failure to notice manipulation if any by client viz Heerachand Salecha cannot be a ground to penalize appellant.

7. We see no merit in the above contentions.
8. It is relevant to note that at the material time, Heerachand Salecha on whose behalf appellant had traded in SIL scrip was in fact a director in SIL.
9. Question is, whether trades executed by appellant on behalf of Heerachand Salecha were manipulated trades and if so, whether appellant was party to such manipulated trade? Finding of fact recorded in paragraphs 3 and 4 of the impugned order are as follows:-

“3. The investigation for the period of February 05, 2001 to May 02, 2001 prima facie revealed that circular/ reversal trades were executed by certain brokers forming part of few groups in the scrip of SIL. Such circular/ reversal trades created artificial volume to the tune of 5,43,500 shares (gross) in 37 days out of 50 trading days. It was found that the circular trading in the scrip had generated 26% to 97% of the daily volumes on the days when such trading was observed. The circular/ reversal trades had resulted into an increase in the price of the scrip in the beginning of the investigation period till March 02, 2001 and the price of the scrip had stayed in the range of Rs.342 to Rs.296 (opening price). Thereafter, the trading of these entities in the scrip reduced drastically, the volume of trades in the scrip became negligible and the price of the scrip also started declining. The 'last traded price' (LTP) analysis for the entire period shows that the price of the scrip varied in the range from -14% to 11.54%.

4. During the investigation period, three different groups were found trading in the scrip of SIL in a circular manner. Out of these, the group consisting of eight (8) brokers/ subbrokers (namely N.C. Jain, Opulant Stock Broking, Bharti Thakkar India Sec. Pvt. Limited, ISJ Securities/ Vintel Securities, Sripal Jain, Joindre Capital Service/ Alwin Securities and Renaissance Securities Limited/ Mellennium Securities) and their clients including Angel Broking Limited (hereinafter referred to as the 'noticee') (identified as 'Group 1') were found trading amongst themselves in circular manner, which led to the creation of artificial volumes in the market. The total volume generated by the said group by way of circular trades was 3,42,800 shares (gross) i.e. about 37.52% of the total quantity traded during the period of investigation. The trading pattern of the said group has been illustrated hereunder:

Table - A

Broker Name/ Sub-broker	Dealt for client	No. of days traded during the period/ No. of days circular trades were executed	Buy	Sell	Gross (buy+ sell)
			Circular/ reversal qty.	Circular / reversal qty.	Gross Circular traded qty. (% to total trading of the broker)
(Group I)					
Angel Broking Ltd.	Heerachand Salecha	14/12	34,200	31,300	65,500 (86.41%)
NC Jain	Proprietary trading	6/6	26,500	26,500	53,000 (83.33%)
Opulent Broking	Ramsudhakaran	7/6	27,100	27,100	54,200 (90.03%)
Bharti Thakkar	Govind Chhichani	5/5	26,500	26,500	53,000 (100%)
Shripal Jain	Proprietary trading	5/5	21,400	20,700	42,100 (98.36%)
ISJ Securities/ Vintel Securities	Chetan Haridas Mapara	17/9	8,100	7,100	15,200 (37.25%)
Joindre Capital Services/ Alwin Securities	1.Heerachand Salecha 2.Kamlesh Jain	14/9	5,600	8,900	14,500 (34.65%)
Renaissance/ Millennium Securities	Abhayraj Shukla	13/8	22,500	23,300	45,800 (75.83%)
Total circular trading among Group I			1,71,400	1,71,400	3,42,800

10. Similarly in para 10(b) and (c) of the impugned order it is recorded as follows:

“b. I have seen the trade order log data in the scrip of SIL and note that the orders of most of the trades entered by the noticee with the counterparties, matched with startling proximity, in terms of the timings of entering of orders, the price and the quantity. An instance of the same has been reproduced below:

Table - B

Date	Buy Order					Sell Order					Trade			Time difference
	Member	Client	Time	Rate	Qty.	Member	Client	Time	Rate	Qty.	Time	Qty	Price	
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	10:36:45	369	1000	Opulant Broking	Ramsudhakara	10:36:45	369	1000	10:36:45	100	369	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	700	11:58:08	100	381.50	0:00:00
06/02/01	Angel Broking	Heerachand	11:58:07	381.50	800	Opulant Broking	Ramsudhakara	11:58:07	381.50	100	11:58:17	100	381.50	0:00:10
06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01
06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01
06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01
06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01

06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01
06/02/01	Angel Broking	Heerachand	13:01:20	376	700	NC Jain	Own	13:01:19	376	700	13:01:21	100	376	0:00:01
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:28:09	377.75	900	Opulant Broking	Ramsudhakara	13:28:09	377.25	900	13:28:10	100	377.75	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.5	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	13:56:40	378.50	700	Opulant Broking	Ramsudhakara	13:56:40	378.50	700	13:56:40	100	378.50	0:00:00
06/02/01	Angel Broking	Heerachand	14:55:55	379.75	700	Shripal Jain	Own	14:55:55	379.75	700	14:55:56	700	379.75	0:00:00
06/02/01	Angel Broking	Heerachand	15:02:29	380.50	700	Opulant Broking	Ramsudhakara	15:02:28	380.50	700	15:02:30	700	380.50	0:00:01

The above details clearly indicate synchronization in placing of the orders as these appear to have been entered with pre-conceived motive and prior arrangement that the orders would be picked up by a particular entity of the group on the opposite side. I note that large number of trades got matched regularly and during most instances, within seconds from each other. The occurrence of such synchronized deals in a circular manner persistently cannot be said to be a co-incidence as the shares were being rotated intra-day within a closed group and there was no change in the beneficial ownership of the shares. Such pattern creates a false impression of active trading in the scrip.

- c. I observe from the available records that the majority of the trades of the noticee were matched within the group with Opulant Stock Broking (4 day), Bharti Thakkar India Sec. Pvt. Limited (5 days), ISJ Securities (8 days), N.C. Jain (4 days), Sripal Jain (3 days), Joindre Capital Services (4 days) and Reneissance Securities Limited (3 days). I have seen the pattern of circular trading that was being followed by the noticee and the other brokers in the group, while trading in the scrip of SIL. A few instances of such trading pattern are being reproduced below on sample basis:

Table – C

Date	Buy		Sell		Qty.
	Broker	Client	Broker	Client	
05/02/2001	N.C. Jain	Own	Reneissance Sec.	Abhayraj Shukla	700
	Opulent Broking	Ramsudhakaran	N.C. Jain	Own	700
	ISJ Securities	Vintel Securities	Opulent Broking	Ramsudhakaran	700
	Angel Broking Ltd.	Heerachand Salecha	ISJ Securities	Vintel Securities	700
	Bharati Thakkar	Govind Chinchani	Angel Broking Ltd.	Heerachand Salecha	700
	Reneissance Sec.	Abhayraj Shukla	Bharati Thakkar	Govind Chinchani	700
	N.C. Jain	Own	Reneissance Sec.	Abhayraj Shukla	900
	Opulent Broking	Ramsudhakaran	N.C. Jain	Own	900
	Angel Broking Ltd.	Heerachand Salecha	Opulent Broing	Ramsudhakaran	900

	Bharati Thakkar	Govind Chinchani	Angel Broking Ltd.	Heerachand Salecha	900
	Reneissance Sec.	Abhayraj Shukla	Bharati Thakkar	Govind Chinchani	900
<b>06/02/2001</b>	N.C. Jain	Own	Reneissance Sec.	Abhayraj Shukla	1,000
	Opulent Broking	Ramsudhakaran	N.C. Jain	Own	1,000
	Angel Broking Ltd.	Heerachand Salecha	Opulent Broking	Ramsudhakaran	1,000
	Bharati Thakkar	Govind Chinchani	Angel Broking Ltd.	Heerachand Salecha	1,000
	Reneissance Sec.	Abhayraj Shukla	Bharati Thakkar	Govind Chinchani	1,000
	N.C. Jain	Own	Reneissance Sec.	Abhayraj Shukla	800
	Shripal Jain	Own	N.C. Jain	Own	800
	Opulent Broking	Ramsudhakaran	Shripal Jain	Own	800
	Angel Broking Ltd.	Heerachand Salecha	Opulent Broking	Ramsudhakaran	800
	Bharati Thakkar	Govind Chinchani	Angel Broking Ltd.	Heerachand Salecha	800
	Reneissance Sec.	Abhayraj Shukla	Bharati Thakkar	Govind Chinchani	800

From table B above, I note that the same number of shares were being rotated in a circular manner among the group of brokers. It is seen that the trades were so well organized that the same number of shares went back to the original seller at the end of the day. I observe from the Enquiry Report that the noticee had executed circular/reversal trades on twelve (12) days when it traded in the scrip of SIL and contributed to 7.12% of the market traded quantity (gross). I note that the group had repeatedly bought and sold the shares amongst themselves through circular trades in a pattern of A to B to C to D to E to F to A with slight changes in the quantity circulated in each cycle.”

11. As rightly contended by counsel for respondent, since large number of trades enumerated above got matched regularly and in most cases within seconds from each other, inference drawn in the impugned order is that occurrence of such synchronized deals in a circular manner persistently cannot be said to be a matter of coincidence. It is a matter of record that shares of SIL were being rotated intra-day within a closed group and in such a case though delivery based trades have taken place, in fact such trades do not involve change in the beneficial ownership of the shares. From table C set out herein above as also the chart at page 128 of the paper book, it is evident that on 5/2/2001, in the first round of circular trade, 700 shares of SIL were sold by Renaissance Securities (broker) within the group including appellant herein and at the end of circular trade 700



shares of SIL were purchased by Reneissance Securities. In the second round of circular trade, executed on 5/2/2001, 900 shares of SIL were sold by Reneissance Securities within the group including appellant herein and at the end of second circular trade 900 shares of SIL have been purchased by Reneissance Securities. Such circular trades have been found to have been carried out within the group for several days and appellant was party to every circular trade.

12. Contention that appellant acted on instructions of its client and did not act in concert with any other clients/broker has been rightly rejected in the impugned order by recording a finding that execution of circular trading in a synchronized manner repeatedly for several days by appellant within the group establishes that they were having certain nexus with each other and were acting in tandem as a group. This Tribunal in case of Ajmera Associated Pvt. Ltd vs. SEBI (Appeal no.190 of 2010 decided on 13/12/2010) has interalia held thus:-

“...Since the trading system maintains complete anonymity, brokers always plead that they were ignorant about the counterparty or his broker. In such a situation one has to look to the trading pattern and if the trades match too often or if the matching of the trades is noticed day after day and trade after trade one can infer that the matching was done not by the system but by manipulating the same. Similarly, if two or more market players start trading in circles and do not allow the shares to go out of the circle, it could be reasonably inferred that both traders and their brokers are colluding to execute such artificial trades which give a misleading appearance of trading in the market without change of beneficial ownership in the traded scrip...”

Therefore, in facts of present case, where circular trading in a synchronized manner in SIL scrip has been executed repeatedly for several days, conclusion drawn in impugned order that appellant was acting in tandem with the group, cannot be faulted. Argument that appellant on its own had reported to the stock exchange regarding some other suspicious trades of Heerachand Salecha cannot

be a ground to escape liability in the present case where synchronized circular trades have been executed by appellant.

13. Argument that principles of natural justice have been violated in the present case has no merit because, documents relied upon by SEBI in the show cause notice have been, in fact, supplied to the appellant. Appellant has not established as to how non furnishing entire investigation report has caused prejudice to the appellant. Similarly, grievance that appellant had no opportunity to examine its own client Heerachand Salecha is also without any merit, because it is an admitted fact that appellant had traded on behalf of Heerachand Salecha. If facts on record establish that appellant had indulged in synchronized circular trades over a period of time, then, contrary evidence of Heerachand Salecha if any, would not affect inference drawn against appellant on basis of facts on record. It is not the case of appellant that examination/cross examination of Heerachand Salecha would have altered facts on record. Therefore, failure to examine/cross examine Heerachand Salecha cannot be said to have vitiated the impugned order.

14. Grievance of appellant that impugned order suffers from delay no doubt deserves consideration. In respect of trades executed by appellant on behalf of his client in 2001, SEBI had initiated proceedings in October 2002 but final order has been passed on January 30, 2013. This inordinate delay could have been avoided, if necessary procedural steps were taken at appropriate stage. No satisfactory explanation is given by SEBI for the inordinate delay of nearly 12 years in passing the impugned order. No doubt that inordinate delay on the part of SEBI in passing final order is highly deplorable.

15. However, argument of appellant based on decision of this Tribunal in case of HB Stockholdings Ltd. (Supra) that on account of inordinate delay, impugned order must be quashed and set aside cannot be accepted. In case of

HB Stockholdings Ltd (Supra) this Tribunal while holding on merits that the order impugned therein cannot be sustained has held that unnatural and unexplained delay of more than a decade has caused prejudice to the appellant therein and hence order impugned therein was liable to be quashed and set aside. That decision cannot be understood to mean that a person who has violated SEBI Act and regulations made thereunder can escape liability if SEBI takes considerable time in passing final order. Therefore, while holding that SEBI must endeavour to pass final order in any proceedings initiated by it, as expeditiously as possible, we hold that on facts of present case, appellant/broker who had executed synchronized/circular trades on behalf of its client cannot escape penalty imposed by impugned order merely because SEBI has passed that order belatedly.

16. Argument that there existed nothing more than broker-client relationship and that there is no material on record to show that appellant was connected with the group is also without any merit. It is on record that trades in question were carried out by appellant in the scrip of SIL on behalf of Heerachand Salecha who was a director in SIL. It is also on record that majority of orders placed by appellant matched instantly and trades took place within the group repeatedly and for several days. These facts on record clearly demonstrate that there were synchronized circular trades within the group and there being a pattern of circular trading, penalty imposed against appellant needs no interference by this Tribunal.

17. Argument that turnover in SIL scrip was miniscule compared to large turnover of appellant and hence penalty need not be imposed against appellant cannot be accepted, because imposition of penalty for violating provisions of SEBI Act and regulations made thereunder are not dependent upon total turnover of person violating the provisions of SEBI Act/regulations made thereunder.

One who has violated provisions of SEBI Act and regulations made thereunder must suffer even if turnover in the scrip in which violations are found is miniscule compared to the total turnover of that person.

18. For reasons set out hereinabove, we find no merit in the appeal.

19. Appeal is accordingly dismissed with no order as to costs.

Sd/-  
Justice J. P. Devadhar  
Presiding Officer

Sd/-  
Jog Singh  
Member

Sd/-  
A S Lamba  
Member

22.10.2013  
RHN

BEFORE THE SECURITIES APPELLATE TRIBUNAL  
MUMBAI

**Order Reserved On: 17.09.2013**

**Date of Decision : 22.10.2013**

**Appeal No.25 of 2013**

Angel Broking Private Limited  
Akruti Trade Centre, Unit No.G1,  
Ground Floor, MIDC Road No.7,  
Andheri East, Mumbai – 400 093.

..... Appellant

Versus

Securities and Exchange Board of India  
SEBI Bhawan, Plot No. C-4A, G Block,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051.

..... Respondent

Mr. Somasekhar Sundaresan, Advocate with Mr. Ravichandra S. Hegde  
and Mr. Joby Mathew, Advocates for the Appellant.

Mr. Kumar Desai, Advocate with Mr. Mihir Mody and Mr. Pratham  
Masurekar, Advocates for the Respondent.

CORAM : Justice J. P. Devadhar, Presiding Officer  
A S Lamba, Member

Per : Justice J. P. Devadhar (Oral)

At this stage counsel for the appellant seeks stay of order for a  
period of 4 weeks. Accordingly we stay operation of this order for 4 weeks  
from today.

Sd/-  
Justice J.P. Devadhar  
Presiding Officer

Sd/-  
A S Lamba  
Member

22.10.2013

Prepared & Compared By: Pk