

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

In respect of Show Cause Notice dated August 22, 2017 in the matter of Parichay Investments Ltd. (PIL)

In respect of:

Sr. No.	Noticees	PAN
1.	Mr. Sanjay Jethalal Soni	BVSPS9741N
2.	Ms. Krupa Sanjay Soni	BVSPS9740P
3.	M/s. J M Soni Consultancy	AAGFJ2939P
4.	Mr. Dhiren Dharamdas Agarwal	AAZPA8189K
5.	Ms. Shweta Dhiren Agarwal	AIZPA2160J
6.	Mr. Krunal Gopaldas Rana	AKMPR9961M
7.	Mr. Amul Gagabhai Desai	AHDPD3526G
8.	Mr. Mahesh Somabhai Desai	AMGPD0183P
9.	Mr. Arif Gulammustufa Shaikh	CKZPS8073E

The aforesaid entities are hereinafter referred to by their respective names/serial numbers or collectively as "the Noticees".

1. Securities and Exchange Board of India (SEBI) conducted an investigation in the scrip of Parichay Investments Ltd ("**PIL**" / "**the company**" / "**target company**") for the period of July 21, 2010 to August 30, 2011 to ascertain any violation of the provisions of SEBI Act 1992, SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**PFUTP Regulations**"). The investigation revealed both violation of PFUTP Regulations as well as SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST Regulations**"). Accordingly, SEBI issued show cause notice dated August 22, 2017 (hereinafter referred to as "**the SCN**") to the noticees. The facts elaborated in the SCN are reproduced in the following paragraphs.

Connection between the Noticees

2. The Noticees to this Order were, after perusal of their respective KYC documents, found to be connected to each other, the basis for this connection elaborated as follows:

Table 1

Sl. No.	Name of entity	Basis of connection
1.	Sanjay Jethalal Soni (Noticee No. 1)	(1) Self
2.	Krupa Sanjay Soni (Noticee No. 2)	(1) Krupa Sanjay Soni is wife of Sanjay Jethalal Soni. (2) Krupa Sanjay Soni and Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in . (3) From the bank account transaction statements, it has been observed that there have been fund movements between Sanjay Soni and Krupa Soni.
3.	M/s. J.M. Soni Consultancy (Noticee No. 3)	(1) Sanjay Soni is the proprietor of M/s. J.M. Soni Consultancy. (2) M/s. J.M. Soni Consultancy and Krupa Sanjay Soni share common address D-19, Karnavati Apts., Near Shradda Petrol Pump Hotel, Ahmedabad and contact no. 9727548290. (3) From the bank account transaction statements, it has been observed that there have been regular fund movements between M/s. J M Soni Consultancy and Sanjay Soni as well as Krupa Soni.
4.	Krunal Gopaldas Rana (Noticee No.6)	(1) Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy share common contact no. 9727548290. (2) From the bank account statement, there have been transfer of funds between Krunal Gopaldas Rana and M/s. J.M. Soni Consultancy on September 3, 2009. (3) On perusal of trades of Krunal Gopaldas Rana with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
5.	Dhiren Dharamdas Agarwal (Noticee No.4)	(1) Dhiren Dharamdas Agarwal and Sanjay Jethalal Soni share common contact no. 9879430033. (2) From the bank account statement, there have been transfer of funds between Dhiren Dharamdas Agarwal and M/s. J.M. Soni Consultancy on July 21, 2010. (3) On perusal of trades of Dhiren Dharamdas Agarwal with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
6.	Shweta Dhiren Agrawal (Noticee No.5)	(1) Shweta Dhiren Agarwal is wife of Dhiren Dharamdas Agarwal.
7.	Amul Gagabhai Desai (Noticee No.7)	(1) Amul Gagabhai Desai and Shantiben Gangaram Desai share common address 135, Ranuja Nagar Part – 2, Premchand Nagar Road, Jodhpur Ahmedabad. Shantiben Gangaram Desai and Krupa Sanjay Soni / Sanjay Jethalal Soni share common email id shreejisecurities14@yahoo.co.in . (2) On perusal of trades of Amul Gagabhai Desai with BMA Wealth Creators P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.

Sl. No.	Name of entity	Basis of connection
8.	Mahesh Somabhai Desai (Noticee No.8)	(1) Mahesh Somabhai Desai and M/s. JM Soni Consultancy share common contact no. 9727548290. (2) On perusal of trades of Mahesh Somabhai Desai with Prabhudas Lilladher P. Ltd., it is observed that orders were placed through Sanjay Jethalal Soni.
9.	Arif Gulam Mustafa Shaikh (Noticee No.9)	(1) Arif Gulam Mustafa Shaikh and Krupa Sanjay Soni share common email id shreejisecurities14@yahoo.co.in. (2) Arif Gulam Mustafa Shaikh and M/s. JM Soni Consultancy share common contact no. 9727548290.

3. **Allegation of Fraudulent and Manipulative Trades in securities**

The investigation was divided into patches: Period from 21-Jul-2010 to 23-Feb-2011 described as "**Patch I**" and Period from 24-Feb-2011 to 30-Aug-2011 described as "**Patch II**". During both patches, significant instances of volume and price manipulation were found to have been executed among the Noticees.

3.1. ***Violations observed in Patch I***

3.1.1 During Patch I, it was observed that the following entities were observed to be top 10 buy clients and sell clients:

Table 2

Buy Client Name	Qty	% of Total Mkt.Vol	Sell Client Name	Qty	% of Total Mkt. Vol.
Mr. Krunal Gopaldas Rana	6,78,000	8.05	Mr. Omi Bagadia	8,10,700	9.63
Mr. Amul Gagabhai Desai	6,16,150	7.32	Mr. Krunal Gopaldas Rana	5,30,150	6.30
Ms. Krupa Sanjay Soni	5,25,700	6.25	Ms. Krupa Sanjay Soni	4,95,950	5.89
Mr. Sanjay Jethalal Soni	4,73,000	5.62	Mr. Sanjay Jethalal Soni	4,55,650	5.41
Mr. Dhirenkumar Dharamdas Agarwal	4,24,950	5.05	Mr. Amul Gagabhai Desai	4,26,550	5.07
Mr. Mahesh Somabhai Desai	2,85,350	3.39	Mr. Dhirenkumar Dharamdas Agarwal	3,46,700	4.12
Ms. Shweta Dhiren Agrawal	2,15,300	2.56	Mr. Mahesh Somabhai Desai	2,47,900	2.95
Mr. Arif Gulammustufa Shaikh	1,52,650	1.81	Ms. Shweta Dhiren Agrawal	1,35,000	1.60
Mr. Pradeep Narendra Bhatt	1,44,400	1.72	Mr. Arif Gulammustufa Shaikh	1,30,600	1.55
Mr. Janakray Vithaldas Soni	1,34,700	1.60	M/s. J M Soni Consultancy	1,29,550	1.54
Top 10 Buy Clients	36,50,200	43.36	Top 10 Sell Clients	37,08,750	44.06
Remaining Clients	47,67,500	56.64	Remaining Clients	47,08,950	55.94
Total Market Vol.	84,17,700	100 .00	Total Market Vol.	84,17,700	100.00

3.1.2 The investigation by SEBI had identified 63 entities as forming part of the larger Soni group which were connected to each other. Out of these 63 entities, the following 15 entities (*which is referred to as the "sub-group" in the Table below and which includes all the Noticees*) had traded among themselves for more than 10,000 shares during Patch I, executed matched trades, thereby creating artificial volumes in the scrip:

Table 3

Client Name	Buy Qty matched with entire Soni group	Buy Qty matched with sub group	Sell Qty matched with entire Soni group	Sell Qty matched with sub group
Krunal Gopaldas Rana	4,68,700	2,51,200	4,56,400	2,18,000
Amul Gagabhai Desai	4,11,200	2,28,650	3,81,850	2,07,800
Dhirenkumar Dharamdas Agarwal	2,91,550	1,03,750	3,12,400	1,50,750
Krupa Sanjay Soni	2,54,450	1,33,550	3,57,050	2,53,650
Sanjay Jethalal Soni	2,46,950	1,41,050	2,31,150	1,47,850
Mahesh Somabhai Desai	2,12,500	95,800	2,53,850	1,40,900
Shweta Dhiren Agrawal	2,00,750	77,700	1,70,100	44,350
Miteshgiri Chandangiri Goswami	1,36,350	52,650	1,00,750	11,900
Arif Gulammustufa Shaikh	1,22,950	78,350	95,550	33,850
Janakray Vithaldas Soni	93,100	42,350	81,300	13,950
Amitkumar Rameshchandra Rana	87,500	10,350	79,400	26,050
Vipul Virendrakumar Patel	75,350	49,700	49,350	13,650
J M Soni Consultancy	70,550	39,900	62,950	18,800
Shantiben Gangaram Desai	47,850	0	80,400	23,650
Dhaval Satishkumar Agrawal	47,050	12,150	48,300	12,000
Total	27,66,800	13,17,150	27,60,800	13,17,150

3.1.3 The following Noticees had executed self trades repeatedly (i.e. quantity of more than 10,000 shares, more than 10 count of trades executed for two or more days), the details thereof are as follows:

Table 4

Client Name	Self Trade Qty.	No. of Self Trades	No. of trading days	Sum of LTP diff. (₹)	% of Self Traded Qty. to Market Vol.	% of Self Traded Qty. to Clients Buy Vol.	% of Self Traded Qty. to Clients Sell Vol.
Mr. Krunal Gopaldas Rana	34,850	240	36	1.00	0.41	5.14	6.57
Mr. Sanjay Jethalal Soni	29,750	224	22	1.00	0.35	6.29	6.53
Ms. Krupa Sanjay Soni	29,550	146	34	-17.05	0.35	5.62	5.96
Mr. Amul Gagabhai Desai	21,150	230	33	0.85	0.25	3.43	4.96

Investigation observed that following 13 entities (*which includes all the Noticees*) contributed to 1.00% or more towards positive LTP (gross) and the details are given in Table 5 below:-

Table 5

Name	All trades			LTP Diff. > 0			LTP Diff. < 0			LTP Diff. =0		% of +ve LTP to total mkt. +ve LTP
	Sum of LTP diff.	Sum of Qty	No of trades	Sum of LTP diff.	Qty traded	No of trades	Sum of LTP diff.	Qty traded	No of trades	Qty traded	No of trades	
Krupa Sanjay Soni	62.45	5,25,700	3,892	294.10	42,600	264	-231.65	52,050	469	4,31,000	3,158	12.61
Amul Gagabhai Desai	67.15	6,16,150	4,109	154.55	63,400	221	-87.40	35,850	279	5,16,900	3,609	6.63
Krunal Gopal Das Rana	18.10	6,78,000	4,966	118.75	49,000	188	-100.65	61,500	328	5,67,500	4,450	5.09
Sanjay Jethalal Soni	47.00	4,73,000	2,504	100.70	53,100	178	-53.70	18,700	203	4,01,200	2,123	4.32
Dhirenkumar Agarwal	51.85	4,24,950	1,941	99.40	38,800	117	-47.55	23,850	152	3,62,300	1,672	4.26
Mahesh Somabhai Desai	31.10	2,85,350	3,155	68.80	22,050	157	-37.70	12,400	109	2,50,900	2,889	2.95
Vaishali Jimish Soni	51.10	86,300	555	62.55	10,600	91	-11.45	11,900	59	63,800	405	2.68
Arif Gulammustufa Shaikh	15.05	1,52,650	836	42.00	24,650	72	-26.95	9,350	87	1,18,650	677	1.80
Shweta Dhiren Agrawal	36.80	2,15,300	1,260	40.90	14,650	43	-4.10	6,750	27	1,93,900	1,190	1.75
Shantiben Desai	20.50	90,600	664	35.30	5,400	56	-14.80	11,900	40	73,300	568	1.51
Ajaykumar Jayantilal Pala	15.70	37,750	415	29.30	3,500	30	-13.60	4,200	58	30,050	327	1.26
Nehaben Janakray Soni	19.35	68,700	458	24.80	4,950	26	-5.45	8,450	14	55,300	418	1.06
J M Soni Consultancy	3.05	1,29,550	709	24.65	17,900	48	-21.60	9,700	56	1,01,950	605	1.06
Total of the market	363.65	84,17,700	52,583	2331.84	8,88,050	3,414	-968.19	660,700	3954	68,68,900	45,215	100

From the above Table 5, investigation observed that for 173 trades the buy orders were placed in the system before the sell orders were placed thereby contributing Rs.196.65 to LTP. Further, for 296 trades which contributed Rs.173.45 to LTP the counter party sellers were among these 13 entities. Thus, on the basis of trading pattern, i.e. on account of trading among themselves and by placing orders above LTP, investigation concluded that these entities have manipulated the price of the scrip.

3.1.4 Investigation analyzed the trades of 13 entities who contributed majorly towards net LTP as given in Table 5 above and observed that first trades of 7 entities contributed towards net LTP, details of which are given in Table 6 below:

Table 6

Clients Name	Sum of First Trades LTP diff. (₹)	No. of First Trades	First Trades Qty.	% to total No. of First Trades	% to total First Trades Qty.
Mr. Amul Gagabhai Desai	18.80	9	1,450	5.92	3.57
Mr. Krunal Gopaldas Rana	13.60	10	550	6.58	1.35
Mr. Sanjay Jethalal Soni	11.75	7	6,350	4.61	15.62
Ms. Krupa Sanjay Soni	9.95	21	1,050	13.82	2.58
Mr. Dhirenkumar Agarwal	2.60	8	3,900	5.26	9.59
M/s. JM Soni Consultancy	1.05	1	50	0.66	0.12
Ms. Shantiben Desai	0.10	1	50	0.66	0.12
Total of the group	57.85	57	13,400	37.51	32.95

From the above Table 7, investigation observed that these 7 entities contributed Rs.57.85 towards net LTP in 57 first trades. Investigation concluded that these entities have contributed to the price rise by increasing LTP through first trades and thereby manipulated the price of the scrip.

3.1.5 Also, it was observed that the price of scrip increased from Rs.36.00 to a high of Rs.407.75 (an increase of Rs.371.75) through first trades as well as intra-day price movements. Investigation analyzed the trades of 13 entities as given in Table 5 above and observed that following 12 entities (*which includes all the Noticees*) contributed towards NHP and the details are given in Table 7 below:-

Table 7

Clients Name	Sum of NHP Qty	No. of Trades	% to total mkt. NHP trades	NHP (₹)	% to total mkt. NHP

Clients Name	Sum of NHP Qty	No. of Trades	% to total mkt. NHP trades	NHP (₹)	% to total mkt. NHP
Mr. Amul Gagabhai Desai	15,300	40	8.58	37.25	10.01
Ms. Krupa Sanjay Soni	5,900	36	7.73	21.55	5.77
Ms. Shweta Dhiren Agrawal	4,550	11	2.36	19.70	5.30
Ms. Vaishali Jimish Soni	3,050	27	5.79	15.85	4.25
Mr. Krunal Gopaldas Rana	4,700	25	5.36	14.65	3.93
Mr. Mahesh Somabhai Desai	4,700	33	7.08	11.40	3.05
Mr. Sanjay Jethalal Soni	2,500	18	3.86	11.35	3.07
Mr. Arif Gulammustufa Shaikh	2,150	14	3.00	8.15	2.18
Mr. Dhirenkumar Agarwal	750	9	1.93	5.60	1.51
Ms. Shantiben Gangaram Desai	750	7	1.50	4.10	1.09
M/s. JM Soni Consultancy	550	4	0.86	1.35	0.37
Ms. Nehaben Janakray Soni	800	6	1.29	0.50	0.12
Total	45,700	230	49.34	151.45	40.65

From the above Table 6, it is observed that 12 entities have contributed Rs.151.45 (i.e. 40.65% to total market NHP) in 230 trades and have contributed to the price rise by establishing new high price and thereby manipulated the price of the scrip.

3.2 Violations observed in Patch II

3.2.1 During Patch-II, it was observed that the following entities were observed to be top 10 buy clients and sell clients:

Table 8

Buy Client Name	Qty	% of Total Mkt Vol.	Sell Client Name	Qty	% of Total Mkt Vol.
Mr. Krunal Gopaldas Rana	2,57,700	6.49	Mr. Krunal Gopaldas Rana	3,40,500	8.57
Mr. Dhirenkumar Dharamdas Agarwal	1,39,450	3.51	Mr. Amul Gagabhai Desai	2,56,200	6.45
Mr. Amul Gagabhai Desai	1,30,450	3.28	Mr. Dhirenkumar Dharamdas Agarwal	2,19,250	5.52
Mr. Ashlesh Gunvantbhai Shah	1,28,650	3.24	Ms. Shweta Dhiren Agrawal	1,96,150	4.94
Ms. Shweta Dhiren Agrawal	1,20,800	3.04	M/s. Shyam Construction	1,79,050	4.51
Mr. Mahesh Somabhai Desai	96,950	2.44	Mr. Mahesh Somabhai Desai	1,49,750	3.77
Ms. Krinaben Ranjitbhai Gajjar	96,500	2.43	Ms. Krupa Sanjay Soni	1,05,550	2.66

Buy Client Name	Qty	% of Total Mkt Vol.	Sell Client Name	Qty	% of Total Mkt Vol.
Mr. Mayur Narayandas Darji	79,500	2.00	Mr. Ashlesh Gunvantbhai Shah	86,500	2.18
Ms. Krupa Sanjay Soni	70,050	1.76	Ms. Krinaben Ranjitbhai Gajjar	81,400	2.05
M/s. Chimanlal Maneklal Securities P. Ltd.	68,350	1.72	Mr. Jitendra Hasmukhlal Vyas	79,250	2.00
Top 10 Buy Clients	11,88,400	29.92	Top 10 Sell Clients	16,93,600	42.64
Remaining Clients	27,83,400	70.08	Remaining Clients	22,78,200	57.36
Total Market Vol.	39,71,800	100.00	Total Market Vol.	39,71,800	100.00

3.2.2 Investigation observed that of the 63 entities forming part of the larger sub-group, the following 12 entities (*which is referred to as the "sub-group" in the Table below and which includes some of the Noticees*) had traded among themselves for more than 10,000 shares during Patch-II, the details of match trades is given in Table 9 below:

Table 9

Client Name	Buy Qty matched with entire group	Qty with Soni	Buy Qty matched with sub group	Sell Qty matched with entire group	Qty with Soni	Sell Qty matched with sub group
Mr. Dhirenkumar Dharamdas Agarwal		98,000	54,050	99,150		51,550
Mr. Ashlesh Gunvantbhai Shah		98,550	42,400	32,750		0
Mr. Jitendra Hasmukhlal Vyas		47,050	12,900	30,450		0
Mr. Amul Gagabhai Desai		79,750	32,550	1,19,600		70,350
Ms. Krinaben Ranjitbhai Gajjar		52,350	32,700	20,350		0
Ms. Shweta Dhiren Agrawal		87,350	31,100	75,200		29,400
Mr. Krunal Gopaldas Rana		1,13,550	56,650	1,66,900		94,750
Mr. Miteshgiri Chandangiri Goswami		48,750	31,000	42,000		14,650
Mr. Amitkumar Rameshchandra Rana		34,750	18,100	5,800		0
Mr. Mahesh Somabhai Desai		49,400	0	62,200		29,800
Mr. Janakray Vithaldas Soni		13,200	0	24,700		10,150
Ms. Shantiben Gangaram Desai		14,950	0	34,100		10,800
Total		7,37,650	3,11,450	7,13,200		3,11,450

From the above Table 9, investigation observed that these entities (which include all the noticees) executed matched trades by trading among themselves thereby created artificial volumes in the scrip.

3.3 It was accordingly alleged that Noticee Nos. 1 to 9 executed matched trades by trading among themselves and thereby created artificial volumes in the scrip and manipulated the price of the scrip. It is alleged that Noticee No.1, Noticee No.2, Noticee No.6 and Noticee No.7 executed self trades repeatedly in the scrip of PIL which created false and misleading appearance of trading and without change in ownership in the scrips. It is therefore alleged that, Noticee Nos. 1 to 9 have violated Section 12A(a), (b) & (c) of SEBI Act, 1992 read with Regulations 3(a), (b), (c)&(d) and 4(1), 4(2)(a), (b), (e) & (g) of SEBI (PFUTP) Regulations, 2003.

4. Allegation of trigger of SAST Regulations

4.1 Investigations have revealed that Sanjay Jethalal Soni (Noticee No. 1) is the proprietor of M/s. J M Soni Consultancy (Noticee No.3) and Ms. Krupa Sanjay Soni (Noticee No.2) is the wife of Noticee No.1. In view of the above, Noticee Nos. 1 to 3 are persons acting in concert (PACs) under Regulation 2(e)(1) and Regulation 2(e)(2)(ii) read with 2(e)(2)(iii) of SAST Regulations for acquiring shares of PIL. The three Noticees together cumulatively acquired 10.18% of paid up equity capital of the company on September 21, 2010. Thereafter they purchased / sold shares and their holdings exceeded 15.00% of the paid up capital on September 29,2010. Thereafter, they increased their shareholding to 18.88% (as on September 30,2010) and reduced their holding subsequently to less than 15% of shareholding. The details of their trading is given in Table 10 below:

Table 10

Date	Buy	Sell	Net	Cumulative	%
21-Sep-10	8,550	0	8,550	1,22,150	10.18
22-Sep-10	12,350	0	12,350	1,34,500	11.21
24-Sep-10	34,500	-3,600	30,900	1,65,400	13.78
27-Sep-10	5,650	-11,100	-5,450	1,59,950	13.33
28-Sep-10	11,650	-950	10,700	1,70,650	14.22
29-Sep-10	18,900	-5,550	13,350	1,84,000	15.33
30-Sep-10	48,050	-5,500	42,550	2,26,550	18.88
1-Oct-10	0	-1,550	-1,550	2,25,000	18.75
4-Oct-10	900	-14,950	-14,050	2,10,950	17.58
5-Oct-10	0	-40,300	-40,300	1,70,650	14.22
6-Oct-10	1,000	0	1,000	1,71,650	14.30
7-Oct-10	24,900	-32,450	-7,550	1,64,100	13.68
8-Oct-10	17,350	-9,750	7,600	1,71,700	14.31
11-Oct-10	30,500	-20,550	9,950	1,81,650	15.14
12-Oct-10	14,500	-5,050	9,450	1,91,100	15.93
14-Oct-10	15,000	-5,500	9,500	2,00,600	16.72
15-Oct-10	300	-9,050	-8,750	1,91,850	15.99
18-Oct-10	200	0	200	1,92,050	16.00
19-Oct-10	21,650	-7,500	14,150	2,06,200	17.18

Date	Buy	Sell	Net	Cumulative	%
20-Oct-10	100	-1,000	-900	2,05,300	17.11
21-Oct-10	7,750	-7,750	0	2,05,300	17.11
22-Oct-10	16,000	-5,750	10,250	2,15,550	17.96
25-Oct-10	16,150	-12,200	3,950	2,19,500	18.29
26-Oct-10	400	0	400	2,19,900	18.33
27-Oct-10	2,300	-500	1,800	2,21,700	18.48
28-Oct-10	21,000	-6,700	14,300	2,36,000	19.67
29-Oct-10	30,600	-200	30,400	2,66,400	22.20
2-Nov-10	9,050	0	9,050	2,75,450	22.95
3-Nov-10	7,150	-19,150	-12,000	2,63,450	21.95
8-Nov-10	14,550	-7,950	6,600	2,70,050	22.50
9-Nov-10	200	-2,000	-1,800	2,68,250	22.35
12-Nov-10	5,500	-15,300	-9,800	2,58,450	21.54
15-Nov-10	500	-29,100	-28,600	2,29,850	19.15
16-Nov-10	19,950	-13,550	6,400	2,36,250	19.69
18-Nov-10	0	-1,800	-1,800	2,34,450	19.54
19-Nov-10	9,800	-2,000	7,800	2,42,250	20.19
22-Nov-10	3,850	-73,250	-69,400	1,72,850	14.40
23-Nov-10	20,300	-16,950	3,350	1,76,200	14.68
24-Nov-10	4,150	-16,750	-12,600	1,63,600	13.63
25-Nov-10	35,300	-37,950	-2,650	1,60,950	13.41
26-Nov-10	18,200	-13,350	4,850	1,65,800	13.82
29-Nov-10	19,650	-11,250	8,400	1,74,200	14.52
30-Nov-10	35,850	-10,650	25,200	1,99,400	16.62
1-Dec-10	4,000	-39,500	-35,500	1,63,900	13.66
2-Dec-10	14,450	-11,050	3,400	1,67,300	13.94
3-Dec-10	16,000	-5,100	10,900	1,78,200	14.85
6-Dec-10	10,950	-3,000	7,950	1,86,150	15.51
7-Dec-10	27,300	-2,000	25,300	2,11,450	17.62
8-Dec-10	11,250	-5,850	5,400	2,16,850	18.07
9-Dec-10	9,500	-5,550	3,950	2,20,800	18.40
10-Dec-10	6,650	-12,450	-5,800	2,15,000	17.92
13-Dec-10	450	0	450	2,15,450	17.95
14-Dec-10	0	-2,500	-2,500	2,12,950	17.75
15-Dec-10	13,800	-29,300	-15,500	1,97,450	16.45
16-Dec-10	9,450	-4,000	5,450	2,02,900	16.91
20-Dec-10	3,050	0	3,050	2,05,950	17.16
21-Dec-10	500	-1,000	-500	2,05,450	17.12
22-Dec-10	19,700	-9,950	9,750	2,15,200	17.93
23-Dec-10	4,600	-37,100	-32,500	1,82,700	15.23
24-Dec-10	6,400	-17,800	-11,400	1,71,300	14.28

From the above Table 10, investigation observed that Noticee Nos. 1 to 3 together as PACs crossed the 15.00% threshold limit on four occasions i.e October 11, 2010, November 30, 2010 and December 6, 2010. Also it is observed that Noticee Nos. 1 to 3 together as PACs bought more than 5% after crossing 15% on October 29, 2010.

4.2 Investigation also revealed that Ms. Shweta Dharam Agarwal (Noticee No. 5) is wife of Dhiren Dharamdas Agarwal (Noticee No. 4) and hence falls under the definition of 'persons acting in concert' (PAC) under Regulation 2(e)(1) of SAST Regulations. Noticee No. 4 and Noticee No. 5 together cumulatively acquired

11.36% of paid up equity capital of the company on January 20, 2011. Thereafter they purchased / sold shares and their holdings exceeded 15.00% of paid up equity on March 14, 2011. The details of their trading is given in Table 11 below:

Table 11

Date	Buy	Sell	Net	Cumulative	%
20-Jan-11	24,900	4,950	19,950	1,36,300	11.36%
21-Jan-11	9,750	1,850	7,900	1,44,200	12.02%
24-Jan-11	0	3,100	-3,100	1,41,100	11.76%
25-Jan-11	4,500	2,100	2,400	1,43,500	11.96%
27-Jan-11	0	16,250	-16,250	1,27,250	10.60%
28-Jan-11	22,050	6,000	16,050	1,43,300	11.94%
31-Jan-11	0	12,650	-12,650	1,30,650	10.89%
1-Feb-11	0	13,500	-13,500	1,17,150	9.76%
2-Feb-11	7,800	3,650	4,150	1,21,300	10.11%
3-Feb-11	13,900	50	13,850	1,35,150	11.26%
4-Feb-11	0	600	-600	1,34,550	11.21%
7-Feb-11	0	3,050	-3,050	1,31,500	10.96%
8-Feb-11	14,200	6,300	7,900	1,39,400	11.62%
9-Feb-11	2,000	5,800	-3,800	1,35,600	11.30%
10-Feb-11	0	5,500	-5,500	1,30,100	10.84%
11-Feb-11	0	2,000	-2,000	1,28,100	10.68%
14-Feb-11	5,050	1,100	3,950	1,32,050	11.00%
15-Feb-11	6,000	0	6,000	1,38,050	11.50%
16-Feb-11	22,500	2,250	20,250	1,58,300	13.19%
17-Feb-11	3,950	14,900	-10,950	1,47,350	12.28%
18-Feb-11	8,400	0	8,400	1,55,750	12.98%
21-Feb-11	200	9,250	-9,050	1,46,700	12.23%
22-Feb-11	11,150	1,500	9,650	1,56,350	13.03%
23-Feb-11	3,000	800	2,200	1,58,550	13.21%
25-Feb-11	3,800	500	3,300	1,61,850	13.49%
28-Feb-11	3,450	2,000	1,450	1,63,300	13.61%
1-Mar-11	0	11,000	-11,000	1,52,300	12.69%
3-Mar-11	0	300	-300	1,52,000	12.67%
4-Mar-11	0	4,000	-4,000	1,48,000	12.33%
7-Mar-11	6,500	0	6,500	1,54,500	12.88%
8-Mar-11	16,000	0	16,000	1,70,500	14.21%
11-Mar-11	0	950	-950	1,69,550	14.13%
14-Mar-11	40,900	50	40,850	2,10,400	17.53%
6-Apr-11	0	7,000	-7,000	2,03,400	16.95%
7-Apr-11	0	3,800	-3,800	1,99,600	16.63%
11-Apr-11	0	50	-50	1,99,550	16.63%
13-Apr-11	0	2,200	-2,200	1,97,350	16.45%
15-Apr-11	41,750	27,100	14,650	2,12,000	17.67%
18-Apr-11	950	2,000	-1,050	2,10,950	17.58%
19-Apr-11	0	18,150	-18,150	1,92,800	16.07%
20-Apr-11	0	13,500	-13,500	1,79,300	14.94%

Thus Noticee No. 4 and Noticee 5 together had acquired more than 15.00% of the paid up capital of the company on March 14, 2011.

4.3 Investigation analysed the trades of Amul Gagabhai Desai (Noticee No. 7). Noticee No. 7's cumulative percentage shareholding in PIL during the investigation period is given in Table 12 below:

Date	Buy	Sell	Net	Cumulative	%
16-Dec-10	0	6,500	-6,500	1,19,200	9.93
21-Dec-10	1,000	6,000	-5,000	1,14,200	9.52
22-Dec-10	15,950	1,700	14,250	1,28,450	10.70
23-Dec-10	0	2,150	-2,150	1,26,300	10.53
24-Dec-10	24,400	50	24,350	1,50,650	12.55
27-Dec-10	4,600	5,200	-600	1,50,050	12.50
28-Dec-10	2,450	3,000	-550	1,49,500	12.46
29-Dec-10	0	3,250	-3,250	1,46,250	12.19
30-Dec-10	0	2,800	-2,800	1,43,450	11.95
31-Dec-10	15,500	1,000	14,500	1,57,950	13.16
04-Jan-11	0	3,550	-3,550	1,54,400	12.87
05-Jan-11	11,350	1,850	9,500	1,63,900	13.66
06-Jan-11	8,100	13,000	-4,900	1,59,000	13.25
07-Jan-11	9,650	0	9,650	1,68,650	14.05
10-Jan-11	8,000	7,400	600	1,69,250	14.10
Date	Buy	Sell	Net	Cumulative	%
11-Jan-11	0	7,500	-7,500	1,61,750	13.48
12-Jan-11	0	8,050	-8,050	1,53,700	12.81
13-Jan-11	16,300	0	16,300	1,70,000	14.17
14-Jan-11	5,550	6,250	-700	1,69,300	14.11
17-Jan-11	500	6,200	-5700	1,63,600	13.63
18-Jan-11	2,950	7,050	-4100	1,59,500	13.29
19-Jan-11	27,000	13,600	13400	1,72,900	14.41
20-Jan-11	12,600	5,000	7600	1,80,500	15.04
21-Jan-11	4,300	4,650	-350	1,80,150	15.01
24-Jan-11	0	200	-200	1,79,950	14.99
25-Jan-11	700	0	700	1,80,650	15.05
27-Jan-11	0	5,600	-5600	175,050	14.59
28-Jan-11	3,000	5,800	-2800	172,250	14.35
31-Jan-11	13,000	3,800	9200	181,450	15.12
01-Feb-11	1,400	10,800	-9400	172,050	14.34
02-Feb-11	1,900	3,400	-1500	170,550	14.21
03-Feb-11	0	5,400	-5400	165,150	13.76
04-Feb-11	5,750	1,900	3,850	169,000	14.08
07-Feb-11	5,500	0	5,500	174,500	14.54
08-Feb-11	500	10,500	-10,000	164,500	13.71
09-Feb-11	5,000	3,500	1,500	166,000	13.83
10-Feb-11	10,500	2,250	8,250	174,250	14.52
11-Feb-11	5,350	500	4,850	179,100	14.93
14-Feb-11	550	1,200	-650	178,450	14.87
15-Feb-11	0	2,900	-2,900	175,550	14.63
16-Feb-11	9,100	1,100	8,000	183,550	15.30
17-Feb-11	400	3,500	-3,100	180,450	15.04
18-Feb-11	0	2,050	-2,050	178,400	14.87
21-Feb-11	13,400	300	13,100	191,500	15.96
22-Feb-11	0	2,600	-2,600	188,900	15.74
23-Feb-11	800	100	700	189,600	15.80

Date	Buy	Sell	Net	Cumulative	%
24-Feb-11	1,000	0	1,000	190,600	15.88
28-Feb-11	0	100	-100	190,500	15.88
01-Mar-11	0	3,500	-3,500	187,000	15.58
03-Mar-11	800	9,050	-8,250	178,750	14.90
11-Mar-11	0	11,500	-11,500	167,250	13.94
14-Mar-11	6,900	0	6,900	174,150	14.51
15-Mar-11	15,800	0	15,800	189,950	15.83
31-Mar-11	0	100	-100	189,850	15.82
06-Apr-11	0	29,150	-29,150	160,700	13.39
15-Apr-11	2,200	7,050	-4,850	155,850	12.99
18-Apr-11	500	0	500	156,350	13.03
19-Apr-11	16,650	0	16,650	173,000	14.42
20-Apr-11	1,650	0	1,650	174,650	14.55
21-Apr-11	100	2,100	-2,000	172,650	14.39
25-Apr-11	0	33,450	-33,450	139,200	11.60
26-Apr-11	0	2,650	-2,650	136,550	11.38
27-Apr-11	0	8,900	-8,900	127,650	10.64
28-Apr-11	8,650	3,550	5,100	132,750	11.06

Thus Noticee No. 7 had acquired more than 15 % of the paid up capital of the company on six occasions i.e. January 20, 2011, January 25, 2011, January 31, 2011, February 16, 2011, February 21, 2011 and March 15, 2011.

4.4 The cumulative percentage shareholding of Noticee No.6 in PIL during the investigation period is given in Table 13 below:

Table 13

Date	Buy	Sell	Net	Cumulative	%
21-Sep-10	150	0	150	55,050	4.59
22-Sep-10	3,500	500	3,000	58,050	4.84
24-Sep-10	5,000	0	5,000	63,050	5.25
27-Sep-10	7,300	5,000	2,300	65,350	5.45
28-Sep-10	6,000	1,900	4,100	69,450	5.79
29-Sep-10	25,000	2,500	22,500	91,950	7.66
30-Sep-10	41,000	0	41,000	1,32,950	11.08
04-Oct-10	0	11,000	-11,000	1,21,950	10.16
05-Oct-10	27,350	25,000	2,350	1,24,300	10.36
06-Oct-10	27,500	0	27,500	1,51,800	12.65
07-Oct-10	16,700	6,500	10,200	1,62,000	13.50
08-Oct-10	10,900	0	10,900	1,72,900	14.41
11-Oct-10	3,450	3,000	450	1,73,350	14.45
12-Oct-10	2,250	8,000	-5,750	1,67,600	13.97
13-Oct-10	2,950	350	2,600	1,70,200	14.18
14-Oct-10	5,200	0	5,200	1,75,400	14.62
15-Oct-10	0	3,550	-3,550	1,71,850	14.32
19-Oct-10	10,800	0	10,800	1,82,650	15.22
20-Oct-10	1,450	0	1,450	1,84,100	15.34
21-Oct-10	5,000	100	4,900	1,89,000	15.75

Date	Buy	Sell	Net	Cumulative	%
22-Oct-10	7,750	5,550	2,200	1,91,200	15.93
25-Oct-10	5,500	3,500	2,000	1,93,200	16.10
26-Oct-10	1,800	0	1,800	1,95,000	16.25
27-Oct-10	3,200	0	3,200	1,98,200	16.52
28-Oct-10	21,950	0	21,950	2,20,150	18.35
29-Oct-10	0	33,500	-33,500	1,86,650	15.55
01-Nov-10	0	50	-50	1,86,600	15.55
02-Nov-10	2,900	5,300	-2,400	1,84,200	15.35
03-Nov-10	5,850	56,850	-51,000	1,33,200	11.10
05-Nov-10	5,500	0	5,500	1,38,700	11.56
08-Nov-10	0	2,550	-2,550	1,36,150	11.35
09-Nov-10	5,600	1,000	4,600	1,40,750	11.73
04-Feb-11	0	3,000	-3,000	1,64,000	13.67
07-Feb-11	5,500	4,450	1,050	1,65,050	13.75
08-Feb-11	4,950	4,700	250	1,65,300	13.78
09-Feb-11	8,650	4,450	4,200	1,69,500	14.13
10-Feb-11	4,500	5,600	-1,100	1,68,400	14.03
11-Feb-11	9,100	300	8,800	1,77,200	14.77
14-Feb-11	0	750	-750	1,76,450	14.70
15-Feb-11	2,250	0	2,250	1,78,700	14.89
16-Feb-11	0	30,350	-30,350	1,48,350	12.36
17-Feb-11	3,950	18,800	-14,850	1,33,500	11.13
21-Feb-11	13,450	1,100	12,350	1,45,850	12.15
22-Feb-11	2,500	500	2,000	1,47,850	12.32
24-Feb-11	1,350	0	1,350	1,49,200	12.43
25-Feb-11	0	2,500	-2,500	1,46,700	12.23
28-Feb-11	1,050	1,000	50	1,46,750	12.23
01-Mar-11	17,150	1,050	16,100	1,62,850	13.57
03-Mar-11	11,300	10,850	450	1,63,300	13.61
07-Mar-11	2,800	1,000	1,800	1,65,100	13.76
08-Mar-11	27,550	0	27,550	1,92,650	16.05
11-Mar-11	0	5,150	-5,150	1,87,500	15.63
14-Mar-11	13,150	27,750	-14,600	1,72,900	14.41
15-Mar-11	29,450	0	29,450	2,02,350	16.86
23-Mar-11	0	800	-800	2,01,550	16.80
06-Apr-11	0	11,700	-11,700	1,89,850	15.82
15-Apr-11	15,450	21,850	-6,400	1,83,450	15.29
18-Apr-11	1,750	0	1,750	1,85,200	15.43
19-Apr-11	10,250	4,700	5,550	1,90,750	15.90
20-Apr-11	22,300	0	22,300	2,13,050	17.75
21-Apr-11	100	7,250	-7,150	2,05,900	17.16
25-Apr-11	0	6,900	-6,900	1,99,000	16.58
26-Apr-11	8,250	2,000	6,250	2,05,250	17.10
27-Apr-11	950	50	900	2,06,150	17.18
28-Apr-11	5,300	30,750	-25,450	1,80,700	15.06
29-Apr-11	2,650	15,000	-12,350	1,68,350	14.03
17-May-11	0	25,800	-25,800	1,42,550	11.88

Date	Buy	Sell	Net	Cumulative	%
18-May-11	11,100	2,000	9,100	1,51,650	12.64

From the above Table 13, investigation observed that Noticee No. 6 acquired more than 15% of the paid up capital of the company on three occasions i.e. October 19, 2010, March 08, 2011 and March 15, 2011.

4.5 Noticee No.1 along with persons acting in concert with him viz. Noticee No.2 and Noticee No. 3 acquired more than 15% of the paid up capital of the company. They were also found to have acquired more than 5% in a year after having acquired 15 % of the paid up capital of the company. Thus, it was alleged that Noticee Nos. 1 to 3 have violated Regulations 10 and 11(1) of the SAST Regulations by not making an open offer in accordance with the SAST Regulations. Similarly, Noticee No.4 along with persons acting in concert with him viz. Noticee No.5 acquired more than 15% of the paid up capital of the company and Noticee Nos. 6 and 7 have individually acquired more than 15% of the paid up capital of the company. Thus, it was alleged that Noticee Nos. 4 to 7 have violated Regulation 10 of SAST Regulations by not making an open offer in accordance with the SAST Regulations.

5. REPLIES

5.1.Replies were filed by the noticees on the following dates:

Table 14

Noticee No.	Noticee Name	Date of reply
1.	Mr. Sanjay Jethalal Soni	Received on 16.01.2019
2.	Ms. Krupa Sanjay Soni	Email dated 16.01.2019
3.	M/s. J M Soni Consultancy	Received on 18.01.2019
4.	Mr. Dhiren Dharamdas Agarwal	Email dated 15.01.2019
5.	Ms. Shweta Dhiren Agarwal	
6.	Mr. Krunal Gopaldas Rana	16.01.2019
7.	Mr. Amul Gagabhai Desai	09.01.2019
8.	Mr. Mahesh Somabhai Desai	17.01.2019
9.	Mr. Arif Gulammustufa Shaikh	Not received

5.2. Personal Hearing was granted to the Noticees on January 10, 2019 and January 18, 2019, wherein the written submissions were summarised and

reiterated. Advocates representing the Noticees who appeared are tabulated as follows:

Table 15

Sr No.	Noticee Name	Name of Representative
1.	Mr. Sanjay Jethalal Soni	Advocate Akshit Jain
2.	Ms. Krupa Sanjay Soni	
3.	M/s. J M Soni Consultancy	
4.	Mr. Dhiren Dharamdas Agarwal	Advocate Rinku Valanju
5.	Ms. Shweta Dhiren Agarwal	
6.	Mr. Krunal Gopaldas Rana	Advocate Pratham Masurekar
7.	Mr. Amul Gagabhai Desai	Advocate Hiral Shah
8.	Mr. Mahesh Somabhai Desai	Advocate Pratham Masurekar

5.3. Noticee No. 9 i.e. Arif Gulammustufa Shaikh has neither replied to the SCN nor appeared for the personal hearing granted to him. Infact when hand delivery of the SCN/Hearing Notice was attempted at his address, SEBI representatives were informed by neighbours that he has passed away. However there is no formal/official confirmation of the same.

5.4. A few written submissions filed by the noticees are almost identical. Some such submissions are extracted and summarized as follows:

- (i) The violations of provisions under the PFUTP Regulations and SAST Regulations cannot co-exist as the transactions which are considered genuine, valid and legal for the purpose of levying of charges / penalty under SAST Regulations cannot be treated as objectionable for the purpose of levying charges / penalty under PFUTP Regulation.
- (ii) The scrip of PIL was in 'T' group and thus under continuous surveillance / supervision. Hence, there was no scope for manipulation in the scrip. The Noticee states that all purchase/sale orders of the Noticee were limit orders. A limit order is a direction given to a broker to buy and sell a security or commodity at a specified price or better. A buy limit order can only be executed at the limit price or lower. A sell limit order can only be executed at a limit price

or higher. A limit order can be only filled if the stock's market price reaches the limit price.

- (iii) The very fact that the orders placed were limit orders, it always ranges between prevalent market price at the time of placing of the order and limit price (for the buy order it is limit price or lower and for the sell order it is limit price or higher) In the circumstances, purported match-trades of the outcome of market mechanism in the normal course and nothing adverse or negative can be attributed to Noticee's conduct.
- (iv) The purported consolidated contribution to NHP difference of Rs.11.35 out of the total increase of Rs. 371.85 do not mean anything adverse or negative. Such trades could have been the outcome of some entry / exit strategy or the normal trading or value investing, bottom fishing, square- off trade etc. Further the quantity of such trades was miniscule, were stray / erratic trades and may have been carried out in line with dynamic market conditions on 'as is where is and what is there is' basis reflecting on the trading screen at the relevant time.
- (v) The alleged LTP contribution through first trades is of no significance. Buying first at higher than previous closing market price is not against any trading regulation.
- (vi) Against certain noticees, adjudication proceedings were initiated and monetary penalty imposed. In view of the penalty already levied based on same cause of action, the proceeding under Section 11, 11B should be dropped.
- (vii) For applying the concept of 'persons acting in concert', the acquisition of shares has to be pursuant to an agreement or an understanding and in furtherance of a common objective to acquire control over the target Company. This element is missing in the SCN as it does not establish that the Noticees acquired any share or acted in any manner in pursuance of common intention with other Noticees.

5.5. Relevant extracts/summary of submissions made by each of the Noticees are reproduced hereunder:

5.5.1. Sanjay Soni

- (i) The Noticee had franchise of 'BMA Wealth Creators' and operated under the trade name of 'J M Soni Consultancy' and also had franchise of 'Prabhudas Lilladher' and operated under the trade name of 'Shreeji Securities'. The Noticee was also an investor / trader in the market and had carried out buy /

sell / trade / investment related transactions in different scrips before, during and after the investigation period.

- (ii) The Noticee's trading was separate, independent and stand alone and cannot be linked / connected or related to the group's volume. Though the Noticee and his wife, Noticee No. 2, are matrimonially connected to each other, they have not played any role in each other's transactions. The mere factum that Noticee is husband of Noticee No. 2 and consequent sharing of common email ID or transfer of funds are not in themselves sufficient to bring home the residual charge of violations of PFUTP qua the Noticee. There is no sufficient evidence on record to clearly prove connivance on the part of the Noticee with a counter party to prove the charge in question against the Noticee. Since Noticee is proprietor of Noticee No. 3, sharing of common address and contact number does not establish connection for alleging violations enumerated in the SCN. No where in the SCN it is alleged that said transfer of funds were used for carrying out purported objectionable transactions. The Bank Statements provided by SEBI does not disclose any transfer of funds to Krupa Sanjay Soni and J M Soni Consultancy. The Mobile number 9879430033 does not belong to Noticee. Noticee had trading account with J M Financial Services (through Mr. Dhiren Dharamdas Agarwal who was franchise holder of J M Financial Services). Since, the KYC details are filled by main broker (J M Financial Services), it is submitted that they have wrongly mentioned the mobile number of franchise holder (Dhiren Dharamdas Agarwal) and not of Noticee. Dhiren Dharamdas Agarwal had trading account with BMA wealth creators and was trading through J M Soni Consultancy. Therefore, trades were placed through Noticee. Krunal Gopaldas Rana had trading account with BMA Wealth Creators and hence trades are placed through Noticee. Mahesh Somabhai Desai had trading Account with Prabhudas Lilladher P. Ltd. (through Shreeji Securities who is franchise holder of Prabhudas Lilladher P. Ltd. and sole proprietorship concern of Noticee) and therefore orders were placed through Noticee.
- (iii) Alleged Matched trades took place on 21/10/10, 12/11/10, 19/11/10, 23/11/10, 25/11/10, 09/12/10, 22/12/10 right till 22/02/11, whereas the fund transfer took place only on 08/12/2010 which clearly shows no connection as the trades were throughout and the fund transfer took place only on one day.
- (iv) SEBI has not provided any specific details whatsoever regarding specific trades which are considered objectionable (for match trades, LTP, NHP and First

Trades). Although, trades regarding LTP and NHP have been extracted and identified out of trade logs but LTP through first trades cannot be extracted and identified out of trade logs.

- (v) The Noticee has traded in several other scrips and not in PIL only during the Investigation Period. The percentage of trades carried out in the scrip of PIL is not substantial compared to market volume. Instances of match- trades would be purely accidental/incidental in the ordinary course of business.
- (vi) Out of the total trades of the Noticee, during the investigation period 2504 trades are considered towards LTP contribution and out of which only 178 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 100.70.
- (vii) Noticee has provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
 - (a) On 09.02.2011, the Noticee placed an order to buy 1000 shares of PIL at 11.10.16 AM when already a sell order of 200 shares was available in the system at 11.04.06 AM. The said Order got executed in 4 trades with 4 different counter parties. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 5. The counter party to the Noticee's order was Kinjal Bhaskar Rao who is not a Noticee to the SCN. Even considering that an LTP of Rs. 5 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL.
 - (b) On 23.11.2010, the Noticee placed an order to buy 20000 shares of PIL at 09.15.43 PM which order got executed in 38 trades with 28 different counter parties of which 3 are Noticees to the SCN. Both the sell order were in the system prior to Noticee's buy order (in which LTP was Rs. 2.4). There was difference in quantities of the orders placed by the Noticee and the difference in the counter parties. Thus, it cannot be said that the Noticee was trying to increase the price of PIL as his trades have taken place with other counter parties also.
 - (c) On 13.09.2010, the Noticee placed an order to buy 5000 shares of PIL at 15.28.02 PM which order got executed in 4 trades with 3 different counter parties. The sell orders were in the system prior to Noticee's buy order. One trade created a positive LTP of Rs. 0.3 whereas the other trade created a zero (Rs. 0) LTP. Thus, one order that got executed into 4

different trades resulting into positive as well as zero LTP with 3 different counter parties (2 of which are not Noticees to the SCN) can be only an outcome of normal trading activity and no adverse inference can be drawn of it.

- (d) On 01.09.2010, the Noticee placed an order to buy 50 shares of PIL at 13.06.43 PM when already a sell order of 500 shares was available in the system at 9.30.33 AM. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 0.1. The counter party to the Noticee's order was Mayaben Chetankumar Shah who is not a Noticee to the SCN. Even considering that an LTP of Rs. 0.1 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL.
- (viii) The self-trades have not caused any losses to an Investor or group of Investors as there was no default to complete the above referred two transactions. It is pertinent to mention that it was only in February 2013 that the exchanges for the first time informed members regarding certain transactional alerts, downloadable to the trading members on a day to day basis. The BSE Circular dated 20.2.2013 and 7.3.2013 identified a list of 13 alerts by the exchanges including "Wash Sales of Trades, Reversal of Trades" etc. Such alerts, were not available for downloading during the said period of investigation and hence there was no facility to know of such aberrations even with the availability of the best systems. It was only in the first quarter of 2015 that the exchanges have devised a system of self trade prevention check in the equity segment. The exchanges' efforts in 2015 to introduce systems for self trade prevention is indicative of the recognition of such aberrations in the markets by the regulators and addressing the same in a systemic manner. If such prevention checks were operative from the exchanges' end, such self trades would have been identified and removed from the system in an automatic manner. Hence, levelling of charges on occurrence of such aberrations, which today is an impossible event, purely due to lack of addressing of the same by the concerned regulators, is unfair and unjustified.
- (ix) Intention is a sine qua non for establishing manipulation in case of self-trades and accidental/unintentional self-trades are not covered under Regulations 4(2)(a), 4(2)(b) and 4(2)(g) of PFUTP Regulations, 2003 which are the specific legal provisions applicable to self-trades.

5.5.2. Krupa Sanjay Soni

- (i) The mere factum that Noticee is wife of Noticee No. 1 and consequent sharing common email ID or transfer of funds are not in themselves sufficient to prove violations of PFUTP *qua* the Noticee.
- (ii) Out of the total trades of the Noticee, during the investigation period 3892 trades are considered towards LTP contribution (positive, 0 and negative) and out of which only 264 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of 294.10.
- (iii) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
 - (a) On 25.02.2011, the Noticee placed an order to buy 200 shares of PIL at Rs 385 on 14:59:37 when already sell orders were available in the system at 14:52:41. The said order got executed in 3 different trades with 3 different counterparties. The Noticee in order to grab the order and seeing the best buy quotes on the system placed the order which resulted into positive LTP of Rs. 11.6, Rs. 0.05 and Rs. 0.1. The counter parties to the Noticees order were Rahul Anantrai Mehta, Dipan Mehta Share and Paresh Ramjibhai Chauhan all of whom are not Noticees to the SCN. Even considering that an LTP of Rs. 11.6, Rs. 0.05 and Rs. 0.1 is created there is nothing to show or prove that the parties were at *ad-idem* and were instrumental in increasing the price of PIL.
 - (b) On 10.06.2011, the Noticee placed an order to buy 3500 shares of PIL at 09:46:31 which order got executed in 18 trades with 14 different counter parties. The sell orders were in the system prior to Noticee's buy order. One trade created a positive LTP of Rs. 0.3 and Rs. 0.35 whereas the other trade created a negative (Rs. -0.9) LTP. Thus, one order that got executed into 3 different trades resulting into positive as well as negative LTP with 14 different counter parties (All of which are not Noticees to the SCN) can be only an outcome of normal trading activity and no adverse inference can be drawn of it.
 - (c) On 24.12.2010, the Noticee placed an order to buy 50 shares of PIL at 15:07:16 PM when already a sell order of 600 shares was available in the system at 14:59:40 PM. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 1.7. The counter party to the Noticee's

order was Mahesh Desai who is a Noticee to the SCN. Even considering that an LTP of Rs. 1.7 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL.

- (iv) The purported consolidated contribution to NHP difference of Rs. 21.55 out of the total increase of Rs. 371.85 do not mean anything adverse or negative. Such trades could have been the outcome of some entry / exit strategy or the normal trading or value investing, bottom fishing, square- off trade etc.

5.5.3. JM Soni Consultancy

- (i) The noticee has been trading/jobbing/arbitrage on daily basis in shares of many companies listed on NSE and BSE. The percentage of trades carried out in the scrip of PIL is not substantial compared to market volume.
- (ii) Out of the total trades of the Noticee, during the investigation period 709 trades are considered towards LTP contribution and out of which only 48 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 24.65.
- (iii) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:

On 29.11.2010, the Noticee placed an order to buy 20000 shares of PIL at 09.16.01 AM when already a sell order(s) were available in the system from 09.15 AM. The said Order got executed in 28 trades with 28 different counter parties. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 2 but the same order has also resulted into negative LTP. The counter parties to the Noticee's order are not a Noticee to the SCN. On 07.01.2011, the Noticee placed an order to buy 1000 shares of PIL at 15.10.03 PM and sell order(s) were placed at 15.09.53 PM. The said Order got executed in 2 trades with 2 different counter parties. The order resulted into positive and negative LTP.

5.5.4. Krunal Gopaldas Rana

- (i) Hon'ble Adjudicating Officer vide order dated 28.09.2018 against the Noticee imposed penalty of Rs. 18,00,000/- for the alleged violation of Regulation 7(1) of SAST Regulations 1997 and Regulation 13(1) of PIT Regulations 1992 and a penalty of Rs. 25,00,000/- vide order dated 16.11.2018 for the violation of

Match trade, price manipulation through LTP, NHP and first trades. Hence in view of the penalty already levied based on same cause of action, the proceeding under Section 11, 1IB may be dropped.

- (ii) Out of the total trades of the Noticee, during the investigation period 4,966 trades are considered towards LTP contribution (positive/ negative) and out of which only 138 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 118.75.
- (iii) The LTPs at which the Noticee was alleged to have been established were already established on previous days.
- (iv) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
 - (a) On 08.12.2010, the Noticee placed an order to buy 2600 shares of PIL at Rs. 125 at 15:42:06 A.M. when already a sell order of 5500 shares was available in the system at 15:22:22 P.M. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 1.1. The counter party to the Noticee's order was Amul Desai who is not alleged to be connected to the Noticee. The Noticee submits that the price of Rs. 124.05 had already been established on 07.12.2010. Hence trade at positive LTP of Rs. 1.1 is of no significance.
 - (b) On 11.10.2010, The Noticee placed an order at Rs. 76 to buy 50 shares of PIL at 13:51:29 P.M. where already a sell order of 4000 shares was available in the system at 10:03:49 P.M. The Noticee in order to grab the order and seeing the best 5 buy quotes .on the system placed the order which resulted into positive LTP of Rs. 1.7 The counter party to the Noticee's order was Krupa Soni who is not alleged to be connected to the Noticee. Even considering that an LW of Rs. 1.7 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL. The Noticee submits that the price of Rs. 75 had already been established on 08.10.2010. Hence trade at positive LTP of Rs. 1.7 is of no significance.
 - (c) On 14.03.2011, the Noticee placed an order at Rs. 279.85 to buy 50 shares of PIL at 15:10:13 PM which got executed with sell order of 2000 shares placed by Bhavesh Trivedi at Rs. 279.85 which was already present in the system at 15:02:03. The Noticee in order to grab the order

and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 9.85.

5.5.5. Mahesh Somabhai

- (i) The volume of alleged matched trade is only 2.15% of the total market volume which is very minuscule and therefore cannot be said to have created artificial volume.
- (ii) During the investigation period, 3155 trades are considered towards LTP contribution and out of which only 157 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 68.80.
- (iii) Positive LTP of Rs. 2331.84 by group entities whereas total / actual price rise of Rs. 371.75 during Investigation Period is of no relevance, significance and is misunderstood.
- (iv) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
 - (a) On 15.09.2010, the Noticee placed an order to sell 13,250 shares of PIL at Rs. 32.95 at 15:15:33 PM. Buy order for 500 shares was placed by Krunal Gopaldas Rana at Rs. 62.95 at 15:18:29 P.M. The LTP created was Rs. 1.1. The counter party to the Noticee's order was Krunal Gopaldas Rana who is not alleged to be connected to the Noticee. Even considering that an LTP of Rs. 1.1 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL. The price of Rs. 62.85 had already been established 14.09.2010. Hence trade at positive LTP of Rs. 1.1 is of no significance.
 - (b) On 08.02.2011, The Noticee placed an order at Rs. 265 to sell 19350 shares of PIL at 15:02:07 PM. Arif Shaikh placed a buy order of 5500 shares at Rs. 265 at 15:14:22. The LTP created was Rs. 1.5. The counter party to the Noticee's order was Arif Shaikh who is not alleged to be connected to the Noticee. Even considering that an LTP of Rs. 1.5 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL. The Noticee submits that the price of Rs. 262.1 had already been established on 08.10.2010. Hence trade at positive LTP of Rs. 1.5 is of no significance.

- (c) On 14.09.2010 the Noticee placed an order at Rs. 62 to buy 5500 shares of PIL at 10:34:56 A.M. which order got executed with Krunal Gopaldas Rana who placed sell order of 200 shares at Rs. 62 at 14:01:04 when negative LTP of -0.05 was created. It is pertinent to mention that if the intention of the Appellant was to manipulate the price why would he execute trades that create negative LTP.

5.5.6. Dhiren Dharmdas Agarwal

- (i) The Noticee was an authorized person of J M Financial Services Pvt Ltd and was holding their franchisee from about 2007 to 2011 and was trading through K & A Securities / Trustline Securities Ltd., BMA Wealth Creators through BMA Wealth Creators, Prabhudas Liladhar through Shreeji Securities (proprietor Sanjay Soni) and Anagram Stock Broking.
- (ii) Out of the total trades of the Noticee, during the investigation period 1941 trades are considered towards LTP contribution (positive, 0 and negative) and out of which only 117 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 99.40
- (iii) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
- (a) On 10.11.2010, the Noticee placed an order to buy 50 shares of PIL at 9.49.21 am when already a sell order of 100 shares was available in the system at 9.24.15 am. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive LTP of Rs. 4.95. The counter party to the Noticee's order was Bimla Devi who is not a Noticee to the SCN and also not alleged as a group entity. Even considering that an LTP of Rs. 4.95 is created there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL. The Noticee submits that the price of Rs. 79.95 had already been established on 20.10.2010. Hence trade at +ve LTP of Rs. 4.95 is of no significance.
- (b) On 04.01.2011, The Noticee placed an order at Rs. 79.95 to buy 1000 shares of PIL at 15.20.24 pm which order got executed in 2 trades of 150 shares and 850 shares each with 2 different counter parties. Both the sell orders were in the system prior to Noticee's buy order. One trade created a negative LTP of Rs. -0.55 whereas the other trade created a positive LTP of Rs. 0.05. Thus, one order that got executed into 2

different trades resulting into positive as well as negative LTP with 2 different counter parties which are not Noticees to the SCN can be only an outcome of normal trading activity and no adverse inference can be drawn of it.

- (c) On 19.11.2010, the Noticee placed an order at Rs. 76.35 to buy 500 shares of PIL at 14.48.33 pm which order got executed in 2 trades of 50 shares and 450 shares each with 2 different counter parties of which 1 is a Noticee to the SCN, Krunal Gopaldas Rana. Both the sell order were in the system prior to Noticee's buy order. There was difference in quantities of the orders placed by the Noticee and the counter parties. The trades created a positive LTP of Rs. 0.25 and Rs. 0.05 each. Thus, it cannot be said that the Noticee was trying to increase the price of PIL which the alleged group as his trades have taken place with other counter parties also. The Noticee submits that the price of Rs. 76.35 had already been established on 05.10.2010. Hence trade at +ve LTP of Rs. 0.25 and Rs. 0.05 is of no significance.

5.5.7. Shweta Dhiren

- (i) Out of the total trades of the Noticee, during the investigation period 1260 trades are considered towards LTP contribution (positive, 0 and negative) and out of which only 43 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 44.90
- (ii) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
- (a) On 04.01.2011, The Noticee placed an order at Rs. 122 to buy 1000 shares of PIL which got executed in 2 trades of 150 shares and 850 shares each with 2 different counter parties. Both the sell orders were in the system prior to Noticee's buy order. One trade created a negative LTP of Rs. -0.05 whereas the other trade created a positive LTP of Rs. 0.05. Thus, one order that got executed into 2 different trades resulting into positive as well as negative LTP with 2 different counter parties which are not Noticees to the SCN can be only an outcome of normal trading activity and no adverse inference can be drawn of it. The Noticee submits that the price of Rs. 122 had already been established in the market

since 16.12.2010. Thus, the positive LTP of Rs. 0.05 cannot mean anything.

- (b) On 23.02.2011, the Noticee placed an order at Rs. 397 to buy 500 shares of PIL which order got executed in 3 trades of 50 shares, 50 shares and 400 shares with 3 different counter parties of which 1 is a Noticee to the SCN, Sanjay Jethalal Soni. All 3 the sell orders were in the system prior to Noticee's buy order. There was difference in quantities of the orders placed by the Noticee and the counter parties. The trades created a positive LTP of Rs. 1.9, 0.1 and Rs. 0.5 each. Thus, it cannot be said that the Noticee was trying to increase the price of PIL which the alleged group as his trades have taken place with other counter parties also.

5.5.8. Amul Gagabhai Desai

- (i) The mere fact that Noticee shares common email ID is not sufficient to bring home the residual charge of violations of PFUTP qua the Noticee.
- (ii) Noticee had trading account with BMA Wealth Creators (*through J M Soni Consultancy who was franchise holder and sole proprietor concern of Sanjay Soni*) and hence trades are placed through Sanjay Soni.
- (iii) As regards allegation of matched trades, Noticee states that any match trades executed by him would be purely accidental/incidental. The random nature of timing, quantity, dealers and partial matching with other market participants may substantiate the same.
- (iv) It is mentioned in the SCN itself that the alleged self-trades is only 0.25% of the total market volume which is miniscule and no adverse inference can be drawn.
- (v) Out of the total trades of the Noticee, during the investigation period 4109 trades are considered towards LTP contribution (positive, 0 and negative) , out of which only 221 trades of the Noticee have allegedly considered to have resulted / contributed to positive LTP contribution of Rs. 154.55.
- (vi) Noticee provided illustration of trades to demonstrate that the purchase at price above LTP were not manipulative:
 - (a) On 31.01.2011, the Noticee placed an order to buy 10000 shares of PIL at 15.08.54 pm which got executed in 16 trades out of

which few counter party orders were already in the system. The Noticee in order to grab the order and seeing the best 5 buy quotes on the system placed the order which resulted into positive as well as negative LTP out of which few trades that resulted in negative LTP got matched with other the Noticees. Thus the manner in which the trading took place, there is nothing to show or prove that the parties were at ad-idem and were instrumental in increasing the price of PIL.

(b) On 04.02.2011, the Noticee placed an order to buy 1000 shares of PIL at 15.18.04 pm which order got executed in 2 trades of 200 shares and 800 shares each with 2 different counter parties. Both the sell orders were in the system prior to Noticee's buy order. One trade created a negative LTP of Rs. 2 whereas the other trade created a positive LTP of Rs. 0.9. Thus, one order that got executed into 2 different trades resulting into positive as well as negative LTP with 2 different counter parties can be only an outcome of normal trading activity and no adverse inference can be drawn of it.

- (vii) Positive LTP of Rs. 2331.84 by group entities whereas total / actual price rise of Rs. 371.75 during Investigation Period is of no relevance, significance and is misunderstood.
- (viii) The purported consolidated contribution to NHP difference of Rs. 37.25 out of the total increase of Rs. 371.75 does not mean anything adverse or negative.

6. Subsequent to the personal hearing offered to the Noticees, based on specific request of some of the Noticees' representatives, data on new high price and LTP on first trades was provided, in addition to the trade logs already provided to the Noticees. Also, since some time had elapsed from the last date of personal hearing afforded to the Noticees, emails/letters were sent to the Noticees on July 04, 2019 asking them to submit any additional written submissions if they so desired, within 10 days. However the Noticees have not made any additional submissions till date. Rather some of the Noticees' representatives have claimed that logs enabling New High Price/Last Traded Price Analysis are incomplete. I have had a careful look at the logs provided to the Noticees and I find that they are complete and sufficient for the Noticees to proffer their defence.

ISSUES FOR CONSIDERATION

7. The Issues for Consideration in this Order are listed under two main heads as follows:

A. Whether the noticees manipulated the volume and price of the PIL scrip thereby violating PFUTP Regulations?

A.1. Whether the noticees were connected to each other and may be referred to as a single group for the purpose of analyzing the trades placed by them?

A.2. Whether the noticees can be said to have created artificial volumes in the scrip?

A.3. Whether the noticees can be said to have manipulated the price of the scrip?

B. Whether the noticees had triggered the open offer under the SAST Regulations 1997?

B.1. Whether the acquisition of shares by the noticees had breached the limits specified in SAST Regulations?

B.2. Whether the allegation of fraudulent trades in shares and acquisition of shares leading to trigger of the SAST Regulations can co-exist?

B.3. Whether an open offer is required to be made by the notices?

C. Whether SEBI has power to issue directions under section 11B in the facts and circumstances of this case, and whether delay in taking enforcement action is a ground to mitigate the possibility of passing such directions?

The aforesaid issues are discussed separately in the following paragraphs.

8. VIOLATION OF PFUTP REGULATIONS

8.1. The relevant legal provisions under consideration in the context of this allegation are reproduced hereunder for ease in reference:

Section 12A of the SEBI Act

Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.

12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

- (b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock exchange;
- (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PFUTP Regulations

Prohibition of certain dealings in securities

3. 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 thereunder;
- (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 thereunder.

Prohibition of manipulative, fraudulent and unfair trade practices

4 (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 intend 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;"

8.2. Connection between the noticees

As per the SCN, the noticees are said to be connected with each other on the following broad grounds -

- Related as spouses
- Common mobile numbers and email IDs
- Transfer of funds
- Placing of trades through 'the Sonis'

Sanjay Soni and Krupa Soni are spouses of each other. Similarly Dhiren Dharmdas Agarwal and Shweta Dhiren Agarwal are spouses of each other. As

discussed more in detail in subsequent paragraphs of this Order, the natural presumption in the case of spouses is that they are connected with each other, unless there is specific and significant evidence to disprove the same. Therefore I am of the view the two sets of noticees are connected with each other. Also, J M Soni Consultancy being the sole proprietary concern of Sanjay Soni, the same can only be regarded as a mirror image of Sanjay Soni himself. For the aforesaid reasons, Sanjay Soni, Krupa Soni and JM Soni Consultancy are referred to in this Order as '**the Sonis**'. Dhiren Dharmdas Agarwal, Krunal Gopaldas Rana, Mahesh Somabhai Desai and Arif Gulam Mustafa Shaikh are related to the Sonis, by virtue of common mobile numbers/email IDs and/or trades having been placed through the Sonis. The noticees have sought to defend the common contact details by claiming that this has happened because they were clients of JM Soni Consultancy and that this should not mean that the transactions were placed in coordination. I note that the coordination behind placing trades and the intent behind the same is derived from several circumstances. The question first sought to be addressed is whether the noticees were connected to each other i.e. whether they were known to each other sufficiently enough to impute a possible financial relationship or trading relationship between them. It is other aspects including those of the commonality in trading pattern that gives rise to a preponderance in probability of fraudulent trading. Therefore for the instant purpose, the factum of the aforesaid noticees having common contact details and having placed orders through the Sonis is indicative of a possible connection between the said noticees and the Sonis. This indication gets further strengthened especially in the cases of Dhiren Dharmdas Agarwal, Krunal Gopaldas Rana and Mahesh Somabhai Desai in whose cases there are records of fund transfer from Sanjay Soni. As can be seen from the records, as well as submissions from some of the noticees, several of the impugned trades were also entered into with other noticees. Therefore from the available records, I am of the view that there is sufficient evidence to support the allegation that the noticees were connected.

8.3. Artificial Volumes in the scrip

The relevant extracts of the SCN reproduced in this Order point to two aspects that support the allegation of the noticees having created artificial volumes in the scrip – the presence of matched trades and self trades by certain noticees. While matched trades, by itself may not constitute a fraudulent or manipulative practice, its sizeable proportion is significant pointer. The quantum of matched

trades noted in the table above must be read along with the fact that the noticees had contributed to 41.86% / 34.43% of the buy /sell volume in Patch I and contributed to 23.76%/31.91% of the buy/sell volume in Patch II, which is a sizeable proportion of the trades executed in the company's scrip. During Patch I, some of the noticees, namely Sanjay Jethalal Soni Krupa Soni, Krunal Gopaldas Rana and Amul Gagabhai Desai were also found to have executed 224, 146, 240 and 230 self trades, respectively, over a period ranging from 22 to 36 trading days. Cumulatively 1,15,300 shares were traded by way of placing self trades by the said noticees, the quantum of each noticee's trades ranging from 21,150 to 34,850 shares. These figures are clearly not insignificant. It can also not be construed as being technical errors. The noticees have tried to justify their actions by claiming that there was a market wide phenomenon of self trades which started getting addressed only recently after exchanges were able to build alerts into the system. They have also claimed that self trades can only be fraudulent if some malafide intent can be identified behind such self trades. These contentions are at best a feeble defence. The absence of a mechanism in the stock exchange to prevent self trade cannot by itself be a ground which will absolve the Noticees from the charge of self trade, if such self trades are otherwise illegally executed. It is true that all self trades need not necessarily be construed as being fraudulent or illegal in nature. The recent decision of the Hon'ble Securities Appellate Tribunal ("SAT") in the matter of Crosseas Capital Services Ltd. v. SEBI is instructive in this regard. Extracts of observations made by SAT in this case are as follows:

"In case of self- trades, both the buyer and the seller are the same entity and, therefore, execution of self-trade does not result in change of beneficial ownership. Nonetheless, it may create a false or misleading appearance of trading in the securities market and may entice other investors to trade in that particular scrip or entities may enter into such trades with the intention of manipulating the price or volume of the scrip. As such, the execution of self-trades falls within the purview of Regulation 4(2)(a) and (g) of PFUTP Regulations, 2003. However, orders placed through algo trading software using different terminals through the same broker, may get matched accidentally without any manipulative intention. As such, mere occurrence of self-trades may be accidental but still would attract the provisions of Regulation 4(a) and (g) of the PFUTP Regulations, 2003 if any additional material, evidence or circumstances are available to indicate manipulation of the price or volume of the scrip or creation of false or misleading appearance of trading in securities market

resulting from such self-trades.... Various decisions have also been passed by the Tribunal on the issue of self-trades wherein this Tribunal has taken a consistent view that a few instances of self-trades in themselves would not amount to an objectionable trade if there was no manipulative intent. In the light of the various decisions taken by this Tribunal, SEBI reviewed its stand and came out with the circular dated May 16, 2017 dealing in self-trades.... The circular indicates that in order to find someone guilty of self-trades under the PFUTP Regulations, 2003, it is essential to find out the intention or manipulation. The circular indicated that accidental / unintentional self-trades were not covered under the regulations and mere occurrence of self-trades would not be considered per se illegal in the absence of any other additional evidence to prove manipulation or intention to defraud. The circular, thus, provided that **in all matters of self-trades, an assessment has to be made as to whether the said trade was intentional or unintentional on the basis of supporting evidence. One such supporting evidence as per the circular to indicate the manipulative intent is, the volume transacted....** The algo softwares are designed to detect the most minute changes in stock prices and to respond accordingly and, therefore, it is quite possible that when certain orders are automatically generated without any human intervention for purchase of shares on a minute change in the stock prices, simultaneously in a fraction of seconds a similar order of the same quantity could be booked for sale. Consequently, such purchase and sale could happen automatically which may result in self-trades. Whether such self-trades generated automatically could lead to violation of PFUTP Regulations is a point which is required to be considered by the AO especially in the light of the policy declared by SEBI in its circular of 2017, namely, the intention/the manipulative intention. "

(emphasis supplied)

In the instant case, trades placed were not as a result of algorithmic trading. The noticees' group contribution to self trades as a proportion of market volume was 1.36% which is not a small figure. Infact in absolute numbers, the group was found to have executed 840 self trades. To conclude that orders relating to 840 trades were accidentally reversed, is implausible and indefensible. The number of such trades executed, the quantum of shares transferred by way of the self trades and the repetitiveness with which the self trades were executed by connected persons lend credence to the allegation that such self trades were neither genuine nor technical defaults. The volume of the self trades had the potential to give a false impression of actual or genuine volumes of trading in the company's scrip and therefore I am of the view that the noticees namely, Sanjay Jethalal Soni

Krupa Soni, Krunal Gopaldas Rana and Amul Gagabhai Desai had artificially manipulated volumes and thereby violated Section 12A (a), (b) and (c) of the SEBI Act, 1992 read with regulation 3 and regulation 4(2)(a) & (g) of the PFUTP Regulations.

8.4. Manipulation in price of the scrip

8.4.1 The charge of manipulation of the price of the scrip itself commences with an assessment of what may be the reasons associated with the motive behind the acquisition at higher prices by the Noticees. Investigation has revealed that there were no major corporate announcements that justify an interest in the scrip at steep prices. Further, in the context of the allegation that the noticees had triggered open offer obligations under SAST Regulations, as per the noticees own submissions, they were only traders and not interested in actually acquiring/investing in the shares, a fact which according to the noticees was evident in the net position in their shareholding in PIL. If this was the case, the larger question as to why the noticees would continuously attempt to buy the said shares at unjustifiably higher prices during the period of investigation, remains open.

8.4.2 The SCN has alleged manipulation of the price of PIL's scrip on the basis of LTP Analysis, NHP analysis and First Trade Analysis. The LTP analysis is used to examine whether the trades executed at prices higher or lower than the previous trade is substantial enough to be regarded as being manipulative in nature. The NHP Analysis examines a series of trades placed by an individual or group of connected persons in order to identify creation of every new high price, during the period of investigation, as a result of placing orders at prices which are manipulative in nature. In Patch I, the contribution of the group to positive LTP is stark and substantial. For 154 trades in which the noticees placed sell orders, the buy orders placed in the system contributed to a positive LTP of Rs 184.5. The contribution by one of the noticees, namely, Ms. Krupa Sanjay Soni alone is Rs 62.45, and 6 of the noticees have contributed to a net LTP difference of more than Rs 30 which are all significant figures. Also, in all of the 154 trades, there was an LTP difference greater than zero. Individual trades where buy orders are placed at prices higher than LTP and where such buy orders are placed before sell orders, may not be seen adversely. However when a pattern emerges of several such trades and considering the circumstances behind such trades (i.e. not intended for long term investment), the intent behind such

trades becomes suspicious. The noticees have cited individual instances which according to them indicate that there was no intent to manipulate the price of the security, and rather have contended that whenever they saw orders which they felt was to their benefit, they moved aggressively to acquire the same leading to higher positive LTPs. They have given instances of negative LTPs and trades with persons who are not noticees, which had resulted in positive LTPs. With respect to LTP Analysis, some noticees appear to contend that the manipulated price which were alleged to have been established had been established on previous days. Further, some of the noticees have cited their individual contribution to new high prices created, which according to them are insignificant. I do not agree with the merit of the submissions made by the noticees in this regard. It is not individual instances but a pattern of trading by the noticees, both individually and as a group, that supports the allegation of price manipulation. It would be naive to expect a market manipulator acting with the objective of rigging price upwards to not also intermittently place trades in a contrarian manner merely to quell any suspicion. The upward push to the price of the scrip due to this mechanism of manipulation is obvious from the records. The sum of LTP Difference greater than zero, contributed by the noticees, as per the table above itself comes to Rs. 332.55, which is demonstrative of an overwhelming attempt by the group of noticees to push the price upwards. The LTP Analysis measures the positive or negative move created by trades in comparison to the immediately previous trades. It is really not material if these prices had been established earlier as any manipulative trade further reinforces the price trends. Therefore it is not relevant to contend that the alleged manipulative prices had already been established previously. This artificial upward price push is evident through the NHP analysis as well which reveals that the noticees contributed to Rs 131 through 190 trades. Infact of the total NHP created by the market i.e. all those who had traded in the PIL scrip during the same period, the noticees as a group alone contributed 35.19%. This is also a strong indicator of the group attempting to increase the price in a coordinated and manipulative manner.

8.4.3 The noticees have also contended that the orders placed were limit orders and that PIL scrip was placed in the 'T' group which is subject to greater surveillance thereby leaving no scope for manipulation. These arguments, in my view are frivolous and without basis. Placing limit orders in the instant case merely suggests that the manipulative price at which the noticees placed

them were pre-determined. Further, simply because scrips are placed in 'T' group does not mean that they are immune from manipulative practices. Placing scrips in the 'T' group is a surveillance and risk management measure which among other things seeks to curtail speculative practices in certain scrips. Such scrips would have an inbuilt price band, but does not completely remove the possibility of price manipulation within such price bands. As regards the allegation that the manipulation was also perpetrated by placing first trades at a substantially higher price than the closing price, the percentage of the number of first trades of total number of days in the investigation period as well as the incremental price at which the noticees traded do not appear significant enough to be the basis of an allegation of price manipulation. Therefore though the First Trade Analysis is inconclusive, I am in agreement with the allegation made in the SCN on the basis of records and submissions before me that the noticees are liable for having manipulated the price of the PIL scrip and have therefore violated section 12A(a), (b) and (c) of the SEBI Act read with regulation 3(a), (b), (c), (d), 4(1), 4(2)(b) and (e) of the PFUTP Regulations.

8.5. Overall Conduct of the Group

To determine whether or not the noticees transactions were fraudulent and manipulative in nature, their contribution to artificial volumes, contribution to price manipulation and trading pattern across various scrips cannot be seen in isolation from each other. In fact it is a combined reading of their conduct that leads to an inescapable conclusion that they are liable for fraud and manipulation in trading in the scrip of PIL. The upward price rigging seen through LTP and NHP analysis must be seen in the context of the large proportion of matched trades executed by the group and the sheer scale of the contribution of the group to the overall volume in the trades in the scrip. Moreover, the Investigation report reveals that this pattern of manipulative practices in trading by the Soni Group during the same period can be seen in 266 scrips of which in 5 scrips, their trades contributed to 20% or more. In the Moryo Industries and Rottam Commercials cases wherein SEBI had passed orders in December 4, 2014 and October 1, 2014, respectively, certain noticees to this Order, including 'the Sonis' were found to have engaged in fraudulent and manipulative trades and were restrained from dealing in the securities market. Adjudication orders have been passed in the following matters against one or more of the Noticees finding them liable for having executed trades which are fraudulent and manipulative in nature:

Table 16

Case name	Noticee Name	Date of AO Order
Parichay Investments Ltd.,.	All the Noticees to this Order	November 16, 2018
Saianand Commercial Ltd. (formerly Oregon Commercial Ltd.)	All the Noticees to this Order	November 16, 2018
Ushdev International Ltd.	All the Noticees to this Order except for Shweta Dhiren Agarwal	November 14, 2018
Shree Global Tradefin Ltd.	All the Noticees to this Order except for Shweta Dhiren Agarwal	October 25, 2018
Shree Global Tradefin Ltd.	Sanjay Soni and Krupa Sanjay Soni	September 14, 2012 <i>(Merit of AO order upheld vide SAT order dated January 24, 2014)</i>
Hit Kit Global Solutions Ltd.	Sanjay Soni	October 21, 2011 <i>(Merit of AO Order upheld vide SAT Order dated August 20, 2014)</i>

The trades executed by the noticees to this Order must also be seen in the light of their propensity to being repeat offenders. The noticees against whom multiple proceedings have been initiated and monetary penalty imposed for the same set of violations under consideration in this Order have contended that they should not be subject to 11B directions as well. This argument is misplaced. Proceedings under section 11B are independent from adjudication proceedings under Chapter VI-A of the SEBI Act. It is possible under securities law for multiple proceedings to exist for the same cause of action given that the object of the proceedings are different from each other.

9. LIABILITY TO MAKE OPEN OFFER

Regulation 10 and 11(1) of the SAST Regulations reads as follows:

"Acquisition of fifteen per cent or more of the shares or voting rights of any company.

10. *No acquirer shall acquire shares or voting rights which (taken together with shares or voting rights, if any, held by him or by persons acting in concert with him), entitle such acquirer to exercise fifteen per cent or more of the voting rights in a company, unless such acquirer makes a public announcement to acquire shares of such company in accordance with the regulations."*

Consolidation of holdings.

11. *(1) No acquirer who, together with persons acting in concert with him, has acquired, in accordance with the provisions of law, 15 per cent or more but less than fifty five per cent (55%) of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights entitling him to exercise more than 5% of the voting rights, with post acquisition shareholding or voting rights not exceeding fifty five per cent., in any financial year ending on 31st March unless such acquirer makes a public announcement to acquire shares in accordance with the regulations."*

9.1. The trading records (as reproduced in foregoing paragraphs of this Order) clearly show that Noticee Nos. 1, 2 and 3 on the one hand and Noticee Nos. 4 and 5 on the other, respectively, had acquired more than 15% of the target company on four days / one day, during the investigation period. *(Collectively, Noticee Nos. 1-5 are referred to as "Noticee Acquirers")* Also, Noticee Nos. 1 to 3 together as PACs on October 29, 2010 acquired more than 5% after crossing the threshold of 15%. In the case of Noticee Nos. 1 and 2, I note that they are spouses of each other and Noticee No. 3 is the proprietary concern of Noticee No. 1, which is therefore merely a reflection of Noticee No. 1 himself. Similarly Noticee Nos. 4 and 5 are spouses of each other. The said spouse Noticees have in their respective replies sought to distance themselves from each other stating that being husband and wife does not demonstrate that they are persons acting in concert and that SEBI has not provided any proof of them having acted in concert in the case of acquisition of shares. I do not find merit in this submission. While the husband and wife may not be specifically covered under the definition of 'persons deemed to be acting in concert', the very nature of the relationship makes it clear that there is a natural presumption of spouses acting in concert unless there are concrete reasons (such as separated living, marital disputes etc.) to dispel such a presumption.

Clearly, the onus of proof was with the noticees to strengthen their contention that they did not act in concert. No such reasons have been satisfactorily brought forth. The SAST Regulations also, whether of 1997 or 2011, infact grant automatic exemption from making an open offer if the transfer is between 'relatives'. This in my view is indicative of the legislative intent recognising spouses as acting with one mind as far as the holding of shares is concerned. This intent cannot be any different as far as acquisition of shares is concerned as well. Secondly, the noticees have also contended that the acquisitions were only in the nature of trades and not acquisition since there was no intent in holding the shares. They have also contended that impugned transactions cannot result in both the allegations made in the SCN i.e. allegation of violation of PFUTP regulations and violation of SAST Regulations, since if the trades are illegal, the acquisition would be illegal and void. I do not agree with these submissions made by the noticees. The SAST Regulations do not discriminate between 'trading' activity and 'investment'/'acquisition' activity. The thresholds in the SAST Regulations are specific and must be strictly viewed. In the case of Noticee Nos. 6 and 7, the acquisitions have been made by them alone and not in concert with any one else. The trading records (as reproduced in foregoing paragraphs of this Order) clearly show that Noticee Nos. 6 and 7, respectively, had acquired more than 15% of the target company on six days / three days, during the investigation period. None of these noticees had sought exemption from making open offer in terms of the SAST Regulations prior to the said acquisitions, nor have they demonstrated any reasons to be eligible for automatic exemption. Further, the defence that the two allegations of fraudulent trades and acquisition in breach of thresholds under the SAST Regulations cannot survive together, holds no water. The allegation against the Noticees in the SCN as discussed in this Order is that the Noticees had engaged in volume and price manipulation in the shares of PIL and thereby violated the PFUTP Regulations. This leads to a conclusion that the 'transactions' were fraudulent in nature. It does not however lead to the conclusion that the acquisition of shares are rendered illegal and void. Except in the case of self trades, there was a change in ownership of shares once the trade consummated. The violations under the two regulations are independent of each other, the frameworks having been laid down to address two different consequences of market conduct. Any acquisition of shares

beyond specified threshold under the SAST Regulations requires giving the shareholders an exit opportunity. In the circumstances of the case, and based on records noted above, I find all the Noticees have violated regulation 10 of the SAST Regulations and Noticee Nos. 1 to 3 have also violated regulation 11(1) of the SAST Regulations.

9.2. As concluded in preceding paragraphs, the noticees had acted together for the purpose of manipulating the volume and price of the PIL scrip and are liable for having violated PFUTP Regulations. When related entities driven with the motive of market manipulation cross the stipulated thresholds and later reduce their positions, directing them to make an open offer and acquire substantial number of shares and control over the company, may not be in accordance with the underlying spirit of the SAST Regulations. It may actually lead to a situation where persons who perpetrated fraud with respect to a listed company's scrip, are forcibly asked to be substantial shareholders of the company which may be detrimental to the public shareholders of the company. Therefore, while their acquisition does violate the thresholds stipulated in the SAST Regulations, in the interest of the investors and the securities market, I am convinced that a different set of directions must follow.

LEGALITY OF DIRECTIONS UNDER SECTION 11B

10. The legal position on directions under section 11B of the SEBI Act, 1992 being preventive and remedial in nature is well settled and does not require elaboration. Unlike section 11B, section 11(4) of the SEBI Act lays down specific directions that can be passed by SEBI in the interest of investors or securities market. The catena of legal precedents therefore indicate that Section 11B empowers SEBI to structure the directions in a specific case to suitably address the wrongs committed in a given case. SAT has in the case of *MP Mehrotra v. SEBI* [2003] 43 SCL 315 (SAT), observed that whether a direction is penal or remedial in nature would depend on the facts specific to each case. The following observations of SAT in the case of *Libord Finance Ltd. v. SEBI* 2008 86 SCL 72 SAT, is also instructive in this regard:

"When such directions are issued, the object is not to punish the delinquent but to protect and safeguard the market and the interest of the investors which is the primary duty cast on the Board under the Act. The directions may result in penal consequences

to the entity to whom those are issued but that would be only incidental. The purpose or the basis of the order or the directions would nevertheless be to protect the securities market and the interest of the investors."

The noticees have contended that the proposal for the action pertains to alleged illegalities that happened 7 years before and therefore the delayed action is not justifiable particularly when remedial powers under section 11B are sought to be exercised. I note from the records that the involvement of the noticees and the 'Soni group' in various scrips came to the attention of SEBI and the stock exchanges through various market alerts. The investigation process is a detailed one which passes through various levels of analysis. This will invariably consume considerable time depending on the number of entities involved, scrips involved and the complexity of the transactions. Therefore questioning the merits of the proposed directions on the sole criteria of the time it took to crystallise the extent of the violations, would defeat the process of justice. The remedial nature of SEBI's directions under section 11B does not change merely because of the delay. Wherever it is concluded that the actions of certain entities are detrimental to the safety, integrity and confidence in the securities market, SEBI is duty bound to take remedial measures. Moreover the past conduct of the Noticees, as discussed earlier, do not warrant the delay to be considered as a mitigating factor. Therefore I do not find merit in the noticees' submissions in this regard.

11. DIRECTIONS

(A). For the Violation of PFUTP Regulations

In view of the above, I in exercise of the powers conferred on me under Sections 11, 11(4) and 11B of the SEBI Act, 1992 hereby pass the following directions, with immediate effect -

- (i) the Noticees i.e. Sanjay Jethalal Soni, Krupa Sanjay Soni, J M Soni Consultancy, Dhiren Dharamdas Agarwal, Shweta Dhiren Agarwal, Krunal Gopaldas Rana, Amul Gagabhai Desai, Mahesh Somabhai Desai and Arif Gulammustufa Shaikh shall not access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly for a period of 5 years from the date of this order;
- (ii) the Noticees shall not associate themselves with any listed company or company proposing to list, or any registered intermediary, whether in the capacity of a director, key management personnel or partner (in the

case of a partnership firm), for a period of 5 years, with effect from September 01, 2019.

(B). For the violation of SAST Regulations

In view of the above, I in exercise of the powers conferred on me under Sections 11, 11(4) and 11B of the SEBI Act, 1992 read with section 19 of the SEBI Act, 1992, regulation 44 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and regulation 32 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, hereby direct that the Noticee Acquirers i.e. Sanjay Jethalal Soni, Krupa Sanjay Soni, J M Soni Consultancy, Dhiren Dharamdas Agarwal and Shweta Dhiren Agarwal shall not access the securities market or buy, sell or otherwise deal in the securities market, either directly or indirectly for a period of 5 years from the date of this order. The periods of restraint specified in this sub-paragraph and sub-paragraph (A) shall run consecutively and **not** concurrently.

- 12.** A copy of this Order shall be served on the Noticees immediately and forwarded to the recognised stock exchanges, registered depositories and registered registrars to issue and share transfer agents for necessary compliance with the above directions.

DATE: July 31, 2019

PLACE: Mumbai

G. MAHALINGAM

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA