

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER NO. IVD/ID2/GIL/DDV/AO/DRK/MD/EAD 3- 244/10-2011]

UNDER SECTION 15 I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5(1) OF SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES BY ADJUDICATING OFFICER) RULES, 1995

Against
Shri Chirag Pujara
(Add – B/704, Kalp Nagari, B. R. Road,
Mulund (W), Mumbai – 400 080)

FACTS OF THE CASE IN BRIEF

1. An investigation was conducted by Bombay Stock Exchange Limited (hereinafter referred to as 'BSE') in the trading of the scrip of Gravity India Limited (hereinafter referred to as 'GIL') for the period from December 23, 2003 to March 3, 2004 wherein it was observed that certain stock brokers and their clients have entered into circular / reversal trades accounting for almost 30% to 70% of the respective day's traded volume among themselves. In view of the above, BSE vide its letter dated March 2, 2005 referred the matter to Securities and Exchange Board of India (hereinafter referred to as 'SEBI') for consideration.
2. SEBI conducted an investigation into the trading of the scrip of GIL, during the period from December 23, 2003 to March 3, 2004 (hereinafter referred to as '**Investigation Period**'). During this period, the shares of GIL were listed on BSE and Ahmedabad Stock Exchange Limited (hereinafter referred to as 'ASE'). ASE informed that there was no trading in the scrip during the period of investigation.
3. On BSE, the price of the scrip increased from Rs.10.60 on December 23, 2003 to Rs. 26.75 on January 23, 2004. The average daily volumes were 1,95,982 shares. The price of the scrip reached its period high of Rs.32 on

January 20, 2004. On March 1, 2004, the company in its Board meeting recommended bonus issue and the price of the scrip closed at Rs.21 on March 3, 2004. Thus the price of the scrip increased by 98.11% while during the same period SENSEX and Nifty moved up by just 4.5%. The volumes in the scrip started increasing from January 02, 2004 onwards and the average daily volumes from January 02, 2004 to March 03, 2004 were 2, 20,962 shares.

4. The IR observed that a group of clients and few stock brokers (as mentioned in table at para 20) traded significantly in the scrip. The group aggregately purchased 64,55,255 shares and sold 64,74,782 shares, which constituted almost 71% of the gross volumes on the exchange during the period under investigation. It is observed that these clients dealing through their respective stock brokers indulged in circular / reversal trading contributing to the volumes and price rise in the scrip during the period under investigation. The trades among this group of clients contributed to around 52% of the total market volume during the period of investigation and resulted in almost '**NIL**' net position. The circular / reversal trading and synchronized / matched volume accounted for almost 30% to 70% of the respective day's traded volume.

APPOINTMENT OF ADJUDICATING OFFICER

5. I was appointed as the Adjudicating Officer (subsequent to the transfer of Shri Biju S.) vide order dated December 10, 2008, under section 15 I of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as the '**SEBI Act**'), read with Rule 3 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15 A (b) & 15HA of the SEBI Act, for the violation of Regulations 7(1) & (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 (hereinafter referred to as '**SAST Regulations 1997**'), Regulations 13(1), (3) & (5) of SEBI (Prohibition of Insider Trading) Regulations 1992 (hereinafter referred to as '**PIT Regulations 1992**'), Regulations 4(1), 4 (2)(a), (b), (e) and (g) of SEBI

(Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'PFUTP Regulations 2003') alleged to have been committed by Shri Chirag Pujara (hereinafter referred to as 'noticee').

SHOW CAUSE NOTICE, HEARING AND REPLY

6. A Show Cause Notice A&E/BS/MDE/ 111005/2007 dated December 14, 2007, (hereinafter referred to as '**SCN**') was issued to the noticee by Hand Delivery Acknowledgement Due, seeking reply of the noticee as to why an inquiry should not be held against the noticee in respect of the violations alleged to have been committed by the noticee. The aforesaid Show cause notice was served on the noticee and proof of the same is on record.
7. It is alleged on the basis of IR and transaction details received from NSDL that, Shri Mahesh Pujara transferred 4,00,000 (6.67% of the total share capital of the company) shares on January 13, 2004 and January 14, 2004 (2,00,000 shares on each day), of the company in off-market transaction to noticee. On account of the said transfer, noticee's shareholding in the company increased to 6.67% of the share capital of the company. In this regard it is alleged, that noticee has failed to disclose this transfer of 4,00,000 share to the Company as well as to the Stock Exchanges as required under Regulation 7 (1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Regulations 13 (1), (3) and 13 (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992. In this regard, it is alleged that the noticee had failed to disclose the same to the Company and to the Stock Exchanges where the shares of GIL were listed.
8. Further it is alleged on the basis of IR that the noticee had executed trades among the group, which were circular in nature. It is alleged that noticee was involved in circular trades on 12th, 13th, 14th, 15th, 16th, 19th, 20th, 21st, 22nd, 23rd, 27th, 28th, 29th, 30th, January 2004; 3rd, 4th, 5th, 6th, 9th, 11th, 12th, 13th, 17th, 20th, 24th, & 25th February, 2004. Thus it is alleged that noticee has colluded with certain stock brokers / clients for transacting in the shares of **GIL**, thus manipulated and created false market for the scrip in violation

of Regulations 4(1), 4 (2)(a), (b), (e) and (g) of the PFUTP Regulations 2003.

9. In reply to the aforesaid SCN noticee vide letter dated January 7, 2008 requested for three weeks time to file his reply to the SCN. Noticee vide letter dated February 2, 2008 submitted that
 - As a part of financial arrangement Mr. Mahesh Pujara by way of security had advanced 400,000 equity shares of the company GIL.
 - During the period December 23, 2003 to 3rd March 2004 I have sold the shares at various occasions and also bought few shares.
 - I have sold more shares than purchased, If you see I had hardly book any profit dealing with these shares.
 - I have returned back the shares to Mr. Mahesh pujara as the financial arrangements were not worked well.
 - I have no connection or relationship with the persons named in this letter.
 - All the trading are through BSE, the person who are buying / selling the shares were not known to me. Hence the questions of my involvement with any kind of alleged circular trading does not arise.
10. Subsequently noticee vide his application dated June 16, 2008 applied under the consent scheme. The consent application of the noticee was rejected by SEBI and the same was informed to the noticee vide letter dated January 30, 2009. Upon rejection of the consent application and considering the facts and circumstances of the case, it was decided to conduct an inquiry in the matter and an opportunity of personal hearing was granted to the noticee vide hearing notice dated March 26, 2009, granting a personal hearing to the noticee on April 22, 2009. The aforesaid Personal hearing notice was sent by Hand Delivery Acknowledgement Due and the notice was served on the noticee and proof of the same is on record.
11. Noticee vide his letter dated April 23, 2009 submitted that he is ill so he couldn't attend the hearing and requested one more chance for hearing.

As requested by the noticee another opportunity of personal hearing was granted to the noticee vide hearing notice dated June 1, 2009, granting a personal hearing to the noticee on June 15, 2009. The aforesaid Personal hearing notice was sent by Hand Delivery Acknowledgement Due and the notice was served on the noticee and proof of the same is on record.

12. Noticee vide his letter dated 15th June, 2009 submitted that he would like to file a consent application in the matter and requested a week's time to file the consent application. Noticee again filed a consent application and the same was intimated on August 11, 2009. Pending the consent process noticee was again granted an opportunity of personal hearing vide hearing notice dated July 17, 2010, granting a personal hearing to the noticee on August 18, 2010. Noticee himself appeared for the hearing on August 18, 2010 and submitted that

- the matter is pending under consent and that he would like to continue with the consent proceedings.
- In case his consent application gets rejected he would file a detailed reply to the SCN.

13. It is noted from the records that High Powered Advisory Committee (hereinafter referred to as HPAC) in its meeting held on November 19, 2010 recommended that the case may not be settled on the consent term proposed by the noticee. The rejection of the consent application was informed to the noticee vide SEBI letter dated December 28, 2010 and the same was delivered by courier on 29th December, 2010.

14. Upon rejection of the present consent application noticee failed to submit the detailed reply to the SCN as undertaken by him during the personal hearing on August 18, 2010. In this scenario I am compelled to pass an order against the noticee based on the material made available on record.

CONSIDERATION OF EVIDENCE AND FINDINGS

15. It is alleged on the basis of IR and transaction details received from NSDL that, Shri Mahesh Pujara transferred 4,00,000 (6.67% of the total share capital of the company) shares on January 13, 2004 and January 14, 2004 (2,00,000 shares on each day), of the company in off-market transaction to noticee. On account of the said transfer, noticee's shareholding in the company increased to 6.67% of the share capital of the company. This fact was accepted by the noticee in his reply dated February 2, 2008.
16. From the NSDL statement it is seen that 4,00,000 shares have been transferred in the demat account of the noticee from Shri Mahesh Pujara, which implies that all the rights and ownership attached to the shares shall vest in the noticee. Therefore noticee's contention that Shri Mahesh Pujara has transferred this 4,00,000 shares by way of security is not tenable. Further the same is strengthened by the fact that in terms Regulation 7 of SAST Regulations 1997 even a pledgee is required to make these aforesaid disclosures except a bank or financial institution. Therefore in my opinion noticee has failed to disclose 4,00,000 shares which has come to his demat account, to the Company as well as to the Stock Exchanges as required under Regulation 7 (1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The text of the said provisions are stated below :-

Regulations 7 (1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, states:-

7. (1) Any acquirer, who acquires shares or voting rights which taken together with shares or voting rights, if any, held by him would entitle him to more than five per cent or ten per cent. or fourteen percent. or fifty four per cent. or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchange where shares of the target company are listed.

7. (1A)

Explanation.—For the purposes of sub-regulations (1) and (1A), the term 'acquirer' shall include a pledgee, other than a bank or a financial institution and such pledgee shall make disclosure to the target company and the stock exchange within two days of creation of pledge.

- (2) The disclosures mentioned in sub-regulations(1) and (1A) shall be made within twodays, -
- (a) the receipt of intimation of allotment of shares; or
 - (b) the acquisition of shares or voting rights, as the case may be.

17. As discussed in the above paras 4,00,000 shares came from Shri Mahesh Pujara to noticee in a off – market deal and on account of the same noticee was required to disclose to the company about the said holding of 4,00,000 shares (6.67% of the share capital of the company) in terms of Regulation 13(1) of PIT Regulations 1992.

18. Further noticee submitted that he has transferred back these 4,00,000 shares and as per Regulation 13(3) of PIT Regulations 1992 the change of holding was required to be disclosed to the company. Thus it can be concluded that the noticee has failed to disclose the change in shareholding to the Company as required under Regulations 13(3) of SEBI (Prohibition of Insider Trading) Regulations, 1992. The text of the said provisions are stated below :-

Regulations 13 (1) , (3) & (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992, reads:-

13 (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 4 working days of :—

- (a) the receipt of intimation of allotment of shares; or**
- (b) the acquisition of shares or voting rights, as the case may be.**

(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.

(5) The disclosure mentioned in sub-regulations (3) and (4) shall be made within 4 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.**

19. In view of the above findings it can be concluded that the noticee has violated Regulations 13 (1), (3) and 13 (5) of SEBI (PIT Regulations) 1992.

20. As per the IR a group of clients and few stock brokers traded significantly in the scrip. The group (names mentioned in the table below) aggregately purchased 64,55,255 shares and sold 64,74,782 shares, which constituted almost 71% of the gross volume on the exchange during the period under investigation. The counterparty concentration between the stock brokers through whom these clients dealt was analyzed. It is alleged as per the IR that these clients dealing through their respective stock brokers indulged in circular / reversal trading and synchronized / matched trading contributing to the volumes and price rise in the scrip during the period under investigation. The trades among this group of clients contributed to around 52% of the total market volume during the period of investigation and resulted in almost **NIL** net position. The circular / reversal trading and synchronized / matched trading volume accounted for almost 30% to 70% of the respective day's traded volume.

Client-wise Trading Details

Stock broker Name	Client Name	Total Buy Quantity	Buy among these clients	Buy among group of clients % of market volume	Total Sell Quantity	Sell among these clients	Sell among group of clients % of market volume
Southern Shares	Chirag Pujara	4,86,110	2,83,330	3.11	5,06,176	62,504	0.69
	Sunil Purohit	1,39,700	1,35,206	1.48	1,39,700	21,025	0.23
Harkishan Hiralal	Victory Trading Corporation	4,29,652	4,19,452	4.60	4,29,652	4,21,520	4.62
	Vasant H Bissa	1,88,225	1,63,193	1.79	188225	1,81,460	1.99
Vijay Bhagwandas Shah	Own	2,20,850	2,19,320	2.40	2,25,825	2,23,324	2.45
Sanchay Fincom Ltd	Tejash Ghelani	4,78,956	4,48,157	4.91	484001	4,79,387	5.25
Vijay J Thakkar	Mayuri V	4,53,497	3,47,608	3.81	4,53,497	4,24,897	4.66

	Thakkar						
Galaxy Broking Ltd	Chaitanya P Raote	4,60,180	4,43,576	4.86	4,60,180	4,45,805	4.89
SPJ Stock Brokers Pvt. Ltd	OWN	12,0,702	5,98,270	6.56	12,70,752	5,99,095	6.57
Bharti Thakkar Securities Pvt. Ltd	Sayyad Mustafa	2,14,433	1,73,152	1.90	2,14,433	2,03,225	2.23
Uttam Financial Services Ltd	Own	7,79,470	7,53,469	8.26	7,79,470	7,40,105	8.11
M M Upadhyay	Amit Pandya	6,00,450	1,28,084	1.40	5,89,841	2,68,503	2.94
Pilot Credit Capital Ltd	Dipak Dwarkadas Vyas	3,09,775	2,55,682	2.80	3,09,775	2,89,721	3.18
Grand Total		64,55,255	47,71,530	52.30	64,74,782	47,71,530	52.30

21. The pattern of circular trading indicates that it was usually among a group of 3-4 stock brokers / clients i.e. A→B→C→D→A and same number of shares were rotated in a circular manner among stock brokers / clients in the group on daily basis so that the same number of shares go back to the original seller at the end of the day and net position of each stock broker remains nil. It shows that this manipulative trading operation was planned very carefully to avoid any easy detection by Regulatory Authorities. For example, on February 03, 2004, the quantity aggregating to 9500 shares was circularly traded amongst the following stock brokers /clients:

Date	Selling Member	Sell Client	Buying Member	Buy Client	Qty	Average Rate
03/02/2004	Shripal Jain	3002	VSE Stock Services	Mayuri Thakkar	9500	23.60
	VSE Stock Services	Mayuri Thakkar	Southern Shares	Chirag Pujara	9500	23.75
	Southern Shares	Chirag Pujara	Shripal Jain	3002	9400	23.70

22. During the period of two and a half months, 216 instances of circular / reversal trading (Complete circles among the group entities) were observed. From the IR it is noted that noticee was involved in 18 different instances of circular trades. Client-wise number of instances of circular trading is given as follows:

Number of Instances of Circular Trading

Stock broker Name	Client Name	No of instances of circular trading	Total No. of days the broker traded	No. of days on which the broker traded among group clients
Southern Shares	Chirag Pujara	18	27	23
	Sunil Purohit	39	16	16
Harkishan Hirallal	Vasant H Bissa	18	10	10
	Victory Trading Corporation	82	25	25
Vijay Bhagwandas Shah	Own	42	17	17
Sanchay Fincom Ltd	Tejash Ghelani	87	30	30
Vijay J Thakkar	Mayuri V Thakkar	46	33	33
M M Upadhyay	Amit Pandya	0	31	28
Galaxy Broking Ltd	Chaitanya P Raote	99	38	38
SPJ Stock Brokers Pvt. Ltd	OWN	53	39	39
Bharti Thakkar Securities Pvt. Ltd	Sayyad Mustafa	49	11	11
Uttam Financial Services Ltd	Own	142	32	32

23.It is noted from IR that a total of 1,855 buy orders and 1,651 sell orders resulted in 18,133 trades among group of clients creating volume of 47,71,530 shares accounting for 52.30% of the total trading volume of 91,23,358 shares during the period December 23, 2003 to March 3, 2004. The details of number of days on which these clients / stock brokers traded

during the period of circular trades and during the whole period of investigation are given in the above table. It is noted from the IR that noticee entered into circular trades on almost all days when he traded in the market.

24.Details of circular / reversal trades on the basis of time difference between entering of the buy and sell orders is given as follows:-

Time difference between entering of the buy and sell orders

Time Difference	No of Buy Orders	No of Sell Orders	No of Trades	Quantity	% contribution to Cir trades
0:00:00	47	47	663	188229	3.94%
0:00:01	53	53	798	235321	4.93%
0:00:02	46	46	615	169754	3.56%
0:00:03	29	29	402	107790	2.26%
0:00:04	33	33	433	97584	2.05%
0:00:05	32	32	416	88359	1.85%
0:00:06	37	37	491	106080	2.22%
0:00:07	43	43	493	117713	2.47%
0:00:08	25	25	247	48294	1.01%
0:00:09	29	29	310	58803	1.23%
0:00:10	24	24	210	40345	0.85%
10 -- 60	646	645	5217	1424746	29.86%
Not available	334	270	3243	890181	18.66%
More than 1 min			4595	1198331	25.11%
Total among group clients			18133	4771530	

25.It is noted from IR that for 5,078 trades with volume of 12,58,272 shares accounting for about 26.37% of volume of trades among group clients, the time difference between 398 buy orders and 398 sell orders was less than or equal to 10 seconds. On many instances, the buy and sell order

quantities and rates were similar and time difference between the buy and sell order entered was negligible (from few seconds to few minutes). Hence, the orders of most of these trades appeared to be circular / reversal. It suggests that the orders were punched in / placed with a preconceived motive and with prior arrangement and the orders would be picked up by a particular client(s) and stock broker(s) on the opposite side. Hence, the increase in the volume and price in the scrip can be attributed to a large extent to these manipulative trades.

26. The Investigation Report alleged that, the noticee purchased 2,83,330 shares among these group clients and sold 62,504 shares among these group clients, constituting 58 % of his total buy and 12 % of his total sell during the investigation period. From the trade / order log of the noticee, the circular nature of the trades executed by the noticee during the Investigation Period is further revealed. This is similar to the pattern of trading of the group described in the Investigation Report as stated in the previous paras. Further, the prices at which the buy orders and the sell orders have been placed are also identical. The order / trade log shows that the noticee had undertaken such transactions almost on all trading days on which he traded. Thus, within a few seconds of the buy/ sell order being placed on the terminal by the noticee, the order got exactly matched both in price and quantity. This did not happen on one or two occasions but on several occasions.

27. I have taken into consideration the facts and circumstances of the case and the material made available on record. The allegation against the noticee in the SCN is that, during the Investigation Period, he had executed circular trades in the scrip of GIL in collusion with certain clients and stock-brokers as mentioned in table at para 20. I have noted that there were numerous trades in the scrip with only a few counter parties on a daily basis for a period of two months. The trade quantities were also considerable, which constituted 3.11 % of buy among group of clients to percentage of market volume and 0.69 % of sell among group of clients to percentage of market volume during the period under investigation. From the above facts it can

thus be conclusively stated that the noticee had executed circular trades and indulged in non-genuine or fraudulent transactions in the scrip of GIL. The noticee has further failed to submit detailed reply to the SCN as undertaken by him during the personal hearing.

28. In the case of Chaitanya P. Raote v SEBI, (Appeal No 263 of 2009), dated January 13, 2010, the Hon'ble SAT observed that :

“Circular trades in the manner in which the appellant executed cannot be carried out unless there is connivance between the clients and the brokers. Not only did the appellant execute trades, he also reversed his trades with the counter party..... This cannot normally happen unless they are manipulating the scrip. These are not isolated instances. The appellant executed trades like these on all the days when he traded during the period of investigation.”

29. In view of the above findings it can be concluded that the noticee has violated Regulations 4(1), 4 (2)(a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. The text of the said provisions is as follows:

Regulations 4(1), 4(2) (a), (b), (e) and (g) of PFUTP Regulation 2003:

“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;

30. The above violations attract penalty under Section 15A (b) of the SEBI Act. The text of the said provision is stated hereinafter:

15A. Penalty for failure to furnish information, return, etc.- If any person, who is required under this Act or any rules or regulations made thereunder,-

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

31. The said violations attract penalty under section 15HA of the SEBI Act which provides that:

“15HA. Penalty for fraudulent and unfair trade practices- 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.

32. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Rules require that while adjudging the quantum of penalty, 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

33. It is noted from the facts available on record that the noticee has executed circular trades, in violation of the PFUTP Regulations and failed to disclose the transfer / holding of 4,00,000 share of GIL to the Company as well as to the Stock Exchanges as required under SEBI (SAST) Regulations, 1997 and SEBI (PIT) Regulations, 1992. It may also be noted that the Investigation report has not quantified the profit / loss for the nature of violations / transactions carried out by the noticee and no quantifiable figures are made available on record to assess the disproportionate gain or unfair advantage, amount of loss caused to an investor or group of investors.

34. From the trade volume of the noticee it is seen that the noticee as an active member of the group, had purchased 2,83,330 shares among these group clients and sold 62,504 shares among these group clients, which is a considerable volume to influence the price/ volume of the scrip as well as affect the market equilibrium. In fact, the objective of such non genuine/ circular trades, as has been undertaken by the group, is to create a false impression about the value of the scrip/ demand for the scrip and then take advantage of it, since the common investors will be vulnerable to be misled by the falsely created high volume.
35. In view of the abovementioned conclusions, I hereby impose a penalty of ₹ 2,00,000/- (Rupees Two Lakhs only) on the noticee for the violation Regulations 7(1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 & ₹ 2,00,000/- (Rupees Two Lakhs only) for the violation Regulations 13(1), (2) & (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 under Section 15A(b) of the Securities and Exchange Board of India Act, 1992. Further, I impose a penalty of ₹ 2,00,000/- (Rupees Two Lakhs only) on the noticee under Section 15HA of the Securities and Exchange Board of India Act, 1992 for the violation of Regulations 4(1), 4 (2)(a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulation, 2003, which is appropriate in the facts and circumstances of the case.

ORDER

36. In exercise of the powers conferred under Section 15 I of the Securities and Exchange Board of India Act, 1992, and Rule 5 of Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995, I hereby impose a consolidated penalty of ₹ 6,00,000/- (₹. Six Lakhs only) on the noticee - Shri Chirag Pujara (Add- B/704, Kalp Nagari, B. R. Road, Mulund (W), Mumbai – 400 080) in terms of the provisions of Section 15 A(b) and 15HA of the Securities and Exchange Board of India Act, 1992 for violation of Regulations 7 (1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Regulations 13 (1), (3) and 13 (5) of SEBI (Prohibition of Insider Trading) Regulations, 1992 and Regulations

4(1), 4 (2)(a), (b), (e) and (g) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. In the facts and circumstances of the case, I am of the view that the said penalty is commensurate with the violations committed by the noticee.

37. The penalty shall be paid by way of Demand Draft drawn in favour of "SEBI – Penalties Remittable to Government of India" payable at Mumbai within 45 days of receipt of this order. The said demand draft shall be forwarded to, General Manager, Investigation Department, ID-2, Securities and Exchange Board of India, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
38. In terms of the provisions of Rule 6 of the Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules 1995, copies of this order are being sent to Shri Chirag Pujara and also to the Securities and Exchange Board of India, Mumbai.

Place: Mumbai
Date: January 31, 2011

D. RAVI KUMAR
CHIEF GENERAL MANAGER &
ADJUDICATING OFFICER