

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
ADJUDICATION ORDER NO. Order/BM/JR/2022-23/ 21564 – 21584**

**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) RULES, 1995**

In respect of:

Noticee No.	Name	PAN
1.	Amrut Dredging and Shipping Limited (formerly known as Amrut Securities Limited)	AABCA8006G
2.	Ashwin Prabhudas Ruparel	ADYPR3689M
3.	Baldevsinh Vijaysinh Zala	AABPZ9137C
4.	Manish Kanakshi Ashar	AEGPA1359E
5.	Sonal Kanaksingh Ashar	ACZPA1429Q
6.	AUM Technocast Pvt. Ltd.	AADCA4883H
7.	Ayodhyapati Investment Pvt. Ltd.	AABCA6007B
8.	Dharmesh Narendra Kumar Solanki	BJHPS1840P
9.	OM Education (IT) Pvt. Ltd.	AAACO5614R
10.	Bhavik Amrutlal Vaza	AGJPV8045R
11.	Haresh Lalitbhai Tejani	ACKPT7735R
12.	Paresh Chamanlal Doshi	AFXPD2041L
13.	Pradeep Syamsundar Swain	CHMPS7035J
14.	Shailesh Mulraj Ved	ABQPV7436E
15.	Bhavna Manish Ashar	AFSPA5020P
16.	Hemanshu Pravinchandra Mehta	AHIPM9056D
17.	Jagdish Gordhandas Ved	ABEPV3294J
18.	Akash Harishbhai Desai	AKXPD6172H

19.	Manish Mansukhbhai Raja	ADDPR2448D
20.	Atlanta Share Shoppee Pvt. Ltd.	AAFCA0584K
21.	Presilco Impex Pvt. Ltd.	AACCP4844L

In the matter of Sarang Chemicals Limited

FACTS OF THE CASE:

1. Securities and Exchange Board of India (hereinafter referred to as “**SEBI**”) had conducted investigation in the scrip of Sarang Chemicals Ltd. (hereinafter referred to as ‘**SCL**’ or ‘**the Company**’) to ascertain whether the suspected entities (as mentioned in the table above and collectively known as “**Noticees**”) had manipulated price / volume of the scrip of the Company in violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as “**PFUTP Regulations**”), SEBI (Stock Brokers and Sub Brokers) Regulations, 1992 (hereinafter referred to as “**Stock Brokers Regulations**”) and the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as “**PIT Regulations**”) during the period January 03, 2011 to June 08, 2011 (hereinafter referred to as “**Investigation Period/ IP**”).
2. Subsequently, adjudication order no. Adjudication Order/SS/AS/2019-20/ 6539-6560 dated January 24, 2020, was passed against 21 entities for the violation of provisions of PFUTP Regulations, PIT Regulations and Stock Brokers Regulations imposing penalty on 21 entities. All the 21 entities appealed before Securities Appellate Tribunal (hereinafter referred to as “**SAT**”).
3. Hon'ble SAT vide order/s dated August 12, 2021 and December 21, 2021 remanded the matter and stated, inter alia, that “...*We find that there is no evidence in the impugned order to show that noticee nos. 1 to 13 traded amongst themselves which resulted in the creation of artificial volume and misleading appearance in the scrip...Therefore, in order to prove the charge against the appellants/ noticees there must be sufficient material to show that these entities were trading amongst themselves. Except for the aforesaid instance of one trade, we do not find any evidence to show that the 13 noticees/ appellants were trading amongst themselves on a continuous basis during the*

investigation period. In the absence of any evidence we are of the opinion that the charge of the 13 noticees/ appellants trading amongst themselves cannot be proved. As a result, the creation of artificial volume, misleading appearance in the trading in the scrip and increase in the price of the scrip automatically fails and cannot be sustained.” Hon’ble SAT further observed that “...a specific assertion was made by the appellants that the scrip was in ‘T’ group and that the price of the scrip was controlled by the Stock Exchange and, thus, there cannot be any manipulation in the price of the scrip. This aspect has been noticed by the WTM but has not been dealt with in the impugned order. Similarly, the plea that there was no meeting of minds and/ or the purchase of the scrip was made bonafidely in view of the announcement made by the Company on the stock exchange website has also not been taken into consideration.”

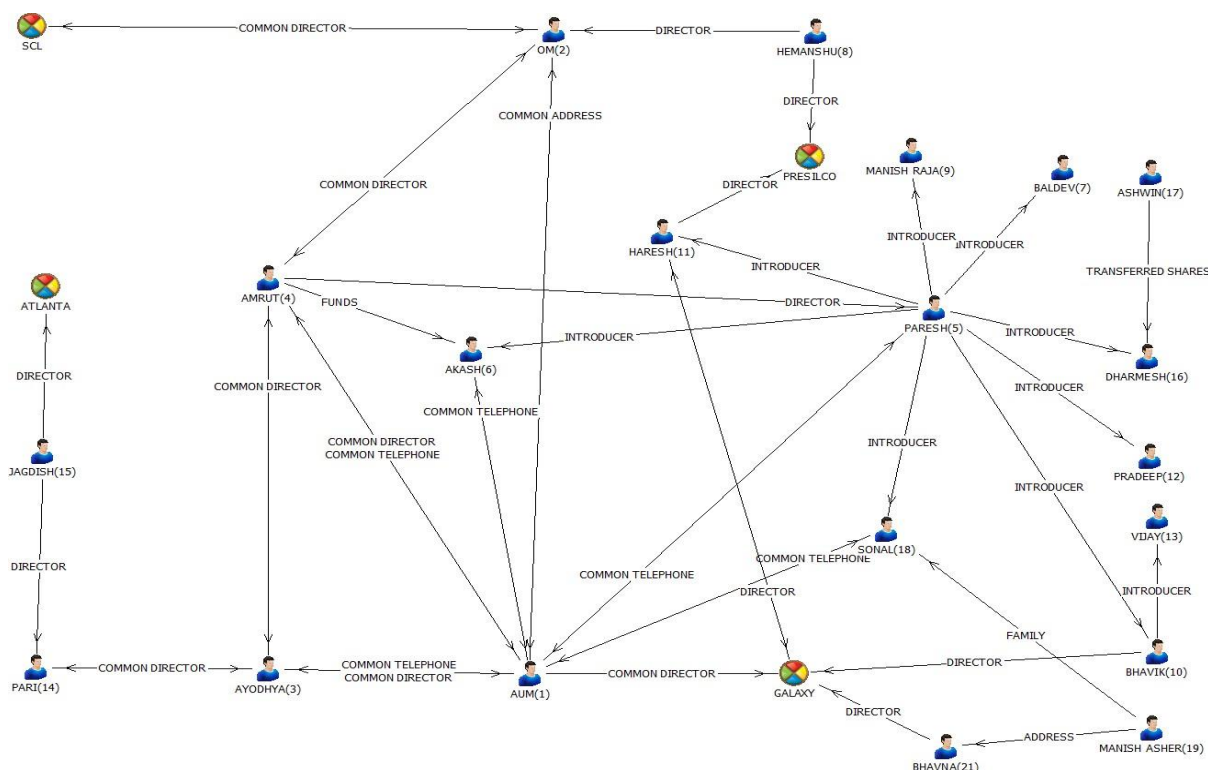
APPOINTMENT OF ADJUDICATING OFFICER

4. In compliance with the aforesaid SAT orders, the undersigned was appointed as the Adjudicating Officer (hereinafter referred to as “AO”) in the matter, conveyed vide communique/s dated September 30, 2021 and December 29, 2021 under Section 19 read with Section 15-I of the Securities and Exchange Board India Act, 1992 (hereinafter referred to as “**SEBI Act**”) read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as ‘**Adjudication Rules**’) to conduct adjudication proceedings in the manner specified under rule 4 of Adjudication Rules read with section 15I(1) and (2) of SEBI Act and if satisfied that penalty is liable, impose such penalty as deemed fit in terms of rule 5 of Adjudication Rules and section 15A(b), 15HA and 15HB of the SEBI Act for the alleged violation of PFUTP Regulations, PIT Regulations and Stock Brokers Regulations.

Show Cause Notice, Reply and Personal Hearing:

5. Show Cause Notice dated May 6, 2016 (hereinafter referred to as ‘SCN’) was issued in terms of Rule 4(1) of the Rules read with section 15-I of the SEBI Act to the Noticees by the erstwhile AO alleging the following:
 - a) During investigations, 21 Noticees (“Group”) were identified as connected / related through common address, telephone number, off-market transfers of

shares and family members etc. The alleged connection chart in this regard is as follows:



- b) It has been alleged that the said Group had bought 2,76,97,860 shares i.e. 32.97% of the market volume (8,40,17,121 shares) and sold 7,24,08,293 shares i.e. 86.18% of market volume during the investigation period. Further, the Last Traded Price (LTP) analysis was carried out for the entire investigation period in order to find out possible indulgence / execution of trades at the price more than the LTP or price less than the LTP in order to artificially inflate or deflate the price of the scrip or any manipulation of price in the scrip. The 16 Noticees viz. Noticees No. 1-14, 18 and 19 of the Group had traded among themselves and contributed positive impact in the price of scrip of ₹1.86 (i.e. 22.36 % of market positive LTP) as compared to LTP. The summary of the Noticee wise positive LTP contribution whilst trading among themselves, is given in table below:

CLIENTNAME	CP CLIENTNAME	LTP Diff.	% to Mkt Pos.
Akash Harishbhai Desai	Baldevsinh Vijaysinh Zala	0.07	0.84
Akash Harishbhai Desai	Bhavik Amrutlal Vaza	0.60	7.21
Akash Harishbhai Desai	Haresh Lalitbhai Tejani	0.13	1.56
Akash Harishbhai Desai	Manish Kanakshi Ashar	0.06	0.72

Akash Harishbhai Desai	Paresh Chamanlal Doshi	0.02	0.24
Akash Harishbhai Desai	Pradeep Syamsunder Swain	0.06	0.72
Akash Harishbhai Desai	Shailesh Mulraj Ved	0.02	0.24
Amrut Securities Ltd.	Manish Manshukhbhai Raja	0.02	0.24
Amrut Securities Ltd.	Sonal Kanaksingh Ashar	0.11	1.32
Ashwinbhai Prabhudas Ruparel	Baldevsinh Vijaysinh Zala	0.36	4.33
Ashwinbhai Prabhudas Ruparel	Haresh Lalitbhai Tejani	0.01	0.12
Ashwinbhai Prabhudas Ruparel	Manish Manshukhbhai Raja	0.01	0.12
Ashwinbhai Prabhudas Ruparel	Om Education (It) Pvt Ltd	0.04	0.48
Ashwinbhai Prabhudas Ruparel	Paresh Chamanlal Doshi	0.06	0.72
Ashwinbhai Prabhudas Ruparel	Shailesh Mulraj Ved	0.07	0.84
Ashwinbhai Prabhudas Ruparel	Sonal Kanaksingh Ashar	0.01	0.12
Aum Technocast Pvt Ltd.	Dharmesh Narendrakumar Solanki	0.07	0.84
Ayodhyapati Investment Pvt Ltd	Manish Kanakshi Ashar	0.03	0.36
Ayodhyapati Investment Pvt Ltd	Manish Manshukhbhai Raja	0.11	1.32
Grand Total		1.86	22.36

In view of the trading by the 16 Noticees (viz. Noticee No. 1-14 and 18-19) among themselves in executing buy / sell order at the price higher than the LTP, it was alleged that they have manipulated price of the scrip by contributing 22.36% of market positive price rise in the scrip as compared to LTP.

- c) The trades of the Group had been analysed by bifurcating Investigation period into two patches i.e. January 03, 2011 to March 14, 2011 (Patch-1) and March 15, 2011 to June 08, 2011 (Patch-2). During investigation it was observed that large volume of shares of the Company were traded among the Group during Patch-1 and large volume of shares of the Company were sold by the Group during Patch-2. It was alleged that the Group had created artificial volume during Patch-1 by trading among themselves and this volume constituted 87.17% of the market volume. Subsequently, in Patch-2, the Group had sold 4,82,98,446 shares i.e. 97.85% of the market volume at increased price. It was also observed that the shares of the Company were traded in less volume when the Group did not trade in the market, however, when Group started trading in the scrip of the Company among themselves, the volume of the scrip of the Company raised substantially. The summary of the trade details of the Group patch-wise is as follows:

Period	Market Vol.	Group Vol.	Group vol. % to Mkt.	Group Buy volume	Group buy % to Mkt.	Group Sell volume	Group sell % to Mkt.	Trading among the group	Trading among the group % to Mkt.
Patch-1	2,66,62,070	2,46,25,630	92.36	2,37,56,895	89.10	2,41,09,847	90.43	2,32,41,112	87.17
Patch-2	5,73,55,051	4,93,61,363	86.06	39,40,965	6.87	4,82,98,446	97.85	28,78,048	5.02
Total	8,40,17,121	7,39,86,993	88.06	2,76,97,860	32.97	7,24,08,29	86.18	2,61,19,160	31.09

d) It was observed that during Patch-1, 11 entities of the Group had contributed 87.17% of market volume by trading among themselves for 2,32,41,112 shares repeatedly in the market on most of the days. The pair-wise group details are given below:

Buy Client Name	Sell Client Name	TAG Qty	% of TAG Vol. to Mkt. Vol.
Ayodhyapati Investment Pvt Ltd	Manish Mansukhlal Raja	65,03,435	24.39
Aum Technocast Pvt. Ltd	Dharmesh Narendrakumar Solanki	43,30,559	16.24
Ashwinbhai Prabhudas Ruparel	Manish Mansukhlal Raja	27,59,999	10.35
Amrut Securities Ltd.	Sonal Kanaksingh Ashar	20,76,030	7.79
Om Education (It) Pvt Ltd	Dharmesh Narendrakumar Solanki	16,11,080	6.04
Amrut Securities Ltd.	Manish Mansukhlal Raja	16,05,026	6.02
Amrut Securities Ltd.	Dharmesh Narendrakumar Solanki	11,60,900	4.35
Ayodhyapati Investment Pvt Ltd	Baldevsinh Vijaysinh Zala	6,80,000	2.55
Ashwinbhai Prabhudas Ruparel	Baldevsinh Vijaysinh Zala	6,00,000	2.25
Amrut Securities Ltd.	Manish Kanakshi Ashar	4,95,990	1.86
Ayodhyapati Investment Pvt Ltd	Manish Kanakshi Ashar	4,69,000	1.76
Ashwinbhai Prabhudas Ruparel	Om Education (It) Pvt Ltd	4,43,930	1.67
Dharmesh Narendrakumar Solanki	Sonal Kanaksingh Ashar	3,60,000	1.35
Ashwinbhai Prabhudas Ruparel	Vijay Ramniklal Rupani (Huf)	87,310	0.33
Ashwinbhai Prabhudas Ruparel	Sonal Kanaksingh Ashar	34,970	0.13
Manish Mansukhlal Raja	Dharmesh Narendrakumar Solanki	22,883	0.09
Total		2,32,41,112	87.17

e) Further, Noticee(s)-wise details of trading among themselves during Patch-1 was as follows:

S.N.	Client Name	Buy TQ	% to Mkt. (Patch)	Sell TQ	% to Mkt. (Patch)
1	Ayodhyapati Investment Pvt Ltd	76,52,435	28.70	-	0
2	Amrut Securities Limited	53,37,946	20.02	-	0
3	Aum Technocast Pvt Ltd.	43,30,559	16.24	-	0
4	Ashwinbhai Prabhudas Ruparel	39,26,209	14.73	-	0
5	Om Education (It) Pvt Ltd	16,11,080	6.04	4,43,930	1.67
6	Dharmesh Narendrakumar Solanki	3,60,000	1.35	71,25,422	26.72
7	Manish Mansukhbhai Raja	22,883	0.09	1,08,68,460	40.76
8	Sonal Kanaksingh Ashar	-	0.00	24,71,000	9.27
9	Baldevsinh Vijaysinh Zala	-	0.00	12,80,000	4.80
10	Manish Kanakshi Ashar	-	0.00	9,64,990	3.62
11	Vijay Ramniklal Rupani (Huf)	-	0.00	87,310	0.33
	Total	2,32,41,112	87.17	2,32,41,112	87.17

f) In view of the repeated huge indulgence in trading (viz. 87.17% of market volume) by the 11 Group entities during the selected patch only, it was alleged that they had deliberately traded among themselves substantially in order to create the artificial volume and to create misleading appearance of trading in the scrip.

g) Details of the top 10 buy and sell brokers during the investigation period are given below:

Buy Broker Name	Trd. Volume	% to Mkt.	Sell Broker Name	Trd. Volume	% to Mkt.
SKSE Securities Ltd.	1,79,35,05	21.35%	Atlanta Share Shinee Ltd.	5,46,74,32	65.08
Atlanta Share Shinee Ltd.	1,06,63,51	12.69%	Galaxy Broking Ltd.	1,08,60,00	12.93
Prabhudas Lilladher Pvt.	65,72,100	7.82%	Skse Securities Ltd.	79,21,498	9.43
Inani Securities Ltd.	40,40,700	4.81%	Icici Securities Limited	18,28,316	2.18
Bansal Finstock Pvt. Ltd.	35,25,000	4.20%	Opg Securities Pvt. Ltd.	9,35,023	1.11
Jhaveri Securities Ltd.	30,74,003	3.66%	Jmp Securities Pvt. Ltd.	9,00,020	1.07
Ssj Finance & Securities	30,61,630	3.64%	Anand Rathi Share & Stock	6,59,952	0.79
Joindre Capital Services	28,04,750	3.34%	Inani Securities Ltd.	5,00,000	0.60
Hdfc Securities Ltd.	22,00,000	2.62%	Techno Shares & Stocks Lt	4,26,590	0.51
Motilal Oswal Securities	12,14,101	1.45%	Religare Securities Limit	2,87,656	0.34
Top 10 Buy Brokers	5,50,90,85	65.57%	Top 10 Sell Brokers	7,89,93,38	94.02
Remaining Brokers	2,89,26,26	34.43%	Remaining Brokers	50,23,738	5.98
Total Traded Volume	8,40,17,121	100.00%	Total Traded Volume	8,40,17,121	100.00

h) Details of the top 10 buy and sell clients during the investigation period are given below:

Buy Client Name	Trd. Volume	% to Mkt.	Sell Client Name	Trd. Volume	% to Mkt.
Ayodhyapati Investment Pvt	77,32,184	9.20	Manish Mansukhlal Raja	1,13,23,106	13.48
Amrut Securities Ltd.	64,00,572	7.62	Baldevsinh Vijaysinh Zala	82,80,000	9.86
Aum Technocast Pvt. Ltd	49,14,157	5.85	Shailesh Mulraj Ved	80,00,000	9.52
Ashwinbhai Prabhudas Ruparel	48,50,765	5.77	Dharmesh Narendrakumar Solanki	73,77,000	8.78
Dipakkumar Bhogilal	23,65,173	2.82	Paresh Chamanlal Doshi	70,01,000	8.33
Thakur Estate Development	18,50,000	2.20	Pradeep Syamsunder	69,74,665	8.30
Rajkumar Shyamnarayan	18,50,000	2.20	Sonal Kanaksingh Ashar	42,00,000	5.00
Thakur Fininvestpvt. Ltd.	16,50,000	1.96	Manish Kanakshi Ashar	42,00,000	5.00
Om Education (It) Pvt Ltd	16,41,079	1.95	Haresh Lalitbhai Tejani	39,74,200	4.73
Girish Prabhudas Ruparel	11,05,048	1.32	Bhavik Amrutlal Vaza	38,67,305	4.60
Top 10 Buy Clients	5,50,90,852	40.89	Top 10 Selling Clients	6,51,97,276	77.60
Remaining Clients	2,89,26,269	59.11	Remaining Brokers	1,88,19,845	22.40
Total Traded Volume	8,40,17,121	100.00	Total Traded Volume	8,40,17,121	100.00

- i) During investigation, it was observed that prior to the creation of alleged artificial volume by the Group, price of the scrip was ₹0.31 (03.01.2011) and when the price and volume were so manipulated by the Group as alleged, the price of the scrip increased to ₹0.90 (27.04.2011). During Patch-2, 13 Group Noticees (viz. Noticees No. 1 – 5 and 10-17) had off-loaded shares at various increased price and thereby had allegedly made unlawful gain of ₹1,60,76,904 from the aforesaid price and volume manipulation. The details of Noticee-wise quantity of shares off-loaded, average sell rate and unlawful gain made by them are as follows:

S.N.	Name of the entity	TRADED_QTY	Avg. Sell Rate	Price diff. from op. price	Gain (₹)
1.	Shailesh Mulraj Ved	72,38,448	0.62	0.31	2,243,919
2.	Pradeep Syamsunder Swain	68,78,110	0.65	0.34	2,338,557
3.	Paresh Chamanlal Doshi	68,16,236	0.61	0.30	2,044,871
4.	Baldevsinh Vijaysinh Zala	61,65,359	0.68	0.37	2,281,183
5.	Haresh Lalitbhai Tejani	39,59,800	0.70	0.39	1,544,322
6.	Bhavik Amrutlal Vaza	38,09,565	0.72	0.41	1,561,922
7.	Bhavana Manish Asher	34,82,519	0.74	0.43	1,497,483
8.	Manish Kanakshi Ashar	32,05,439	0.72	0.41	1,314,230
9.	Hemanshu P Mehta	18,38,325	0.72	0.41	753,713
10.	Sonal Kanaksingh Ashar	11,60,821	0.49	0.18	208,948
11.	Jagdish Gordhandas Ved	3,77,101	0.65	0.34	128,214
12.	Ashwinbhai Prabhudas Ruparel	3,45,000	0.66	0.35	120,750
13.	Amrut Securities Ltd.	1,43,675	0.58	0.27	38,792
	Grand Total	4,54,20,398	0.67		1,60,76,904

In view of the aforesaid, it was alleged that the Noticees 1 to 5 and 10 to 17 had made unlawful gain of ₹1,60,76,904.

- j) During investigation it was observed that the Noticees No. 1-19 had executed their trades through stock brokers/sub-broker namely - Atlanta Share Shoppee Ltd (Noticee No. 21), Galaxy Broking Ltd. and sub-broker *namely*; Presilco Impex Ltd. (Noticee No. 22 - who was a sub-broker of stock broker SKSE Securities Ltd.). It was also observed that Noticee No. 20 and 21 had facilitated the alleged trades to the Group, wherein Group indulged in repeated trading amongst themselves, which ultimately resulted into alleged creation of misleading appearance in the securities market and into creation of artificial

volume / price rise in the shares of the Company. Therefore, it was alleged that the Noticee No. 20 & 21 had failed to exercise due skill, care and diligence in avoiding such execution of trades on behalf of the Group. Thus, the Noticees No. 20 and 21 had respectively violated clause A (2) of the Code of Conduct under Schedule II read with regulation 7 of the Stock Brokers Regulations; and clause A (2) of the Code of Conduct under Schedule II read with regulation 15 of the Stock Brokers Regulations.

k) It was also observed during investigation that Mr. Manish Mansukhbhai Raja (Noticee No. 19) was holding 6.46% shares of the Company at beginning of the investigation period and his shareholding in the Company changed to 4.97% on February 04, 2011 change of was observed in his shareholding (i.e. more than 2% change in his shareholding in the Company). However, the Noticee 19 had allegedly failed to make disclosure to the Company upon change in his shareholding and thereby he had violated regulation 13 (3) read with 13 (5) of the PIT Regulations.

l) The provisions of PFUTP Regulations, Stock brokers Regulations and PIT Regulations alleged to have been violated by the respective Noticees based on aforesaid observations/findings are summarized in the following table: -

S. N.	Names of the Entity	Allegations	Alleged Violations	Penalty provisions
1.	Amrut Securities Limited	(a) Created the misleading appearance of trading in the securities market by trading among the group. (b) Manipulated the price of the scrip. (c) Made gain by off-loading the shares at the increased price.	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a),(b), (e) and (g) of PFUTP Regulations.	Section 15HA of SEBI Act.
2.	Ashwinbhai Prabhudas Ruparel			
3.	Baldevsinh Vijaysinh Zala			
4.	Manish Kanakshi Ashar			
5.	Sonal Kanaksingh Ashar			
6.	Aum technocast pvt ltd.	(a) Created the misleading appearance of trading in the securities market by trading among the group. (b) Manipulated the price of the scrip.	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a),(b), (e) and (g) of PFUTP Regulations.	Section 15HA of SEBI Act.
7.	Ayodhyapati Investment Pvt. Ltd.			
8.	Dharmesh Narendrakumar Solanki			
9.	Om Education (IT) Pvt Ltd			
10.	Bhavik Amrutlal Vaza		Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of	Section 15HA of SEBI Act.
11.	Haresh Lalitbhai Tejani			

12.	Paresh Chamanlal Doshi	(a) Manipulated the price of the scrip.	PFUTP Regulations.	
13.	Pradeep Syamsunder Swain	(b) Made gain by off-loading the shares at the increased price.		
14.	Shailesh Mulraj Ved			
15.	Bhavana Manish Asher	Made gain by off-loading the shares at the increased price.	Regulations 3(a), (b), (c), (d) and 4(1) and 4(2) (a) of PFUTP Regulations.	Section 15HA of SEBI Act.
16.	Hemanshu P Mehta			
17.	Jagdish Gordhandas Ved			
18.	Akash Harishbhai Desai	Manipulated the price of the scrip	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations.	Section 15HA of SEBI Act.
19.	Manish Manshukhbhai Raja	Created the misleading appearance of trading in the securities market by trading among the group.	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (g) of PFUTP Regulations.	Section 15HA of SEBI Act.
		Failed to make disclosure within stipulated time to the company.	Regulation 13(3) read with 13(5) of SEBI(PIT regulations), 1992.	Section 15A (b) of SEBI Act.
20.	Atlanta Share Shoppee Ltd	Broker to the entities who had created the misleading appearance in the securities market.	Clause A(2) of the Code of Conduct prescribed under Schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.	Section 15HB of SEBI Act.
21.	Presilco Impex Ltd.	Sub-broker to the entities who had created the misleading appearance in the securities market	Regulation 15 of Stock Brokers Regulations read with clause A(2) of the Code of Conduct prescribed in Schedule II of the Stock Brokers Regulations	Section 15HB of SEBI Act.

6. Pursuant to the restoration of the case to the file of AO, in the interest of natural justice, an opportunity of personal hearing was given to the Noticees to appear before the undersigned on March 10, 2022 vide notice dated February 10, 2022. However, no one appeared on the scheduled date. Another opportunity of personal hearing was given to the Noticees to appear before the undersigned on April 26, 2022 vide notice dated April 5, 2022. The Noticees submitted a joint reply vide letter dated April 26, 2022 stating, inter alia, the following:

- *Alleged artificial volume shown of 2,32,41,112 shares is of Patch-1 of eleven parties. Trading of 28,78,048 shares though among group in Patch-2 has not been considered as artificial volume – how come or on what basis 100% deliveries based quantities of 4,54,20,398 shares sold by 13 parties in Patch-2 is treated as objectionable and attracting disgorgement. Buyers and sellers are not shown*

as connected for the relevant trades (which are not considered for disgorgement). *It* means alleged artificial volume of 2,32,41,112 shares (of Patch-1) is given a go-bye, not considered objectionable and not made eligible for disgorgement. [It also means "connections" shown for underlying trades of 2,32,41,112 shares of Patch-1 is meaningless and irrelevant as for disgorgement purpose, 4,54,20,398 shares sold in Patch-2 have been considered, but no 'connection' thereof and therein is shown.

- Zala's sale of 61,65,359 shares was in Patch-2. at ruling market prices. Each trade was separate and settled accordingly in terms of shares (100% deliveries) and sales proceeds received through market mechanism. The daily movement of price of the scrip SCL was regulated. Shares sold were not bought back.
- *It is observed, as per example given in the (SCN), that Atlanta Share Shopee Limited, broker, on behalf of Zala, on 06.01.2011 placed a sell order for 6,00,000 shares of SCL at Re. 0.33 at 12:38:38 and the entire sell quantity was bought by Ashwinbhai Prabhudas Ruparel (in 48 buy orders) between 15:16:50 and 15:19:31 (i.e. after 2 hours and 38 minutes of the sell order of Zala). Sell order remained on the trading screen for 2 hours 38 minutes for anyone to grab. This trade cannot be considered as creation of artificial volume. Further, this was a delivery based trade that took place under upfront restrictive conditions and reflected in demat account account of Zala.*
- *SEBI has not explained how the orders matching algorithm of BSE worked and on what basis trades thereof have been treated as objectionable. No "connection" of Zala with counter broker (or his client Ashwin Ruparel) is shown in connections table. Therefore, their trade of 6,00,000 shares has been misread, misunderstood and misinterpreted to show that it was a fraudulent trade.*
- *No "connection" in respect of these 61,65,359 shares sold with any alleged group counter party is shown.*
- *Zala has taken extracts from the CD (refer Annexure A) and put sold quantities by him and other 12 parties of (purported) group (4,54,20,398 shares) alongside several buyers who bought 4,54,20,398 shares in Patch-2. No matching of orders (based on connection) is shown in respect of sales of shares of the Zala (and of other parties) in any table in respect of 4,54,20.398 shares sold in Patch-2.*
- *Thus, there was no any meeting of minds, collaboration or collusion on a contemporaneous basis with any group party and none is shown for sales of shares of Zala which was in Patch-2 (and for which disgorgement amount is sought). Without prejudice and in the alternative, the 'connections' simplicitor on a stand alone basis can not cascade over automatically in Patch-2. They must get reflected in the trades- in other words, trades must*

happen between purported connected parties. And further such trades have to be shown as adverse, gaming, sinister and fraudulent from the market's perspective. No shared objective or purpose for sale of shares by Zala is shown. Zala's shares, were in his demat account and sold them/delivered them in Patch-2 in the market.

➤ *Summary – as a group*

<i>11 parties shown Connected as a group</i>		
<i>Artificial Volume</i>	<i>LTP</i>	<i>Trading among group and price rise</i>
<p><i>Because there was trading among group</i></p> <p><i>-In Patch-1 in the SCN</i></p> <p><i>-2,32,41,112 shares [Party-wise sales, purchases]</i></p> <ul style="list-style-type: none"> <i>• 4 parties only bought</i> <i>• 4 parties only sold- 1 party exonerated</i> <i>• 3 parties bought and sold</i> <i>• Manish Raja sold 1,08,68,460 (who was introduced by Paresh C. Doshi). No disgorgement for him as he sold shares in Patch-1</i> <p><i>-Deliveries based volume cannot be called artificial volume</i></p> <p><i>- Zala sold/delivered shares – did not buy again</i></p>	<p><i>As a group contributed significantly to LTP</i></p> <p><i>So, manipulation of price</i></p> <ul style="list-style-type: none"> <i>• See price rise.</i> <i>• 100% deliveries tendered and not bought back</i> <i>• The Zala's LTP contribution was negligible (0.07+0.36= ps.0.43).</i> <i>• No charge of increasing of LTP in the SCN.</i> <i>• Zala is seller in Patch-2. It is the buyers who increase price</i> 	<p><i>As consequence of trading amongst group price increased.</i></p> <ul style="list-style-type: none"> <i>- Trading among group shown was in Patch-1 while the Zala's sold/delivered shares were in <u>Patch- 2</u> to which disgorgement is applied. Trading among group in <u>Patch-2</u> is not objected. No "connection" shown in Zala's sales made in Patch-2.</i> <i>- No action against buyers as trading among group involved both buyers as well as sellers.</i> <i>- Market price was regulated upfront, had restrictions on price rise/fall i.e. ±5% circuit w.e.f. 24.01.2011. Additional restrictions imposed by putting the scrip in 'T' group</i>

		w.e.f. 04.02.2011 (BSE's ± Notice)
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- A circuit filter of 5% and lower (BSE's report) means price movement was regulated by BSE, first level regulator. How can a regulated price be treated as manipulative? Further it is miniscule.
- Hence when each and every trade results into deliveries- sellers tender and buyers receive shares, beneficial interest therein get passed, such trades are genuine and not artificial. The very purpose of market is to facilitate transfer of beneficial interest, market exists for negotiability, marketability, saleability and transferability of shares.
- In a trade to trade scenario, every order and trade is separate and gets unique number and gets settled on a standalone basis. Hence, the charge of 'artificial volume' has to be applied to each trade independently and tested accordingly. Disregarding individuality of every trade and its settlement (of every buyer and every seller), disgorgement cannot be slapped and thrust upon on a wholesale, total and lump basis- in the impugned order all sales of all 13 sellers of Patch-2 have been made eligible and considered for disgorgement. What is so unholy and unnatural about Zala's market sale trades of Patch-2 for which 100% deliveries were tendered and which were at market prices then?
- The Group had bought 2,76,97,860 shares, 32.97% of market volume (8,40,17,121 shares) and sold 7,24,08,293 shares, 86.18% of market volume during the investigation period (i.e. both patches).
- Trading among group is treated as incriminating material. Group is formed on the basis of "connection. These "connections" do not get reflected in the trades. Trades are not based on the said "connections"- Zala's sales trades (to which disgorgement is applied) did not match with purported connected parties.
- Trading among group is misconstrued in as much as:
 - There was no group as such. Each party's trading pattern is different. Assuming there was trading among group parties, "it did not automatically mean and did not amount to creation of artificial volume and misleading appearance in trading SCL scrip as deliveries were actual, beneficial ownership passed and consideration paid/ received-through market mechanism"
 - Zala's "connection" with counter broker/ client is not shown and not treated as objectionable in the sales trades of Patch- 2 to which disgorgement is applied. "Trading among group' as stated by BSE in its report is misconstrued. There was no several (and continuous, consistent, throughout) buy and sale vice versa between (purported) connected parties. Assuming but without admitting some 'connection'

was between parties, only one leg of transaction happened between them - 'X' sold 'Y' bought- beneficial ownership passed. There being no further trading (reversal or circular) between them, the effect being change of beneficial ownership only once".

➤ *It is clarified on 'connection' as under:*

There is no bar for a director to introduce known parties to a broker. Paresh Doshi has not played any role in Zala's trading. Zala was the controlling mind for his trading in the said scrip. 'Connection' can become illegitimate if it gets directly reflected in the trades and it results into any dubious, surreptitious or fraudulent outcome. It must be shown that mischievous prior meeting of minds (before trade execution) was outcome of 'connection' and had sinister design/ purpose. Hence (purported) 'connection' per se does not make the trade (or gain) eligible for penalty.

"Zala states that his residential address i.e. Station Plot, Kapuriya Chowk, Gondal (as stated in Registration Form) is totally different from the residential/ office address of Anil Gandhi, director of Ayodhyapati Investment Pvt. Ltd. The address of Anil Gandhi was: (Street no.) 10, Station Plot, 'Anil', Gondal-360311.

No common intention to act in union is shown. No design or plan or common understanding for anything is pointed out. For dehors the element of shared common objective or purpose the idea of "group" is as meaningless as criminal conspiracy without any agreement to commit a criminal offence

- *16 entities' contribution of the positive LTP was only Rs. 1.86 (i.e. 22.36% of market positive LTP) during the investigation period of 5 months. This is insignificant. 3 parties have been let-off.*

13 parties have been charged for price increase, but they are sellers. Sellers do not increase price.

- *The alleged price increase of paise 59 over 108 trading days itself was insignificant/ miniscule.*
- *SEBI investigation report (refer Annexure D)- Para 8.1 no major impact on price /volume on the basis of any Corporate announcement.*
- *No impact analysis of (purported) price increase on account of (alleged) artificial volume has been furnished. The scrip's trading was in 'T' group w.e.f. 4th February, 2011 with preventive surveillance measures on price, deliveries and margin. Thus, different components of transactions - price, deliveries and margin*

- were regulated upfront. Therefore, there was no dysfunctional feature in trading pattern of the scrip.

➤ Findings in SEBI's Investigation Report:

<i>Parameter considered/ applied</i>	<i>Finding</i>
• <i>Connection with the company</i>	<i>No connection between the company and the group.</i>
• <i>Synchronized trades</i>	<i>Insignificant volume – No adverse inference.</i>
• <i>Circular / Reversal of Trade</i>	<i>No specific trading pattern such as circular of trades / reversal of trades was observed during investigation period.</i>
• <i>Self-Trades</i>	<i>No adverse inference.</i>
• <i>New High Price (NHP) Analysis</i>	<i>No adverse inference.</i>
• <i>LTP Analysis</i>	<i>1. Buyers contributed to net LTP of Rs. 1.09. Market Net LTP is Re. 0.44</i> <i>2. 16 entities (buyers + sellers) traded among themselves- They contributed the positive LTP of Rs. 1.86. Zala's and counter-parties contribution shown is Re. 0.43.</i> <i>3. Para 17.3-Adjudication recommended</i>
• <i>First Trade Analysis</i>	<i>No adverse inference.</i>
• <i>Creation of Artificial Volume</i>	<ul style="list-style-type: none"> • <i>11 entities traded among themselves – This inference is incorrect as 4 entities only sold – 4 parties only bought and 3 entities bought as well as sold. Trading was in 'T' Group- There was 100% deliveries. There was therefore actual beneficial transfer of interest. Hence, this cannot be treated as misleading appearance in the trading. Zala was holding shares since May,2009 /Sept. 2009 and shareholding pattern shown in BSE's report</i> • <i>'Trading among themselves' is misread I mis-understood. Zala only sold. Counterparties Ayodhyapati & Ashwinbhai only bought. Beneficial interest passed.</i> • <i>Adjudication recommended</i>
• <i>Unlawful gain</i>	<i>Para 19.14</i> <i>Can upfront regulated market price by first level regulator BSE, be treated as manipulated price?</i>

- *Buyers are not prosecuted and no action is proposed against them.*
- *There was nothing illegal and there was no unlawful gain in Zala's sale of shares in Patch-2 that can attract any penalty as proposed or otherwise.*

[The SCN/ Investigation Report has not even considered material feature of trading

-that the scrip's trading was in 'T' Group i.e. having upfront preventive regulatory restrictions- 100% deliveries, 5% circuit on price and 100% margin and their impact on trading volume, price and how the market participants viewed such scrips].

- *When trading took place under upfront regulatory surveillance measures- where each trade results into deliveries (100% deliveries between sellers and buyers) and so settled, 5% circuit on price, 100% margin and thus every component of order/ trade was regulated- sale proceeds of shares cannot be treated as unlawful. Can some normal and natural price increase (that too miniscule) in the case of deliveries based transactions be treated as manipulative and attract monetary penalty?*
- *Without prejudice to the above, upfront regulatory measures make the "connections" (if any) irrelevant and their influence (if any) meaningless as the criterion 'concentration of entities' is duly factored in and "connections" if any, duly considered (while imposing preventive surveillance measures). Hence such trades cannot be treated as manipulative and sale proceeds cannot be considered ill-gotten and gains unlawful. Therefore, there cannot be any monetary penalty.*
- *When thus preventive measures on price and deliveries were in force, no scope for any collusion or manipulation existed. Further BSE's stock watch system generated alerts on line- real time and non-real time (EOD alerts) daily – on pattern recognition module. Zala acted within a framework of checks and balances, under preventive surveillance measures and upfront regulated ecosystem of this scrip's trading. Therefore, no any illegality in trading. So no unlawful gain. Hence, no penalty is warranted.*
- *The very basis that group entities were trading among themselves is incorrect as some entities only bought, some only sold shares of Sarang scrip and some (3 parties) bought and sold – The trading was deliveries based- trade by trade. Hence, treating such trades as objectionable per se is wrong. Such trades can be construed as artificial as beneficial ownership got transferred from sellers to buyers of shares. Further the price of Sarang scrip was decided by BSE. Then how can it be inferred that Zala made 'unlawful gains'. The very basis to draw this inference is misconceived and erroneous.*

7. The Authorised Representative of the Noticees appeared for personal hearing on April 26, 2022 and reiterated the submissions made vide letter dated April 26, 2022.
8. Vide email dated October 20, 2022, the Noticees were asked whether they are desirous of making further submissions. However, no reply was received from the Noticees.

CONSIDERATION OF ISSUES AND FINDINGS

9. The issues that arise for consideration in the instant matter are:
 - (a) Whether Noticees 1 to 19 have violated provisions of PFUTP Regulations;
 - (b) Whether Noticee 19 have violated regulation 13(3) read with 13(5) of PIT Regulations;
 - (c) Whether Noticees 20 and 21 have violated provisions of Stock Brokers Regulations;
 - (d) Do the violations, if any, on the part of the Noticees attract monetary penalty under section 15HA, 15A(b) and 15HB of SEBI Act?; and,
 - (e) If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in section 15J of the SEBI Act?
10. The text of aforesaid relevant provisions of PFUTP Regulations, Stock Brokers Regulations and PIT Regulations are as follows:

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

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

(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;

(e) any act or omission amounting to manipulation of the price of a security;

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

Stock Brokers Regulations

Schedule II of regulation 7

A (2) Exercise of due skill and care: A stock-broker, shall act with due skill, care and diligence in the conduct of all his business.

Schedule II of regulation 15

A (2) Exercise of due skill and care: A sub-broker, shall act with due skill, care and diligence in the conduct of all investment business.

PIT Regulations

13 (3) Any person who holds more than 5% shares for voting rights in any listed company shall disclose to the company in Form C the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds 2% of total shareholding or voting rights in the company.

13 (5) The disclosure mentioned in sub-regulations (3), (4) and (4A) shall be made within two working days of: (a) the receipts of intimation of allotment of shares, or (b) the acquisition or sale of shares or voting rights, as the case may be.

FINDINGS

11. I have gone through the submissions made by the Noticee and the other material on record and I now proceed to deal with the same. I note that SEBI conducted an

investigation wherein it was observed that during January 3, 2011 and March 14, 2011, there was increased trading in the scrip on the days a group of 21 connected Noticees traded in the market; and through trading among themselves, the Noticees had created huge artificial volume in the market. Due to such creation of artificial volume, the price of the scrip increased from Rs. 0.31/- per share as on January 3, 2011 to Rs. 0.90 per share as on April 27, 2011. Thereafter, during the period of March 15, 2011 to June 8, 2011, few Noticees off-loaded the shares at various increased prices and thereby made unlawful gain of Rs. 1,60,76,904/-.

12. I now proceed to address the points raised by Hon'ble SAT in its order dated August 12, 2021 and cited in the order dated December 21, 2021. The observations made by Hon'ble SAT are as under:

- (i) Contention of delay has not been considered properly;
- (ii) Contention that there cannot be any manipulation in the scrip as it was in "T Group" has not been dealt;
- (iii) Proof of connection amongst Noticees is vague;
- (iv) No evidence to show that Noticees traded amongst themselves;
- (v) Pleas that there was no prior meeting of minds and purchase of scrip was made bonafide has not been taken into consideration.

13. As far as contention of delay taken by the Noticees in these proceedings is concerned, I note that investigation in the present matter was initiated by SEBI pursuant to receipt of an examination report from BSE Ltd. In July 2012, which got concluded in March 2015. I note that investigation period was taken from January 03, 2011 to June 08, 2011. Investigation identified a group of 21 entities who traded heavily in the scrip. The focus of investigation was to ascertain whether the suspected entities had manipulated the price and volume in violations of the provisions of PFUTP Regulations in the scrip during the period January 03, 2011 to June 08, 2011 when around eight crore shares of the Company were traded. For investigating the matter, background of the Company was checked including its shareholding pattern, financial results, corporate announcements, price-volume data, etc. Thereafter, brokers and clients concentration was identified, on the basis of which suspected entities were identified. Thereafter, connections

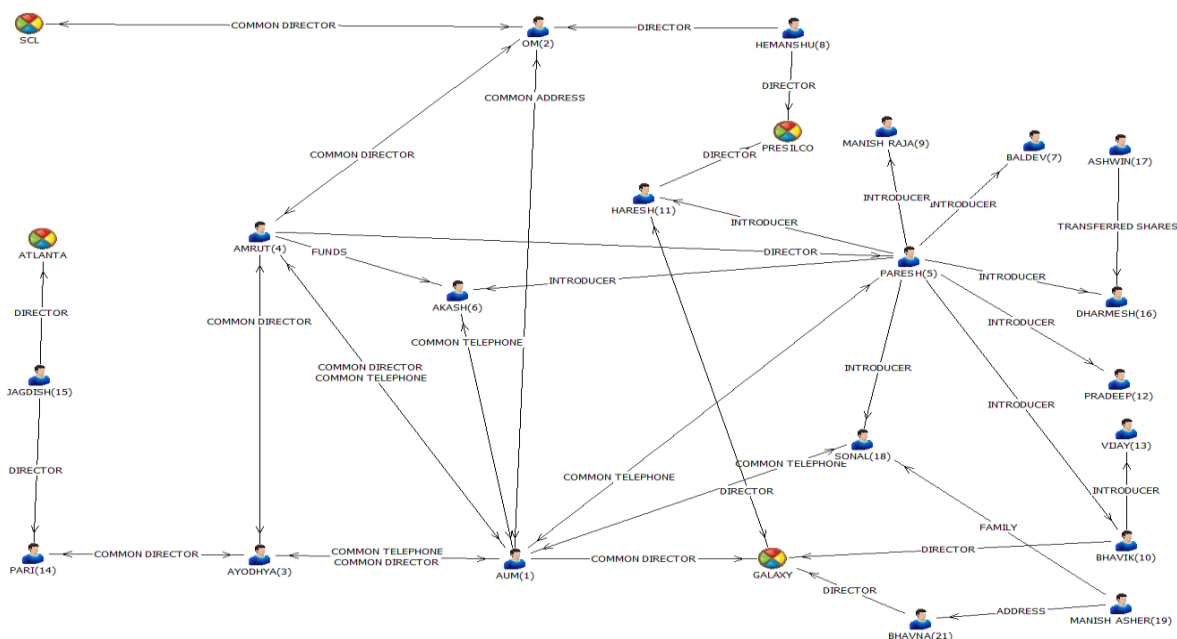
between/amongst these entities were traced and various dots were connected. Then trading by the group of 21 entities was examined to find out whether there were any synchronised trades, self trades and circular/reversal of trades. Analysis of NHP, LTP and first trade was also conducted. After all this lengthy and complex exercise, an investigation report in the matter was prepared which was approved in March, 2015. Thereafter, on May 6, 2016 the SCN was issued to the 21 Noticees and after conclusion of hearing, adjudication order in the matter was passed on October 27, 2017. Hon'ble SAT vide order dated November 8, 2017 set aside the ex-parte order passed by the then Adjudicating Officer and directed to pass fresh order after considering the replies submitted by the Noticees. Subsequently, fresh adjudication order dated January 24, 2020 was passed. The said order was challenged by the aforesaid Noticees by filing their respective appeals before Hon'ble SAT which were disposed of by the order dated August 12, 2021 and December 21, 2021 passed by Hon'ble SAT remanding the matter to SEBI. In view of the aforesaid events, I find that there is no inordinate delay in the matter. Further, I note that the Noticees have unequivocally taken the plea of delay in initiating of proceedings without specifying any prejudice caused to them because of such delay which have prejudiced their defence in the matter. In view of this, I find that the contention of Noticees regarding the delay is untenable.

14. The next contention of the Noticees is that since the scrip was placed by the BSE in T group with effect from February 04, 2022, therefore, manipulation in such scrip was not possible. In this regard, I note that undoubtedly there is circuit filter of +/- 5% on the scrips placed in T Group and that there is trade for trade settlement i.e. every trade in such scrips is required to be settled through delivery and payment and no netting is allowed. However, this does not in any way suggest that there cannot be any manipulation in such scrips. These safeguards are surveillance measures to contain undesirable and excessive speculative trades. In so far as safeguard of delivery and payment is concerned, such safeguard is rendered ineffective if the trading is happening between the parties forming part of a group (which is the case here) because in such case, the money and the securities remains within the group whose objective is to manipulate the volume or the price

of the scrip which allures gullible investors. Similarly, the safeguard of circuit filter is also a surveillance measure to put a temporary halt/suspension of trading to help the market and the investors to gauge and material information which may be floating. Circuit filter can be overcome by manipulating the price within the circuit filter on each trading day. Though presence of circuit filter may enhance the time to be taken to reach at the desired level of manipulated price sought to be achieved, as maximum upto 5% of price can be increased/decreased, however, it does not mean that such scrip is totally immune from manipulation within the range on each day. In view of this, I find that contention of the Noticees that since the scrip was in T group therefore, it could not have been manipulated, is untenable.

15. I will now discuss pts. (iii), (iv) and (v) of para 12. In this case, charges against the Noticees are – manipulation of price of the scrip of the Company by contributing positively in LTP, creation of artificial volume during Patch-1 of trading, creation of misleading appearance of trading in the scrip of the Company and off-loading shares in the market at increased price in Patch-2 and thereby some of the Noticees allegedly made unlawful gain of ₹1.60 crores.

16. One of the basis of the allegation is the connection amongst the 18 Noticees who have traded in the scrip during the investigation period. A pictorial representation of the connections amongst the Noticees, as given in the SCN, is as under:



17. From the chart of the connections amongst the entities belonging to the group, investigation observed the following connection between the Noticees:

Sl. No.	Client Name	Basis of Connection
1.	Aum Technocast Pvt. Ltd. (Noticee 6)	<p>Common address viz. 617, Star Plaza, Phulchhub Chowk, Rajkot, Gujarat 36001 Aum Technocast Pvt. Ltd. Om Education (IT) Pvt. Ltd.</p> <p>Common mobile number of 9375736363: Ayodhyapati Aum Amrut Sonal Ashar Akash Desai Paresh Doshi</p> <p>Common telephone number of 02813291009 Aum Sonal Ashar</p> <p>Amit Mehta is the common director Aum Ayodhyapati</p> <p>Common director of Dilip Joshi Amrut Om</p>

		Common director of Haresh Tejani Aum Galaxy Stock Broking Ltd. Presilco Impex Ltd. (sub-broker of SKSE Securities Ltd.)
2.	Om Education (IT) Pvt. Ltd. (Noticee 9)	Common address viz. 617, Star Plaza, Phulchhub Chowk, Rajkot, Gujarat 36001 Aum Technocast Pvt. Ltd. Om Education (IT) Pvt. Ltd. Hemanshu Mehta is one of the director of Om Education (IT) Pvt. Ltd. Suresh Mavani was common director of Om and SCL Common director of Dilip Joshi for Amrut and Om
3.	Ayodhyapati Investment Pvt. Ltd. (Noticee 7)	Amit Mehta is the common director Aum and Ayodhyapati Common director of Manoj Gandhi Ayodhyapati Amrut Securities Ltd.
4.	Amrut Securities Limited (Noticee 1)	Common director of Manoj Gandhi Ayodhyapati Amrut Securities Limited Paresh is one of the director of Amrut Securities Ltd. Funds transfer between Akash Desai Amrut Securities Limited Common director of Dilip Joshi Amrut Om
5.	Paresh Chamanlal Doshi (Noticee 12)	Paresh is the common director of Amrut Securities Ltd. Presilco Impex Introduced by Paresh C Doshi Baldevsinh Zala Manish Raja Bhavik Amrutlal Vaza Haresh Tejani Pradeep Shyamsundar Swain

		Sonal Ashar Akash Desai Dharmesh
6.	Akash Desai (Noticee 18)	Common mobile number of 9375736363 Ayodhyapati Aum Amrut Sonal Ashar Akash Desai Paresh Doshi Funds Transfer between Akash Desai Amrut Securities Ltd.
7.	Baldevsinh Vijaysinh Zala (Noticee 3)	Baldevsinh was introduced by Paresh C Doshi
8.	Hemanshu Mehta (Noticee 16)	Common Director Hemnashu Mehta Om Education (IT) Pvt. Ltd. Presilco Impex Ltd.
9.	Manish Raja (Noticee 19)	Manish Raja was introduced by Paresh C Doshi
10.	Bhavik Amrutlal Vaza (Noticee 10)	Bhavik Amrutlal Vaza was introduced by Paresh C Doshi Director of Galaxy Stock Broking
11.	Haresh Tejani (Noticee 11)	Haresh tejani was introduced by Paresh C Doshi Common Director of Haresh Tejani Aum Galaxy Stock Broking Presilco Impex Limited
12.	Pradeep Syamsunder Swain (Noticee 13)	Pradeep Syamsunder Swain was introduced by Paresh C Doshi
13.	Jagdish Gordhandas Ved (Noticee 17)	Jagdish Ved, one of the directors of Atlanta Share Shopee Ltd. As per KYC submitted by trading member SKSE Securities Ltd. for Pari Stock Trading Ltd., it was observed that one of the directors is Jagdish Ved.
14.	Dharmesh Solanki (Noticee 8)	Dharmesh Solanki was introduced by Paresh C Doshi
15.	Ashwinbhai Ruparel (Noticee 2)	Ashwinbhai Ruparel has transferred shares in off-market to Dharmesh Solanki
16.	Sonal Kanaksingh Ashar (Noticee 5)	Common telephone number of 02813291009 Aum Sonal Ashar

		Sonal Ashar introduced by Paresh Doshi
17.	Manish Asher (Noticee 4)	Family members Father of Sonal Kanaksingh Ashar Manish Ashar is Kanakshi Dayalal Asher
18.	Shailesh Ved (Noticee 14)	Was an introducer to Manish Asher Director of Galaxy Stock Broking Ltd.
19.	Bhavna Asher (Noticee 15)	Common address viz. 193, V. P. Road, Lalji Dayal Bldg., 1 st Floor, R. No. 19, Mumbai 400004 Manish Asher Bhavna Asher Bhavna Asher is one of the Directors of Galaxy Stock Broking Ltd.

18. It was found that the abovementioned Noticees (along with Pari Stock Trading Pvt. Ltd. and Vijay Rupani (HUF)) had bought 2,76,97,860 shares, i.e. 32.97% of market volume (8,40,17,121 shares) and sold 7,24,08,293 shares, i.e. 86.18% of market volume during the investigation period. The details of trades of the Noticees 1 to 19 (along with Pari Stock Trading Pvt. Ltd. and Vijay Rupani (HUF)) are given below:

S.N.	Client Name	Noticee no.	Gross Buy	Gross Sell	Net(sell-buy)	Gross Buy % to total Buy vol.	Gross Sell % to total Sell vol.	Net Trade % to total trade vol.
1	AYODHYAPATI	7	77,32,184	0	77,32,184	9.20	0.00	9.20
2	AMRUT	1	64,00,572	1,43,675	62,56,897	7.62	0.17	7.45
3	AUM	6	49,14,157	0	49,14,157	5.85	0.00	5.85
4	ASHWIN	2	48,50,765	4,06,000	44,44,765	5.77	0.48	5.29
5	OM	9	16,41,079	4,96,430	11,44,649	1.95	0.59	1.36
6	AKASH	18	10,59,996	500	10,59,496	1.26	0.00	1.26
7	JAGDISH	17	3,77,101	3,77,101	0	0.45	0.45	0.00
8	DHARMESH	8	3,77,000	73,77,000	-70,00,000	0.45	8.78	-8.33
9	PARI	NA	3,20,700	0	3,20,700	0.38	0.00	0.38
10	MANISH RAJA	19	23,106	1,13,23,106	-1,13,00,000	0.03	13.48	-13.45
11	PARESH	12	1,000	70,01,000	-70,00,000	0.00	8.33	-8.33
12	HARESH	11	200	39,74,200	-39,74,000	0.00	4.73	-4.73
13	SONAL	5	0	42,00,000	-42,00,000	0.00	5.00	-5.00
14	MANISH ASHAR	4	0	42,00,000	-42,00,000	0.00	5.00	-5.00

15	BHAVANA	15	0	37,00,000	-37,00,000	0.00	4.40	-4.40
16	BHAVIK VAZA	10	0	38,67,305	-38,67,305	0.00	4.60	-4.60
17	HEMANSHU	16	0	20,00,000	-20,00,000	0.00	2.38	-2.38
18	PRADEEP	13	0	69,74,665	-69,74,665	0.00	8.30	-8.30
19	BALDEVSINH	3	0	82,80,000	-82,80,000	0.00	9.86	-9.86
20	SHAILESH	14	0	80,00,000	-80,00,000	0.00	9.52	-9.52
21	VIJAY HUF	NA	0	87,311	-87,311	0.00	0.10	-0.10
Group Total			2,76,97,860	7,24,08,293	-4,47,10,433	32.97	86.18	-53.22

19. It was observed that 8 Noticees (i.e. Noticees 18, 2, 17, 8, 9, 7, 1, 6) had bought the shares and contributed the net LTP of Rs. 1.09 in 6,993 trades and positive LTP contribution of Rs. 2.85 in 145 trades. Out of 145 trades in 100 trades, it was observed that 17 Noticees (i.e. Noticees 18, 1, 2, 6, 7, 10, 13, 3, 11, 19, 9, 12, 14, 5, 8, 4 and 19) traded among themselves and contributed the positive LTP of Rs. 1.86 (i.e., 22.36 % of mkt. positive LTP). The summary of the entity-wise positive LTP contribution by trading among themselves is given below:

CLIENT NAME	NOTICEE NO.	CP_CLIENT NAME	NOTICEE NO.	LTP Diff.	% to Mkt Pos. LTP
AKASH HARISHBHAI DESAI	18	BALDEVSINH VIJAYSINH ZALA	3	0.07	0.84
AKASH HARISHBHAI DESAI	18	BHAVIK AMRUTLAL VAZA	10	0.60	7.21
AKASH HARISHBHAI DESAI	18	HARESH LALITBHAI TEJANI	11	0.13	1.56
AKASH HARISHBHAI DESAI	18	MANISH KANAKSHI ASHAR	4	0.06	0.72
AKASH HARISHBHAI DESAI	18	PARESH CHAMANLAL DOSHI	12	0.02	0.24
AKASH HARISHBHAI DESAI	18	PRADEEP SYAMSUNDER SWAIN	13	0.06	0.72
AKASH HARISHBHAI DESAI	18	SHAILESH MULRAJ VED	14	0.02	0.24
AMRUT SECURITIES LTD.	1	MANISH MANSHUKHBHAI RAJA	19	0.02	0.24
AMRUT SECURITIES LTD.	1	SONAL KANAKSINGH ASHAR	5	0.11	1.32
ASHWINBHAI PRABHUDAS RUPAREL	2	BALDEVSINH VIJAYSINH ZALA	3	0.36	4.33
ASHWINBHAI PRABHUDAS RUPAREL	2	HARESH LALITBHAI TEJANI	11	0.01	0.12
ASHWINBHAI PRABHUDAS RUPAREL	2	MANISH MANSHUKHBHAI RAJA	19	0.01	0.12
ASHWINBHAI PRABHUDAS RUPAREL	2	OM EDUCATION (IT) PVT LTD	9	0.04	0.48
ASHWINBHAI PRABHUDAS RUPAREL	2	PARESH CHAMANLAL DOSHI	12	0.06	0.72
ASHWINBHAI PRABHUDAS RUPAREL	2	SHAILESH MULRAJ VED	14	0.07	0.84
ASHWINBHAI PRABHUDAS RUPAREL	2	SONAL KANAKSINGH ASHAR	5	0.01	0.12
AUM TECHNOCAST PVT LTD.	6	DHARMESH NARENDRAKUMAR SOLANKI	8	0.07	0.84
AYODHYAPATI INVESTMENT PVT LTD	7	MANISH KANAKSHI ASHAR	4		
AYODHYAPATI INVESTMENT PVT LTD	7	MANISH MANSHUKHBHAI RAJA	19	0.03	0.36
				0.11	1.32
Grand Total				1.86	22.36

20. Thus, it is observed that 17 Noticees out of the group had manipulated the price of the scrip by contributing 22.36% of market positive LTP by trading among themselves. On the basis of the trading pattern, investigation period was divided into two patches, i.e. Patch 1 (January 03, 2011 to March 14, 2011) and Patch 2

(March 15, 2011 to June 08, 2011). It was further observed that large volume of shares were traded amongst the group during Patch-1 and large volume of shares were sold by the group entities during Patch-2. The summary of the trade details of the group entities is given below:

Period	Market Vol.	Group Vol.	Group vol. % to Mkt.	Group Buy volume	Group buy % to Mkt.	Group Sell volume	Group sell % to Mkt.	Trading among the group	Trading among the group % to Mkt.
Patch -1	2,66,62,070	2,46,25,630	92.36	2,37,56,895	89.10	2,41,09,847	90.43	2,32,41,112	87.17
Patch-2	5,73,55,051	4,93,61,363	86.06	39,40,965	6.87	4,82,98,446	97.85	28,78,048	5.02
Total	8,40,17,121	7,39,86,993	88.06	2,76,97,860	32.97	7,24,08,293	86.18	2,61,19,160	31.09

21. It may be noted that the trading of Noticees 1 to 19 to artificially increase the price during the Patch- I and Patch-II needs to be seen holistically as they are forming part of the group in view of the connection as brought out at para 17. The role played by these Noticees in the Patch-I and Patch- II also need to be seen in the backdrop of scale and size of transactions as a common unit rather than fragmenting and isolating individual trades and acts of the respective Noticees.

22. It is observed that 10 Noticees (i.e. Noticees 1, 2, 3, 4, 5, 6, 7, 8, 9, 19) created artificial volume during Patch-1 by trading among themselves and this volume constituted 87.17% of the market volume. Subsequently, in Patch-2, Noticees (and Vijay Ramniklal Rupani (HUF)) sold 4,82,98,446 shares i.e., 97.85% of the market volume at increased price. It was observed that shares of the Company were traded in low volume i.e., 26,748 shares, 34,632 shares and 276 shares on January 03, 2011, January 04, 2011 and January 05, 2011, respectively, with an average of 20,552 shares. However, on January 06, 2011, the market volume had increased to 6,37,828 shares i.e., 30.03 times increase. In a similar *modus-operandi*, the entities belonging to group had traded among themselves. The day-wise volume contribution by the Noticees is given below:

Date	Market Vol.	Group buy vol	Group buy % to Day Mkt. Vol.	Group Sell Vol.	Group Sell % to Day Mkt. Vol.	Net(Buy -Sell)	Trading among the group (TAG)	TAG % to Day Mkt.
03-Jan-11	26,748	0	0.00	0	0.00	0	0	0.00
04-Jan-11	34,632	0	0.00	0	0.00	0	0	0.00

05-Jan-11	276	0	0.00	0	0.00	0	0	0.00
06-Jan-11	6,37,828	6,05,620	94.95	6,00,000	94.07	5,620	6,00,000	94.0
07-Jan-11	8,00,893	6,89,994	86.15	6,80,000	84.91	9,994	6,80,000	84.9
10-Jan-11	81,500	0	0.00	0	0.00	0	0	0.00
11-Jan-11	3,067	0	0.00	0	0.00	0	0	0.00
12-Jan-11	2	0	0.00	0	0.00	0	0	0.00
13-Jan-11	7,500	0	0.00	0	0.00	0	0	0.00
14-Jan-11	16,000	0	0.00	0	0.00	0	0	0.00
17-Jan-11	60,002	0	0.00	0	0.00	0	0	0.00
18-Jan-11	55,566	0	0.00	0	0.00	0	0	0.00
19-Jan-11	82,500	0	0.00	0	0.00	0	0	0.00
20-Jan-11	92,057	0	0.00	0	0.00	0	0	0.00
21-Jan-11	63,755	0	0.00	0	0.00	0	0	0.00
24-Jan-11	37,600	0	0.00	0	0.00	0	0	0.00
25-Jan-11	78,087	0	0.00	0	0.00	0	0	0.00
27-Jan-11	8,45,204	7,99,000	94.53	8,00,000	94.65	-1,000	7,99,000	94.5
28-Jan-11	24,507	12,807	52.26	0	0.00	12,807	0	0.00
31-Jan-11	8,99,078	8,01,000	89.09	8,00,000	88.98	1,000	8,00,000	88.9
01-Feb-	8,72,815	8,00,000	91.66	8,00,000	91.66	0	8,00,000	91.6
02-Feb-	3,25,137	2,87,311	88.37	2,87,311	88.37	0	2,87,309	88.3
03-Feb-	63,449	0	0.00	0	0.00	0	0	0.00
04-Feb-	9,15,702	8,00,000	87.36	8,00,000	87.36	0	7,95,500	86.8
07-Feb-	9,47,494	8,39,500	88.60	8,50,000	89.71	-10,500	8,24,500	87.0
08-Feb-	1,01,405	0	0.00	0	0.00	0	0	0.00
09-Feb-	9,56,316	7,15,036	74.77	8,00,000	83.65	-84,964	6,84,498	71.5
10-Feb-	18,08,696	16,95,000	93.71	16,70,957	92.38	24,043	16,70,857	92.3
11-Feb-	3,42,553	3,33,243	97.28	2,54,043	74.16	79,200	2,54,033	74.1
14-Feb-	9,44,646	8,45,000	89.45	8,45,000	89.45	0	8,45,000	89.4
15-Feb-	16,89,500	16,41,000	97.13	16,40,000	97.07	1,000	16,34,400	96.7
16-Feb-	8,64,100	8,50,000	98.37	8,52,845	98.70	-2,845	8,44,789	97.7
17-Feb-	2,76,200	2,01,500	72.95	2,70,000	97.76	-68,500	2,01,500	72.9
18-Feb-	500	0	0.00	0	0.00	0	0	0.00
21-Feb-	6,79,111	6,15,000	90.56	6,43,600	94.77	-28,600	5,94,500	87.5
22-Feb-	13,79,795	12,86,795	93.26	13,42,000	97.26	-55,205	12,86,795	93.2
23-Feb-	10,46,200	10,43,699	99.76	10,43,000	99.69	699	10,42,979	99.6
24-Feb-	11,72,519	10,07,518	85.93	11,66,519	99.49	-	10,07,518	85.9
25-Feb-	9,68,595	8,39,000	86.62	8,39,000	86.62	0	8,31,963	85.8
28-Feb-	16,82,829	16,77,429	99.68	16,15,642	96.01	61,787	16,10,242	95.6
01-Mar-	8,76,680	8,26,680	94.30	8,53,495	97.36	-26,815	8,03,495	91.6
03-Mar-	13,58,512	12,96,012	95.40	12,86,430	94.69	9,582	12,23,930	90.0
04-Mar-	8,58,035	7,58,035	88.35	8,53,535	99.48	-95,500	7,53,535	87.8
07-Mar-	4,85,000	3,63,799	75.01	4,25,000	87.63	-61,201	3,03,799	62.6
08-Mar-	8,29,117	8,09,117	97.59	8,24,000	99.38	-14,883	8,04,000	96.9
09-Mar-	4,96,440	4,86,240	97.95	4,95,500	99.81	-9,260	4,85,500	97.8
10-Mar-	48,970	34,970	71.41	34,970	71.41	0	34,970	71.4
11-Mar-	21,906	1,000	4.56	0	0.00	1,000	0	0.00
14-Mar-	8,03,046	7,95,590	99.07	7,37,000	91.78	58,590	7,36,500	91.7
Total	2,66,62,07	2,37,56,89	89.10	2,41,09,84	90.43	-	2,32,41,112	87.1

23. It is observed that during Patch-1 period, 10 Noticees (and Vijay Ramniklal Rupani (HUF)) had contributed 87.17% (i.e., 2,32,41,112 shares) of market volume (i.e., 2,66,62,070 shares) by trading among themselves. The pair-wise details of trades of 11 entities of the group were as under:

Buyer PAN	Buy Client Name	Seller PAN	Sell Client Name	TAG Qty	% of TAG Vol. to Mkt. Vol.
AABCA6007B	AYODHYAPATI	ADDPR2448D	MANISH MANSUKHLAL RAJA	65,03,435	24.39
AADCA4883H	AUM TECHNOCAST	BJHPS1840P	DHARMESH NARENDRAKUMAR	43,30,559	16.24
ADYPR3689M	ASHWINBHAI	ADDPR2448D	MANISH MANSUKHLAL RAJA	27,59,999	10.35

AABCA8006G	AMRUT SECURITIES	ACZPA1429Q	SONAL KANAKSINGH ASHAR	20,76,030	7.79
AAACO5614R	OM EDUCATION (IT)	BJHPS1840P	DHARMESH NARENDRAKUMAR	16,11,080	6.04
AABCA8006G	AMRUT SECURITIES	ADDP2448D	MANISH MANSUKHLAL RAJA	16,05,026	6.02
AABCA8006G	AMRUT SECURITIES	BJHPS1840P	DHARMESH NARENDRAKUMAR	11,60,900	4.35
AABCA6007B	AYODHYAPATI	AABP29137C	BALDEVSINH VIJAYSINH ZALA	6,80,000	2.55
ADYPR3689M	ASHWINBHAI	AABP29137C	BALDEVSINH VIJAYSINH ZALA	6,00,000	2.25
AABCA8006G	AMRUT SECURITIES	AEGPA1359E	MANISH KANAKSHI ASHAR	4,95,990	1.86
AABCA6007B	AYODHYAPATI	AEGPA1359E	MANISH KANAKSHI ASHAR	4,69,000	1.76
ADYPR3689M	ASHWINBHAI	AAACO5614R	OM EDUCATION (IT) PVT LTD	4,43,930	1.67
BJHPS1840P	DHARMESH	ACZPA1429Q	SONAL KANAKSINGH ASHAR	3,60,000	1.35
ADYPR3689M	ASHWINBHAI	AALHR6115G	VIJAY RAMNIKLAL RUPANI (HUF)	87,310	0.33
ADYPR3689M	ASHWINBHAI	ACZPA1429Q	SONAL KANAKSINGH ASHAR	34,970	0.13
ADDP2448D	MANISH MANSUKHLAL	BJHPS1840P	DHARMESH NARENDRAKUMAR	22,883	0.09
				2,32,41,112	87.17

24. The entity-wise details of 11 entities (10 Noticees) of trading among themselves are given below:

S.N.	CLIENTNAME	Buy TQ	% to Mkt. (Patch)	Sell TQ	% to Mkt. (Patch)
1	AYODHYAPATI INVESTMENT PVT LTD	76,52,435	28.70		0.00
2	AMRUT SECURITIES LIMITED	53,37,946	20.02		0.00
3	AUM TECHNOCAST PVT LTD.	43,30,559	16.24		0.00
4	ASHWINBHAI PRABHUDAS RUPAREL	39,26,209	14.73		0.00
5	OM EDUCATION (IT) PVT LTD	16,11,080	6.04	4,43,930	1.67
6	DHARMESH NARENDRAKUMAR SOLANKI	3,60,000	1.35	71,25,422	26.72
7	MANISH MANSUKHLAL RAJA	22,883	0.09	1,08,68,460	40.76
8	SONAL KANAKSINGH ASHAR		0.00	24,71,000	9.27
9	BALDEVSINH VIJAYSINH ZALA		0.00	12,80,000	4.80
10	MANISH KANAKSHI ASHAR		0.00	9,64,990	3.62
11	VIJAY RAMNIKLAL RUPANI (HUF)		0.00	87,310	0.33
	Total	2,32,41,112	87.17	2,32,41,112	87.17

25. On the basis of above table, it is observed that that eleven entities (10 Noticees) had traded among themselves and created the market volume of 87.17% (2,32,41,112 shares) which resulted into misleading appearance in the trading of the scrip. It was observed that the aforesaid Noticees had traded among themselves and generated interest among the investors. When the other investors started trading more, 13 Noticees had off-loaded the shares in the market at increased price in patch-2. Prior to the creation of artificial volume by the entities belonging to the group, the price of the scrip was Rs. 0.31 on January 03, 2011. During the period when the price and volume were manipulated by the aforesaid Noticees, the price of the scrip increased to Rs. 0.90 April 27, 2011. In patch-2 period, 13 Noticees herein off-loaded the shares at various increased price and thereby made unlawful gain of Rs. 1,60,76,904/-. The details of Noticee-wise quantity of shares off-loaded, average sell rate and unlawful gain are given below:

S.N.	Name of the entity	Noticee No.	TRADED_QTY	Avg. Sell Rate	Price diff. from op. price	Gain
1.	SHAILESH MULRAJ VED	14	72,38,448	0.62	0.31	2,243,919
2.	PRADEEP SYAMSUNDER SWAIN	13	68,78,110	0.65	0.34	2,338,557
3.	PARESH CHAMANLAL DOSHI	12	68,16,236	0.61	0.30	2,044,871
4.	BALDEVSIKH VIJAYSINH ZALA	3	61,65,359	0.68	0.37	2,281,183
5.	HARESH LALITBHAI TEJANI	11	39,59,800	0.70	0.39	1,544,322
6.	BHAVIK AMRUTLAL VAZA	10	38,09,565	0.72	0.41	1,561,922
7.	BHAVANA MANISH ASHER	15	34,82,519	0.74	0.43	1,497,483
8.	MANISH KANAKSHI ASHAR	4	32,05,439	0.72	0.41	1,314,230
9.	HEMANSHU P MEHTA	16	18,38,325	0.72	0.41	753,713
10.	SONAL KANAKSINGH ASHAR	5	11,60,821	0.49	0.18	208,948
11.	JAGDISH GORDHANDAS VED	17	3,77,101	0.65	0.34	128,214
12.	ASHWINBHAI PRABHUDAS RUPAREL	2	3,45,000	0.66	0.35	120,750
13.	AMRUT SECURITIES LTD.	1	1,43,675	0.58	0.27	38,792
	Grand Total		4,54,20,398	0.67		1,60,76,904

26. Connection amongst the group entities as pictorially represented in para 16 above and the trading amongst the Noticees establishes the connection among the Noticees. Therefore, their contention that the orders/ trades were separate, independent and stand alone and the respective Noticees had no connection with other Noticees or any counter broker or other investors in the matter is not tenable. All the entities belonging to the group were trading in the shares of the Company which admittedly was placed in T group during the investigation period. Further, all the Noticees herein have claimed that they had acquired shares of the Company at a price which was much above the price prevailing on the first day of investigation i.e. Rs. 0.31/- on January 03, 2011. It shows that Noticees belonging to the group came together to first manipulate the price and volume of the scrip and when other investors got attracted to the scrip, Noticees sold their shares at increased price of the scrip. I note that none of the Noticees herein has disputed their factual connections *inter se* as brought out hereinabove. However, they have simply asserted that they are not part of any group and they had traded individually. However, the circumstantial evidence like connection amongst them, trading by the entities belonging to the group in the scrip shows that during investigation period entities belonging to the group had bought 2,76,97,860 shares, i.e. 32.97% of market volume (8,40,17,121 shares) and sold 7,24,08,293 shares, i.e. 86.18% of market volume during the investigation period. I also observe that prior to investigation period i.e. on January 03, 2011, January 04, 2011 and January 05,

2011, the scrip was trading with an average of 20,552 shares per day. However, on January 06, 2011, the market volume had increased to 6,37,828 shares i.e., 30.03 times increase due to the trades among the two entities of the group. Further, 8 Noticees had bought the shares and contributed the net LTP of Rs. 1.09 in 6,993 trades and positive LTP contribution of Rs. 2.85 in 145 trades. Out of 145 trades, in 100 trades, it was observed that 17 entities of the group traded among themselves and contributed the positive LTP of Rs. 1.86 (i.e., 22.36 % of mkt. positive LTP) details. Further, entities belonging to the group created artificial volume during Patch-1 by trading among themselves and this volume constituted 87.17% of the market volume. Subsequently, in Patch-2, group entities sold 4,82,98,446 shares i.e., 97.85% of the market volume at increased price. I observe that during Patch-1 period, 10 Noticees of the group had contributed 86.84% (i.e., 2,31,53,802 shares) of market volume (i.e., 2,66,62,070 shares) by trading among themselves, which resulted into misleading appearance in the trading of the scrip. Thus, entities belonging to the group had traded among themselves leading to increased volume and price which generated interest among the investors. When the other investors started trading more, certain entities belonging to the group i.e. 13 Noticees herein, off-loaded the shares in the market at increased price in Patch-2. Prior to the creation of artificial volume by entities belonging to the group, the price of the scrip was Rs. 0.31 on January 03, 2011. During the period when the price and volume were manipulated by the group entities, the price of the scrip increased to Rs. 0.90 on April 27, 2011. In patch-2 period, Noticees herein off-loaded the shares at various increased price and thereby made unlawful gain of Rs. 1,60,76,904/-. The above trading pattern clearly establishes the trading of the Noticees among themselves.

27. The modus-operandi adopted by the Noticees as observed from the trades executed during January 03, 2011 to March 14, 2011 is illustrated below:

- The steep increase in the volume of shares on January 06, 2011 was due to the trades amongst the Group of the said ten Noticees. I further note that Mr. Ashwinbhai Prabhudas Ruparel (Noticee 2), had sold 6,00,000 shares to Mr. Baldevsinh Vijaysinh Zala (Noticee 3) which was 94% of the market volume.

□ It is noted that the broker Atlanta Shopee Ltd. (connected to the Group and Noticee 20) had placed the sell order on behalf of its client Mr. Baldevsinh Vijaysinh Zala for 6 lakhs shares at Rs.0.33 at 12:38:38, the entire sell quantity was bought by Mr. Ashwinbhai Prabhudas Ruparel through 48 buy orders between 15:16:50 and 15:19:31 through the sub-broker Presilco Impex Ltd., (connected to the Group and Noticee 12 who is director of Presilco), affiliated with Stock broker SKSE Securities Ltd. It is to be noted that both broker and sub-broker i.e. Noticees 20 and 21 have been found to be connected to the Group.

28. Noticees 1, 2, 6 and 7 had only bought the shares, while Noticees 3, 4, 5 had only sold the shares. Noticees 8, 9 and 19 had done both i.e. sold and bought the shares. Noticee 7 was the largest buyer and Noticee 2 was the largest seller during Patch-1. Subsequently a large volume of shares was sold by these Noticees during Patch-2.

29. It is also noted that the Group of following 19 Noticees had bought 2,73,77,160 shares i.e. 32.58% of the market volume (8,40,17,121 shares) and sold 7,23,20,982 shares i.e. 86.07% of market volume during the investigation period

S. N.	Client Name	Noticee No.	Gross Buy	Gross Sell	Net(sell-buy)	Gross Buy % to total Buy vol.	Gross Sell % to total Sell vol.	Net Trade % to total trade vol.
1	Ayodhyapati Investment Pvt Ltd	7	77,32,184	0	77,32,184	9.20	0.00	9.20
2	Amrut Securities Ltd.	1	64,00,572	1,43,675	62,56,897	7.62	0.17	7.45
3	Aum Technocast Pvt. Ltd	6	49,14,157	0	49,14,157	5.85	0.00	5.85
4	Ashwinbhai Prabhudas Ruparel	2	48,50,765	4,06,000	44,44,765	5.77	0.48	5.29
5	Om Education (It) Pvt Ltd	9	16,41,079	4,96,430	11,44,649	1.95	0.59	1.36
6	Akash Harishbhai Desai	18	10,59,996	500	10,59,496	1.26	0.00	1.26
7	Jagdish Gordhandas Ved	17	3,77,101	3,77,101	0	0.45	0.45	0.00
8	Dharmesh Narendrakumar Solanki	8	3,77,000	73,77,000	-70,00,000	0.45	8.78	-8.33
9	Manish Mansukhlal Raja	19	23,106	1,13,23,106	-1,13,00,000	0.03	13.48	-13.45

10	Paresh Chamanlal Doshi	12	1,000	70,01,000	-70,00,000	0.00	8.33	-8.33
11	Haresh Lalitbhai Tejani	11	200	39,74,200	-39,74,000	0.00	4.73	-4.73
12	Sonal Kanaksingh Ashar	5	0	42,00,000	-42,00,000	0.00	5.00	-5.00
13	Manish Kanakshi Ashar	4	0	42,00,000	-42,00,000	0.00	5.00	-5.00
14	Bhavana Manish Asher	5	0	37,00,000	-37,00,000	0.00	4.40	-4.40
15	Bhavik Amrutlal Vaza	9	0	38,67,305	-38,67,305	0.00	4.60	-4.60
16	Hemanshu P Mehta	16	0	20,00,000	-20,00,000	0.00	2.38	-2.38
17	Pradeep Syamsunder Swain	13	0	69,74,665	-69,74,665	0.00	8.30	-8.30
18	Baldevsinh Vijaysinh Zala	3	0	82,80,000	-82,80,000	0.00	9.86	-9.86
19	Shailesh Mulraj Ved	14	0	80,00,000	-80,00,000	0.00	9.52	-9.52
Group Total			2,73,77,160	7,23,20,982	-4,49,43,822	32.58	86.07	-53.49

30. I note that the trading volume in the scrip of the Company was quite low while the aforesaid ten Noticees were not trading in the market, however, when they started trading in the scrip amongst themselves, the volume in the scrip raised substantially. These Noticees, by trading among themselves, created huge artificial volume in the market on most of the days. This established the meeting of minds of the Noticees and I am of the view that such high trading volume in the scrip concentrated to a small set of individuals cannot be by virtue of merely a coincidence. Such trades in Patch-1 show a manipulative device in connection with its dealing in said scrip. In view of the aforesaid *modus operandi* and repeated huge indulgence in trading by the Noticee No. 1-9 & 19 during Patch-1 I find that these Noticees had traded among themselves heavily in order to create artificial volume and misleading appearance of trading in the scrip. Therefore, I am of a view that the Noticees had acted fraudulently and violated the provisions of the PFUTP Regulations.

31. It may be relevant to refer to the observations of the Hon'ble SAT in its order dated July 14, 2006 in Ketan Parekh Vs. SEBI, wherein it was held that: *‘When a person takes part in or enters into transactions in securities with the intention to artificially raise or depress the price he thereby automatically induces the innocent investors in the market to buy /sell their stocks. The buyer or the seller is invariably influenced by the price of the stocks and if that is being manipulated the person doing so is necessarily influencing the*

decision of the buyer / seller thereby inducing him to buy or sell depending upon how the market has been manipulated. We are therefore of the view that inducement to any person to buy or sell securities is the necessary consequence of manipulation and flows therefrom. In other words, if the factum of manipulation is established it will necessarily follow that the investors in the market had been induced to buy or sell and that no further proof in this regard is required. The market, as already observed, is so wide spread that it may not be humanly possible for the Board to track the persons who were actually induced to buy or sell securities as a result of manipulation and law can never impose on the Board a burden which is impossible to be discharged. This, in our view, clearly flows from the plain language of Regulation 4(a) of the Regulations.”

32. In view of the above I find that Noticees 1 to 9 and 19 created misleading appearance in the securities market by trading among the group, Noticees 1 to 14, 18 and 19 manipulated the price of the scrip and Noticees 1 to 5 and 10 to 17 made gain by off-loading the shares at the increased price. Therefore, the allegation of violation of regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of PFUTP Regulations by Noticees 1 to 9 and 19, regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations by Noticees 10 to 14 and 18 and regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) of PFUTP Regulations by Noticees 15 to 17 stand established. As Vijay Ramniklal Rupani (HUF) is not before me in the current proceedings, I have no observations to be made against him.

33. It is observed that the 10 Noticees i.e. Noticees 1, 2, 3, 4, 5, 6, 7, 8, 9, 19 (11 entities) executed the trades through the following brokers/ sub-broker:

Buy member name	Sell member name	Total
SKSE Securities Ltd. (sub-broker Presilco Impex Ltd.)	Atlanta Share Shopee Ltd.	1,41,90,800
SKSE Securities Ltd. (sub-broker Presilco Impex Ltd.)	Galaxy Broking Ltd.	8,48,000
Atlanta Share Shopee Ltd.	SKSE Securities Ltd. (sub-brokers of Presilco Impex Ltd.)	71,25,422

Atlanta Share Shoppee Ltd.	Galaxy Broking Ltd.	10,76,890
Grand Total		2,32,41,112

34. From the above table, it is noted that Noticees 20 and 21 had executed substantial trades in the scrip of the Company for the Group i.e. 2,13,16,222 shares i.e. approximately 80% of the total market volume during the investigation period). Further, such voluminous trades by the Group had resulted in the creation of artificial volume and price rise in the said scrip. Considering the fact that the connected clients were repeatedly trading in a fraudulent manner in a T group scrip, Noticees 20 and 21 were expected to be more diligent and careful. The pattern of trading as observed in this case could reasonably indicate to any prudent broker that there was something amiss. Therefore, I am of the view that being a stock broker and sub broker, Noticees 20 and 21 should have taken due care and diligence while executing the alleged trades of their clients. Considering the same, I find that Noticees 20 and 21 had failed in exercising due skill, care and diligence while executing alleged manipulative trades of its client during investigation period in the scrip of the Company, and therefore, Noticee 20 had violated clause A (2) of Schedule II of the Code of Conduct read with regulation 7 of the Stock Broker Regulations; and Noticee 21 had violated clause A (2) of Schedule II of the Code of Conduct read with regulation 15 of the Stock Brokers Regulations.

35. With regard to Noticee 19, it is noted that change in his shareholding in the Company was 1.49% instead of alleged 2% or more, as he was holding 6.46% shares at the starting of the investigation period and 4.97% on February 04, 2011. Regulation 13(3) of the PIT Regulations provides for making disclosures to the Company, in case a person is holding more than 5% shares or voting rights in a listed company and there is a change of more than 2% in his total shareholding or voting rights in that company. In the instant case, the change in his shareholding in the Company was less than 2%, therefore, I hereby find that the violation of regulation 13(3) of the PIT Regulations as alleged against the Noticee 19 is not established.

36. Therefore, the violations against the Noticees as established are as under:

S. N.	Names of the Entity	Violations
1.	Amrut Securities Limited	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a),(b), (e) and (g) of PFUTP Regulations.
2.	Ashwinbhai Prabhudas Ruparel	
3.	Baldevsinh Vijaysinh Zala	
4.	Manish Kanakshi Ashar	
5.	Sonal Kanaksingh Ashar	
6.	Aum technocast pvt ltd.	
7.	Ayodhyapati Investment Pvt. Ltd.	
8.	Dharmesh Narendrakumar Solanki	
9.	Om Education (IT) Pvt Ltd	
10.	Bhavik Amrutlal Vaza	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations.
11.	Haresh Lalitbhai Tejani	
12.	Paresh Chamanlal Doshi	
13.	Pradeep Syamsunder Swain	
14.	Shailesh Mulraj Ved	
15.	Bhavana Manish Asher	Regulations 3(a), (b), (c), (d) and 4(1) and 4(2) (a) of PFUTP Regulations.
16.	Hemanshu P Mehta	
17.	Jagdish Gordhandas Ved	
18.	Akash Harishbhai Desai	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations.
19.	Manish Manshukhbhai Raja	Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of PFUTP Regulations.
20.	Atlanta Share Shoppee Ltd	Clause A(2) of the Code of Conduct prescribed under Schedule II read with Regulation 7 of SEBI (Stock Brokers and Sub Brokers) Regulations, 1992.
21.	Presilco Impex Ltd.	Regulation 15 of Stock Brokers Regulations read with clause A(2) of the Code of Conduct prescribed in Schedule II of the Stock Brokers Regulations

ISSUE (d). Do the violations, if any, on the part of the Noticees attract monetary penalty under sections 15HA and 15 HB of SEBI Act?

37. In view of the violation as established above, I refer to the order of the Hon'ble Supreme Court of India in the matter of SEBI Vs. Shri Ram Mutual Fund [2006] 68 SCL 216(SC) which 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..."*.

38. 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 and 15HB of the SEBI Act (as prevailed during the IP), 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."

Penalty for contravention where no separate penalty has been provided.

15HB. Whoever fails to comply with any provision of this Act, the rules or the regulations made or directions issued by the Board thereunder for which no separate penalty has been provided, shall be liable to a penalty which may extend to one crore rupees.

ISSUE (e). If so, what would be the quantum of monetary penalty that can be imposed on the Noticee after taking into consideration the factors mentioned in Section 15J of the SEBI Act?

39. While determining the quantum of penalty under sections 15HA and 15 HB 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.

40. I note that the available records that 13 Noticees (Noticees 1, 2, 3, 4, 5, 10, 11, 12, 13, 14, 15, 16, 17) made unlawful profit of Rs. 1,60,76,904/-. Vide order dated October 12, 2022, WTM, SEBI had directed the Noticees who made the unlawful gains to disgorge the said amount.

41. I am of the view that people who indulge in manipulative, fraudulent and deceptive transactions or abet in carrying out such transactions which are fraudulent and deceptive in nature should be suitably penalized for deterrence of such acts in future.

ORDER

42. Having considered all the facts and circumstances of the case, the material available on record, the submissions made by the Noticees, the factors mentioned in Section 15J of the SEBI Act and the mitigating factor as stated above 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 under the provisions of sections 15HA and 15HB of the SEBI Act in the following manner:

Noticee No.	Name	Amount of Penalty	Applicable section
1	Amrut Dredging and Shipping Limited (formerly known as Amrut Securities Limited)	Rs. 5,00,000/- (Rupees Five Lakh only)	Section 15 HA of SEBI Act
2	Ashwin Prabhudas Ruparel	Rs. 5,00,000/- (Rupees Five Lakh only)	

3	Baldevsinh Vijaysinh Zala	Rs. 5,00,000/- (Rupees Five Lakh only)	
4	Manish Kanakshi Ashar	Rs. 5,00,000/- (Rupees Five Lakh only)	
5	Sonal Kanaksingh Ashar	Rs. 5,00,000/- (Rupees Five Lakh only)	
6	AUM Technocast Pvt. Ltd.	Rs. 5,00,000/- (Rupees Five Lakh only)	
7	Ayodhyapati Investment Pvt. Ltd.	Rs. 5,00,000/- (Rupees Five Lakh only)	
8	Dharmesh Narendra Kumar Solanki	Rs. 5,00,000/- (Rupees Five Lakh only)	
9	OM Education (IT) Pvt. Ltd.	Rs. 5,00,000/- (Rupees Five Lakh only)	
10	Bhavik Amrutlal Vaza	Rs. 5,00,000/- (Rupees Five Lakh only)	
11	Haresh Lalitbhai Tejani	Rs. 5,00,000/- (Rupees Five Lakh only)	
12	Paresh Chamanlal Doshi	Rs. 5,00,000/- (Rupees Five Lakh only)	
13	Pradeep Syamsundar Swain	Rs. 5,00,000/- (Rupees Five Lakh only)	
14	Shailesh Mulraj Ved	Rs. 5,00,000/- (Rupees Five Lakh only)	
15	Bhavna Manish Ashar	Rs. 5,00,000/- (Rupees Five Lakh only)	
16	Hemanshu Pravinchandra Mehta	Rs. 5,00,000/- (Rupees Five Lakh only)	
17	Jagdish Gordhandas Ved	Rs. 5,00,000/- (Rupees Five Lakh only)	
18	Akash Harishbhai Desai	Rs. 5,00,000/- (Rupees Five Lakh only)	

19	Manish Mansukhbhai Raja	Rs. 5,00,000/- (Rupees Five Lakh only)	
20	Atlanta Share Shopee Pvt. Ltd.	Rs. 2,00,000/- (Rupees Two Lakh only)	Section 15 HB of SEBI Act
21	Presilco Impex Pvt. Ltd.	Rs. 2,00,000/- (Rupees Two Lakh only)	

I am of the view that the said penalty is commensurate with the lapse/omission on the part of the Noticees.

43. The Noticee shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of “SEBI - Penalties Remittable to Government of India”, payable at Mumbai, OR through online payment facility available on the website of SEBI, i.e. www.sebi.gov.in on the following path, by clicking on the payment link:

ENFORCEMENT → Orders → Orders of AO → PAY NOW

44. The aforesaid Noticee shall forward said Demand Draft or the details / confirmation of penalty so paid to “The Division Chief (Enforcement Department 1 DRA-2), Securities and Exchange Board of India, SEBI Bhavan, Plot No. C – 4 A, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.” The Noticee shall also provide the following details while forwarding DD / payment information:

- Name and PAN of the Noticee
- Name of the case / matter
- Purpose of Payment – Payment of penalty under AO proceedings
- Bank Name and Account Number
- Transaction Number

45. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings under section 28A of the SEBI Act, 1992 for realization of the

said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.

46. In terms of the provisions of rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees and also to the Securities and Exchange Board of India.

Date: November 29, 2022

Place: Mumbai

**BARNALI MUKHERJEE
ADJUDICATING OFFICER**