BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO. RA/JP/103-111/2017]

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

In respect of:

1. Tarun Kumar Brahambhatt (PAN: ADSPB2534M)
2. Mr. Jinesh Bhatt (PAN: AKDPB6133C)
3. Ms. Dipika Krushna kumar Brahambhatt (PAN: AUTPB8108P)
4. Ms. Neha Bipin Raval (PAN: AQQPR6427E)
5. Mrs. Kiran Ramneek Jain (PAN: AEVPJ6128H)
6. Mr. Janak Hasmukhlal Kapadia (PAN: ACBPK7868F)
7. Mr. Krupa Bhaskar Rao (PAN: AMPPR1526F)
8. Mr. Krishankumar Brahambhatt (PAN: ADSPB6848E)
9. Ms. Prarthana Brahambhatt (PAN: AGLPB2425P)

BACKGROUND

1. Securities and Exchange Board of India (hereinafter referred to as **"SEBI"**) had conducted investigations in the shares of Rajratan Global Wire Ltd. (**Rajratan Global**), Velan Hotels Ltd. (**Velan Hotel**), Inani Marbles Ltd. (**Inani Marbles**) and Natura Hue Chemicals Ltd. (**Natura Hue**) to find out the possible irregularities of price manipulation / fluctuation etc. The examination period under investigation was taken from November 27, 2009 to July 08, 2010 with respect to Rajratan Global, November 01, 2009 to April 15, 2010 for Velan Hotels and March 08 to 10 of 2010 for Inani Marbles (investigation period /relevant period).

2. During the course of investigations, several entities including (1) Mr. Tarunkumar Brahambhatt, (2) Mr. Jinesh Bhatt, (3) Ms. Dipika Krushnakumar Brahambhatt, (4)

Ms. Neha Bipin Raval, (5) Mrs. Kiran Ramneek Jain, (6) Mr. Janak Hasmukhlal Kapadia, (7) Mr. Krupa Bhaskar Rao, (8) Mr. Krishankumar Brahambhatt and (9) Ms. Prarthana Brahambhatt (hereinafter referred to as **'the Noticee No. 1 to 9** respectively and all may also be referred to as "**the Noticees**" collectively) were revealed to have violated provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as the **'PFUTP Regulations'**), the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "**SAST Regulations**") and the SEBI (Prohibition of Insider Trading) Regulations, 1992 (hereinafter referred to as '**PIT Regulations**').

APPOINTMENT OF ADJUDICATING OFFICER

3. Earlier, Shri D. Ravi Kumar was appointed as Adjudicating Officer vide order dated April 12, 2013 under section 15 I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as **'SEBI Act'**) read with rule 3 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (hereinafter referred to as '**Adjudicating Rules'**) to inquire into and adjudge under Section 15 A (b), 15H, 15HA and 15 HB of the SEBI Act, the alleged violations of regulation 3, 4 (2) (a), (b) (e) & (g) of the PFUTP Regulations, regulation 7(1) & 10 of the SAST Regulations and regulation 13 (1) & (3) of the PIT Regulations against the Noticees. Subsequently, vide order dated December 09, 2014, the undersigned has been appointed as Adjudicating Officer in the matter.

SHOW CAUSE NOTICE, REPLY AND HEARING

4. A common Show Cause Notice No. EAO/RA/JP/2715/2015 dated January 22, 2015 (hereinafter referred to as **"SCN"**) was served upon the Noticees under rule 4(1) of the Adjudication Rules to show cause as to why an inquiry should not be held and penalty be not imposed under sections 15 A (b), 15H, 15HA and 15 HB of the SEBI Act for the alleged violation specified in the said SCN.

5. Here, it is important to mention that the said common SCN was also issued against Mr. Muthukumara Ramlingam and Mr. M. R. Gautam (who were shown therein as Noticee No. 10 and 11 respectively) for the violation of regulation 8(A) of the SAST Regulations and regulation 13 (3) of the PIT Regulations. However, in respect of the SCN, they had filed settlement application under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 (hereinafter referred to as '**Settlement Regulations'**) as informed by the Enforcement Department vide their Office Note 853/2015 dated September 03, 2015 stating that adjudication proceeding may be continued in respect of said 2 entities except passing of the final order which may be kept in abeyance till the said settlement application (numbered as 2987/2015) is disposed of. It is observed from records that said settlement application is still pending before SEBI and as on date and has not been intimated to the undersigned as disposed of.

6. I note that as per regulation 7 of Settlement Regulations, once the settlement application is filed / pending before SEBI, then, the adjudication proceeding remains continued, but, the passing of final order is kept in abeyance against such entity till the settlement application is disposed of. The hearing has already been concluded on June 23, 2015 against said 2 entities. I am of the view that even though a common SCN was issued against all the 11 Noticees, however, the case against Mr. Muthukumara Ramlingam and Mr. M. R. Gautam can be examined independently as per the material available on records after disposal of the said settlement application and pending of such settlement application, does not affect the examination of case against Noticee No. 1-9.

7. Therefore, keeping in view the uncertainty of time in disposal of settlement proceeding before SEBI and in order to expedite the instant proceedings, it would be appropriate to proceeded against the Noticee No. 1-9 under this order.

8. During the course of investigations, entities forming Brahambhatt Group and some other entities were revealed to have committed many irregularities. List of clients of Brahambhat Group and the basis of relationship among themselves was enclosed as

Annexure III along with SCN. The allegations levelled against the Noticees No. 1-9 in the SCN based on the findings under investigations, are mentioned below.

Allegations in the shares of Rajratan Global Wire Ltd. - Role of Noticee No.1, 3 to 7.

(a) It was alleged that volume data of the scrip / Rajratan Global for investigation period and the average number of shares traded had increased as compared to period six months prior to the period of investigation. The average number of shares traded six months prior to the period of investigation was 1,658, which rose to 20,287 during the period of investigation; and the average number of shares traded after six months of investigation period had decreased to 1,751 shares. During the period prior to the investigation, the price of the scrip ranged from ₹ 60 to a maximum of ₹ 85.4. However, during the period of investigation the price had increased to ₹ 279.4 (on 05/07/2010). The price-volume data are shown below:

Period	Date	Opening Price on (₹)	High Price during the period (₹)	Low price during the period (₹)	Closing price on (₹)	Average no. of shares traded
Before Investigation period	Jun 01, 2009 – Nov 26, 2009	74.35	85.4 (22/9/09)	60 (10, 16/7/09)	76	1,658
During Investigation Period	November 27, 2009 to July 08, 2010	73.1	279.4 (05/07/10)	72.7 (27/11/09)	236	20,287
After investigation period	July 09, 2010 – Dec 31, 2010	239.85	249 (22/11/10)	175 (31/08/10)	201	1,751

(b) During the period of investigation, the scrip was traded on 152 days during which 30,83,661 shares were traded in 34,512 trades. The shares traded by top 10 buy clients / top 10 sell clients are given below:

Buy PAN	Name	Gross buy	% to market volume	Gross sell	% to market volume	Net buy (-sell)
ADSPB2534M	Tarunkumar G Brahmbhatt (**Noticee No.1)**	582129	18.88	579084	18.78	3045
AAACS7095J	Surbhi investment	180864	5.87	21328	0.69	159536
ARRPM9426E	Disha dharmenda	153057	4.96	153057	4.96	0
ACWPC4829R	Sangita sunil chordia	108000	3.5	0	0	108000

AGKPM4678C	Bhawarlal pusaram maheshwari	89685	2.91	89613	2.91	72
ADSPB6848E	Krushnakumar guruvachan	67059	2.17	64967	2.11	2092
AABCN1357P	Nsb securities	65467	2.12	71446	2.32	-5979
AKDPB6133C	Jinesh devendra Bhatt (**Noticee No.2)**	61514	1.99	53357	1.73	8157
AQIPP9838M	Seema ramakant	56933	1.85	56933	1.85	0
AADCP3708N	Pegasus stocks	50685	1.64	271	0.01	50414
SELL PAN	**CLIENT NAME**	**Gross sell**	**% to market volume**	**Gross buy**	**% to market volume**	**Net sell (-buy)**
ADSPB2534M	Tarunkumar G Brahmbhatt (**Noticee No.1)**	579084	18.78	582129	18.88	-3045
ARRPM9426E	Disha Dharmendra Madhani	153057	4.96	153057	4.96	0
AGKPM4678C	Bhawarlal Pusaram Maheshwari	89613	2.91	89685	2.91	-72
AAACM2684F	Mrinalini Trading Co Pvt Ltd	85000	2.76	0	0	85000
AABCN1357P	Nsb Securities Private Limited	71446	2.32	65467	2.12	5979
ADSPB6848E	Krushnakumar G . Brahmbhatt	64967	2.11	67059	2.17	-2092
AAECM4328A	Midex Global Private Limited	60000	1.95	0	0	60000
AQIPP9838M	Seema Ramakant Parasrampuria	56933	1.85	56933	1.85	0
AKDPB6133C	Jinesh Devendra Bhatt (**Noticee No.2)**	53357	1.73	61514	1.99	-8157
AACPK8139Q	Megha Mahesh Khandelwal	47017	1.52	47017	1.52	0

(c) From the top buy / sell clients, it was revealed that Noticee No. 1 had traded in highest number in the scrip. The relevant extracts of the investigation report was enclosed as Annexure IV along with SCN.

(d) The Brahmabhatt group purchased a total of 8,40,453 shares in 17,942 trades and sold 8,37,963 shares in 3,376 trades which accounted for 27.26% and 27.17% respectively of the market volume of the scrip. The quantity of shares traded amongst the Brahmbhat group was 1,75,248, i.e. 5.68% to the market volume. The details of respective buy and sell quantity of shares by the Brahambhatt group, is shown as below:

Sr. no	Name	PAN	Buy Qty	Sell Qty
1	TARUNKUMAR G BRAHMBHATT (**Noticee No.1)**	ADSPB2534M	582129	579084
2	KIRAN RAMNEEK JAIN **(Noticee No. 5)**	AEVPJ6128H	13000	13000
3	JINESH DEVENDRA BHATT **(Noticee No.2)**	AKDPB6133C	61514	53357
4	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT	ADSPB6848E	67059	64967

5	PRARTHANA TARUNKUMAR BRAHMBHATT	AGLPB2425P	27608	24575
6	DIPIKA KRUSHNAKUMAR BRAHMBHATT **(Noticee No. 3)**	AUTPB8108P	12743	12743
7	NEHA BIPIN RAVAL **(Noticee No. 4)**	AQQPR6427E	32073	32073
8	POOJA JINESH BHATT	AOLPB5611F	16254	14366
9	JANAK HASMUKHLAL KAPADIA **(Noticee No. 6)**	ACBPK7868F	6420	14420
10	DIMPLE HEMANK KAPADIA	BCOPK9894B	7053	14778
11	KRUPA BHASKAR RAO **(Noticee No. 7)**	AMPPR1526F	14600	14600
Total			**840453**	**837963**

(e) The clients of said Group executed trades at price away from the Last Traded Price (**LTP**) and had contributed to an overall increase in the price of the scrip by ₹ 769.25 through 17,942 buy trades. The Group had in 3,376 sell trades, contributed to reduction in price of the scrip to the extent of ₹ 633.5. Overall, the said Group had contributed to a net increase in price of scrip by ₹ 135.75 of the net price rise of ₹ 163. The list showing increase in price of the scrip / LTP by the Noticee No. 1 / Group was enclosed as part of Annexure IV of the SCN (page 8 of the investigation report).

(f) Investigation revealed that the Noticee No.1 (Tarunkumar) had accounted for the majority of trades (37.66%) to the market volume during the period of investigation and he traded at prices above the LTP in 2,973 buy trades. On 14 instances his trades were executed at a price difference of more than ₹ 20 than the LTP. The LTP analysis of trades of Noticee No. 1 are given in below mentioned table.

	As buyer				**As seller**				**Net aggregate impact**
	Price increase				**Price decrease**				
	Numbers			**Rs**	**Numbers**			**Rs**	
Name	**First order buy**	**First order sell**	**Total**	**Price increase**	**First order buy**	**First order sell**	**Total**	**Price decrease**	
TARUNKUMAR BRAHMBHATT	297	2676	2973	3258.15	772	70	842	477.70	2780.45

(g) On 22 days, the clients of said Group have established New High Price (**NHP)** in the scrip, of which in 14 instances, the NHP was established by trades of

Noticee No. 1 (Tarunkumar). The analysis of the NHP established by the Group/Noticee No.1 is as under:

New High Price			
	No of instances	**New high price range (₹)**	**Remarks**
AS GROUP	22	0.05 to 23	
TARUNKUMAR (**Noticee No. 1**)	14	0.1 to 23	3 instances by more than ₹ 10

(h) The Noticee No.1 had executed first trades in the scrip on 71 days as buying shares and his first trades of the day were executed at prices higher than the LTP on 67 days. By executing first trades at higher price than the LTP, the Noticee No. 1 had allegedly contributed to price rise in the scrip to the extent of ₹ 466.45. Some of the examples where he had traded at price much higher that the LTP, are mentioned at page 13 to 19 of the investigation report which has been attached as part of Annexure IV of SCN.

(i) The Noticee No. 1 and Noticee No. 3 to 7 were involved in the manipulative trade practice by way of synchronized trading and the detail of such synchronized trading were enclosed as Annexure IV of the SCN (page 10-12 of the investigation report).

(j) The Noticee No. 1 had executed self trades / fictitious trades where buyer and seller of a trade is the same person and no meaningful ownership is changed in such transaction; but are intended to create misleading appearance of trading. The details of self trades executed by the Noticee No.1 is shown as under;

Self trades			
No of days	**No of trades**	**Qty traded**	**% of self trade qty to mkt volume**
48	223	7718	0.25

(k) It was alleged that Noticee No.1 had artificially raised the price of the scrip by way of manipulated trade practice viz. (buying / selling shares away from LTP / creating NHP / first trade) and self trades/ fictitious trades. It was also alleged that the Noticee No. 1 and the Noticee No. 3 to 7 had indulged into manipulative synchronized trading. Copy of order/trade logs showing the price rise through LTP/NHP etc., synchronized trading, self-trading etc. was enclosed as Annexure V along with the SCN.

Allegation in the share of Velan Hotels Ltd. - Role of Noticee No.1, 2, 8 to 9.

(l) It was alleged that there was off market transfers between the clients forming part of promoter entities of the Company / Velan Hotels including Mr. Muthukumara Ramlingam and Mr. M. R. Gautam and Brahmbhatt Group viz. Noticee No. 1, 2, 8 and 9 {being the Person Acting in Concert (PAC)} . The details of which is shown in table below;

Date	Sell Beneficial Owner Name	Sell BO PAN	Buy Beneficial Owne Name	Buy BO PAN	Quantity
14/11/2009	E V MUTHUKUMARAN RAMALINGAM	AROPM8079L	JINESH BHATT (Noticee No. 2)	AKDPB6133C	200000
24/11/2009	E V MUTHUKUMARAN RAMALINGAM	AROPM8079L	JINESH BHATT (Noticee No. 2)	AKDPB6133C	100000
26/11/2009	M R GAUTHAM	AFMPG1762Q	JINESH BHATT (Noticee No. 2)	AKDPB6133C	100000
16/12/2009	M R GAUTHAM	AFMPG1762Q	JINESH BHATT (Noticee No. 2)	AKDPB6133C	75000
22/12/2009	M R GAUTHAM	AFMPG1762Q	TARUNKUMAR GURUCHARAN BRAHMBHATT (Noticee No. 1)	ADSPB2534M	25000
22/12/2009	M SASIKALA	APDPS8322M	TARUNKUMAR GURUCHARAN BRAHMBHATT (Noticee No. 1)	ADSPB2534M	100000
04/01/10	MUTHUKUMARA RAMALINGAM E.V	AGOPM6735C	TARUNKUMAR GURUCHARAN BRAHMBHATT (Noticee No. 1)	ADSPB2534M	250000
04/01/10	MUTHUKUMARA RAMALINGAM E.V	AGOPM6735C	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT (Noticee No. 8)	ADSPB6848E	100000
06/01/10	MUTHUKUMARA RAMALINGAM E.V	AGOPM6735C	PRARTHANA TARUNKUMAR BRAHMBHATT (Noticee No. 9)	AGLPB2425P	250000
11/01/10	MUTHUKUMARA RAMALINGAM E.V	AGOPM6735C	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT (Noticee No. 8)	ADSPB6848E	150000
11/01/10	MUTHUKUMARA RAMALINGAM E.V	AGOPM6735C	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT (Noticee No. 8)	ADSPB6848E	100000

(m) On January 11, 2010 (when the promoter transferred 2,50,000 shares to the Group client in off market) the shareholding of the Noticee No. 1, 2, 8 & 9 in the scrip was as below:

		No of shares held in the Demat Account		Total
PAN	**Name of client**	**CDSL**	**NSDL**	
ADSPB2534M	TARUNKUMAR GURUCHARAN BRAHMBHATT(Noticee No. 1)	255073	135293	390366
AKDPB6133C	JINESH DEVENDRA BHATT (Noticee No. 2)	242880	20000	262880
ADSPB6848E	KRUSHNAKUMAR GURUVACHAN BRAHMBHATT (Noticee No. 8)	350000	23071	373071
AGLPB2425P	PRARTHANA TARUNKUMAR BRAHMBHATT (Noticee No. 9)	253632	20000	273632
Total		**1101585**	**198364**	**1299949**

(n) On January 11, 2010, the shareholding of the Noticee No. 1 as PAC with the Group clients viz. Notice No. 2, 8 & 9 was more than 15% in the scrip. The Noticees No. 1, 2, 8 & 9 being PAC, were holding 12,99,949 shares which accounts to 16.77% of the total shareholding in the scrip. It was revealed that on such acquisition, no public announcement was made by them as required under regulation 10 of SAST Regulations. Therefore, it was alleged that the Noticees No. 1, 2, 8 & 9 who acquired such shares (16.77%) had failed to make any public announcement as required in regulation 10 of the SAST Regulations.

(o) During the same period, the Noticee No. 2 had acquired 5.34% shares of the Velan Hotels and his holdings crossed 5% on November 26, 2009. As per regulation 13(1) of PIT Regulations and regulation 7(1) of SAST Regulations, the Noticee No. 2 was required to make disclosure to the Company / Velan Hotels and to the Stock Exchange where shares of the target company are listed, which he allegedly failed to make such disclosures. Further, during the period December 2009 to March 2010, the shareholding of Noticee No. 2 had come down from 5.34% to 0.17% (i.e. change was more than 2% on March 17, 2010) and as per regulation 13 (3) of PIT Regulations, Noticee No. 2 was

required to make disclosures of such change in shareholding to the Company / Velan Hotels which he had allegedly failed to disclose the same.

(p) During December 2009, the Noticee No. 1 was holding 0.28% share of the company and who was having combined holding with Noticee No. 2 (5.34%) as PAC which was more than 5% shareholding in the scrip, therefore, the Noticee No.1 was also required to make disclosure as per 7 (1) of SAST Regulations, which he had allegedly failed to disclose the same.

(q) The detail of shares transferred by Brahmbhatts Group to other clients in off market, clients who had bought shares from the Brahmbhatt group and had further sold these shares in the market and the comparison of shareholding of the clients pre and post transfer from the promoters in off market was shown in Annexure VI of the SCN.

Allegations in the share of Inani Marbles Ltd. - Role of Noticee No.1 and 2.

(s) During the period March 01 to March 09 of 2010, the total number of shares traded amounted to 33,026 in 864 trades, at an average of 5,504 shares. The traded price ranged between ₹ 118 (March 08, 2010) to 154 (March 09, 2010) at an average price of ₹ 133. On March 10, 2010, 1,15,972 shares of the scrip were traded and the highest price at which the scrip was traded on that day was ₹ 153.8. After March 10, 2010, the number of shares traded went down to 16,837 in 177 trades till March19, 2010 at prices ranging from ₹ 77.15 (March 19,2010) to 116 (March 11, 2010) at an average of ₹ 92.88. On comparison with earlier days, the number of trades (932) as well as the number of shares traded (115972) were significantly high on March 10, 2010. Trade on March 10, 2010 alone was 6 times more than the average number of trades (144) during the entire period March 02 to March 09 of 2010; and 21 times more than the average number of shares (5504) traded during the period. The trading in the scrip during the periods are shown in below table;

Period	Average no. of shares traded
Feb 01 till March 09, 2010	3194
March 10, 2010	1,15,972
March 11 to March 31, 2010	6432

(t) Details of top 10 seller / buyer on or before March 10, 2010 and the details of manipulation of price in the scrip has been mentioned in investigation report and same was enclosed as Annexure VIII along with SCN. Therefore, it was alleged that the Noticee No. 1 and 2 had indulged into price manipulation of the scrip.

Brief of allegations against the Noticees under the SCN are hereunder:

(i) The Noticee No.1 had allegedly violated regulation 3, 4(2) (a), (b), (e) & (g) of the PFUTP Regulations by manipulating the price by buying / selling shares away from LTP / creating NHP / first trade to artificially raise the price of the scrip, indulging into self trades, manipulative synchronized trading etc. in Rajratan Global and Inani Marbles; and regulation 7(1) & regulation 10 of the SAST Regulations for non disclosures of change in his shareholding and failure to making of public announcement upon acquisition of shares more than 15% as stated above, in the scrip of Velan Hotels.

(ii) The Noticee No. 2 had allegedly violated regulation 3, 4(2) (e) of the PFUTP Regulations for manipulating the price in the scrip of Inani Marbles; and regulation 13 (1) & (3) of the PIT Regulations, regulation 7(1) & regulation 10 of the SAST Regulations for non disclosures of change in his shareholding and failure to making of public announcement upon acquisition of shares more than 15% as stated above, in the scrip of Velan Hotels.

(iii) The Noticee No. 3 to 7 had allegedly violated regulation 3, 4(2) (e) of the PFUTP Regulations by indulging into manipulative synchronized trading with Noticee No.1 in the scrip of Rajratta Global.

(iv) The Noticee No. 8 and 9 being the PAC with Noticee No. 1 & 2 had allegedly violated regulation 10 of the SAST Regulations for failure to make the public announcement upon acquisition of shares more than 15%, in the scrip of Velan Hotels.

(v) The aforesaid provisions of laws are produced as under;

FUTP Regulations

*3. **Prohibition of certain dealings in securities***
No person shall directly or indirectly—
(a) buy, sell or otherwise deal in securities in a fraudulent manner;
(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made 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.

*4. **Prohibition of manipulative, fraudulent and unfair trade practice***
(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely:-
(a) indulging in an act which creates false or misleading appearance of trading in the securities market;

(b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;

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

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

PIT Regulations, 1992

13. (1) Any person who holds more than 5% shares or voting rights in any listed company shall disclose to the company in Form A, the number of shares or voting rights held by such person, on becoming such holder, within 2 working days of :—

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

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

SAST Regulations, 1997

Acquisition of 5% and more shares of a company
7.(1) Any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than five per cent or ten per cent or fourteen percent or fifty four per cent or seventy four per cent shares or voting rights in a company, in any manner whatsoever, shall disclose at every stage the aggregate of his shareholding or voting rights in that company to the company and to the stock exchanges where shares of the target company are listed.

Acquisition of fifteen percent 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 percent 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

Reply and Hearing in respect of Noticee No. 1, 3, 8 & 9 (connected/family members)

9. In response to the SCN, the Noticee No. 1 and 9 vide their letter dated February 26, 2015 requested for soft copy of order/trade logs (Annexure V) of the SCN and sought some more time to file reply towards the SCN, however, remaining Noticees No. 3 & 8 did not correspond towards the SCN. Thereafter, vide hearing notice dated March 17, 2015, the Noticee No. 1, 3, 8 & 9 were asked to appear for hearing on April 07, 2015 and were informed that the relevant documents (in hard copy) as available on records, were provided to them along with SCN. They were also informed that as no reply towards the SCN has been received from them, therefore, their reply, if any, should reach to the undersigned on or before March 27, 2015.

10. In respect of said hearing notice, Noticee No. 9 had filed reply dated April 21, 2015 and Noticee No. 3 had filed reply dated NIL (received on May 05, 2015) towards the SCN. They also requested for an opportunity of hearing in the matter. However, no reply was received from other Noticees viz. Noticees No. 1 & 8. Thereafter, final opportunity of hearing was granted to the Noticee No. 1, 3, 8 & 9 vide hearing notice dated May 19, 2015 to appear for hearing on June 08, 2015.

11. In respect to said notice of hearing, the Noticee No. 1 & 8 had filed reply dated June 03, 2015 towards the SCN. The Noticee No. 1, 3, 8 & 9 also vide their another letter dated June 03, 2015 authorised Ms. Rinku S. Valanju Advocate and Mr. Vivek Shah to appear for hearing scheduled on June 08, 2016.

12. The hearing on June 08, 2015 was attended by the aforesaid authorized representatives of the Noticee No. 1, 3, 8 & 9 and their submissions were recorded. During the course of hearing, they reiterated the same as replied by them. During the hearing, it was asked whether they have any proof of Demat Account Statement showing that shares were transferred into their account by promoters as security/pledge. In respect of said query, they had stated that they would submit with a week the Demat statements showing pledge if it is so recorded in demat statement in favour of aforesaid 4 Noticees. Also, the authorized representatives stated that written arguments which are made today in the matter, would be submitted within a period of one week and no further hearing in the matter is required. Thereafter, the Noticee No. 1, 8 & 9 vide their letter dated June 17, 2015 had submitted the same documents as was submitted in their earlier replies; and no proof / Demat Account Statement showing that shares were transferred into their account by promoters as pledge has been provided. Rather at para 5 of their said reply, they admitted that the promoters had not marked the pledge on the shares transferred into their account.

Reply and Hearing in respect of Noticee No. 2

13. In respect of the SCN, an e-mail and letter dated February 04, 2015 on behalf of Noticee No. 2 was received seeking extension of time for 4 weeks to file reply towards

the SCN attributing reasons of paralytic attack on Noticee No. 2. As no reply was submitted by the Noticee No. 2 despite lapse of sufficient time, therefore, vide hearing notice dated March 17, 2015, the Noticee No. 2 was asked to appear for hearing on April 07, 2015 and was also informed that his reply, if any, should reach to the undersigned on or before March 27, 2015.

14. In respect of said hearing notice, Noticee No. 2 vide letter dated March 23, 2015 (through FAX) requested for adjournment of hearing on the medical ground and also requested / assured to come for hearing on April 8th or 9th of 2015. Thereafter, the Noticee No. 2 had filed reply dated March 26, 2015 towards the SCN. The hearing on April 08, 2015 was attended by Noticee No. 2 (himself) along with Ms. Sonal Rajesh Rao (his aforesaid authorized representative) and their submissions were recorded. During the course of hearing, they reiterated as stated in reply. During the hearing, it was asked whether he has any proof of Demat Account Statement showing that shares were transferred into his account by promoters as security/pledge. In respect of said query he had stated that he would submit the Demat statements, if any, within 10 days and also stated that he may file his additional reply.

15. The Noticee No. 2 had vide his letter dated April 16, 2015 had sought 10 days extension for the submission of the documents. Thereafter, the Noticee No. 2 vide letter dated April 30, 2015 and May 28, 2015 had filed certain documents / demat statements in his support, however, no proof / Demat Account Statement showing that shares were transferred into his account by promoters as pledge has been provided. The Noticee No. 2 had not desired any further hearing in the matter.

Reply and Hearing in respect of Noticee No. 4

16. In respect of the SCN, no reply was received from the Noticee No. 4 despite lapse of sufficient time, therefore, vide hearing notice dated March 17, 2015, she was asked to appear for hearing on April 07, 2015 and was also informed that her reply, if any, should reach to the undersigned on or before March 27, 2015.

17. The Noticee No. 4 had failed to appear for the scheduled hearing, however, she had filed undated reply dated (receivedby SEBI on May 05, 2015) towards the SCN. In her reply, the Noticee No. 4 did not desire / ask an opportunity of hearing in the matter. However, considering the principle of natural justice, final opportunity of hearing was provided on June 08, 2015 vide hearing notice dated May 19, 2015. Surprisingly, the said notice of hearing was returned undelivered from the same address. Thereafter, another final opportunity of hearing was provided on June 23, 2015 vide hearing notice dated June 09, 2015 and SEBI was asked to affix the said notice at the last known address of the Noticee No. 4. The report dated June 13, 2015 issued by SEBI, stated that the "person shifted and not allowed to paste".

18. However, the Noticee No. 4 surprisingly, vide e-mail (e-mail ID: neharaval88@rediffmail.com dated June 22, 2015 had sought extension of hearing scheduled on June 23, 2015. Thereafter, 3rd opportunity of hearing was provided to the Noticee on July 14, 2015 vide hearing notice dated June 25, 2015. As per postal acknowledgement, the said notice was duly served upon the Noticee No. 4. The said notice of hearing was also sent to the Noticee's stock broker namely Inventure Growth & Securities Ltd. vide communique dated June 25, 2015 advising it to serve the same upon Noticee No. 4. The said notice of hearing was duly served by the aforesaid stock broker upon the Noticee No. 4 and service report was forwarded by stock broker vide its letter dated July 04, 2015. However, the Noticee No. 4 had neither appeared for the hearing scheduled on July 14, 2015 despite providing various opportunities, nor made any communication in respect of said notice of hearing.

19. Therefore, I am of the view principle of natural justice is compiled in the matter in respect of Noticee No. 4 and case can be decided on the basis of her undated reply dated (received on May 05, 2015) and materials available on records.

Reply and Hearing in respect of Noticee No. 5

20. In response to the SCN, the Noticee No. 5 had filed reply dated March 03, 2015 towards the SCN. Thereafter, an opportunity of hearing was granted to her vide hearing notice dated March 17, 2015 to appear for hearing on April 07, 2015.

21. The hearing on April 07, 2015 was attended by Mr. Ramneek Jain (Husband of the Noticee No.5) and Mr. Prashant Maheshwari (authorized representatives of the Noticee No. 5) and their submissions were recorded. During the course of hearing, they reiterated as in her reply dated March 03, 2015 and submitted copy of Income Tax Return 2011-12, Balance Sheet of the Noticee No. 5, Item Register and investment strategy of the Noticee No. 5. It was also submitted that the Noticee No. 5 did not indulge in any kind of unfair practices, no unfair gain was made by such transactions and no harm is caused to investors / anyone. No further hearing was desired by the Noticee and they requested for a lenient view in the matter.

Reply and Hearing in respect of Noticee No. 6

22. In response to the SCN, the Noticee No. 6 had filed one page reply dated February 19, 2015 towards the SCN. Thereafter, an opportunity of hearing was granted to him vide hearing notice dated March 17, 2015 to appear for hearing on April 07, 2015.

23. In respect to said notice of hearing, the Noticee No. 6 vide his letter dated April 07, 2015 authorised his elder brother namely Mr. Hemank Kapadia to represent him during the hearing. The hearing on April 07, 2015 was attended by Mr. Hemank Kapadia (authorized representative of the Noticee No. 6) and his submissions were recorded. During the course of hearing, he reiterated as in earlier reply and submitted that the Noticee No. 6 did not indulge in any kind of unfair practices, no unfair gain was made by such transactions and no harm is caused to investors / anyone. No further hearing was desired by the Noticee and requested for a lenient view in the matter. He also stated to file additional submission within 2 weeks.

24. Thereafter, the Noticee vide letter dated April 20, 2015 requested for another 10 days time to file his detailed reply on the ground that some unfortunate incident took place in family. However, till date no additional reply has been received from him.

Reply and Hearing in respect of Noticee No. 7

25. The SCN was served upon the Noticee No. 7 on January 30, 2015 as recorded over the Postal AD, however, no reply towards the SCN was submitted by the Noticee No. 7 despite lapse of sufficient time of service of SCN. Thereafter, an opportunity of hearing was granted to him vide hearing notice dated March 17, 2015 to appear for hearing on April 07, 2015. The said notice of hearing was also duly served upon him on March 20, 2015 as is evident from the Postal AD, however, he had neither appeared for hearing nor communicated in this respect.

26. A final opportunity of hearing was provided on June 08, 2015 vide hearing notice dated May 19, 2015 which was duly served upon him on May 21, 2015. At last, the Noticee No. 7 had submitted his undated reply (received by SEBI on May 19, 2015) toward the SCN. In his reply and also vide letter dated June 22, 2015, he desired an opportunity of hearing saying that inadvertently he was unable to attend the hearing on June 08, 2015. Considering the principle of natural justice at larger extent, another final opportunity of hearing was provided to him on July 14, 2015 vide hearing notice dated June 25, 2015.

27. The hearing on July 14, 2015 was attended by Mr. Pratham Vilas Masurekar (authorized representative of the Noticee No. 7) and his submissions were recorded. During the course of hearing, he reiterated as in earlier reply and submitted that the transactions alleged to have been done by the Noticee No. 7 is very miniscule and he did not indulge in any kind of unfair practices. No unfair gain was made by him through such transactions and no harm is caused to investors / anyone. No further hearing was desired by the Noticee and requested for a lenient view in the matter.

28. The key submissions of all the Noticees in their respective replies and during the course of hearing, are being mentioned below;

<u>Submission of Noticee No. 1 which are also common to Noticee No. 3, 8 & 9</u>

i. At the outset, it is stated that the investigation period pertains to 2009-2010 and the SCN has been issued on 22/01/2015 i.e. there is a delay of about 5 years in the

issuance of the SCN. Therefore there is a great delay in issuance of the SCN and the present proceedings. This delay has cause prejudice and is in violation of the principles of natural justice.

Rajratan Global Wire Ltd.

ii. I (Noticee No. 1) did not form any group and no group called 'the Brahmbhatt group' existed. No role, involvement and participation of mine in their trades and / or vice versa has been pointed out.

iii. It is pertinent to mention that as per definition of PAC, I cannot even be called and treated as deemed PAC as the said definition does not include those entities residing in the same house or friends/ acquaintances as deemed PACs.

iv. I say that the investigation period was from 27/11/2009 to 08/07/2010. However I have executed trades only between 22/02/2010 to 08/07/2010. In the first three months of the investigation period, I have not carried out a single trade during which time the prices had already increased from about ₹ 73 to ₹ 170 (during the investigation period the prices of the scrip had increased to about ₹ 279.4 on 05/07/2010). Hence, it cannot be said that by trading at LTP, I was instrumental in the price rise of the scrip throughout. My volume in the scrip was as follows:

Gross Buy	Gross Sell	Net	Market Volume	Percentage vis-a-viz Market Volume (Buy Volume)	Percentage vis-a-viz Market Volume (Sell Volume)	Percentage of Net to market volume
582129	579084	3045	3083661	18.88%	18.78%	0.098%

v. It is pertinent to mention that the investigation period was of 152 days however I have executed transactions only on 71 days and that if I had any intention of manipulating the price of the scrip, I would have executed trades on almost all days, and thought the investigation period.

vi. I say that I have not carried out any synchronized trades. It has been alleged that 1,75,248 (5.68% to the market volume) has been traded amongst the alleged Brahmbhatt group entities which is insignificant. The trading was intra-day and delivery base and my high volume by itself cannot be treated as negative or bad.

vii. I submit that alleged self trades took place as I was having trading accounts with different brokers and some buy orders of mine might have got matched with some sale order through market mechanism. I had not done any self trade.

viii. I have not indulged in any price manipulation activity by way of trading at LTP variation. I clarify that my orders were keyed-in within permissible price limits and impact to the price rise of scrip was normal and not manipulative as alleged or otherwise. My trades have not caused any material or significant impact on price. If there are few trades at above LTP and few trades below LTP, but, the trades were within permissible circuit limits and in price-time priority algorithm.

Velan Hotels Ltd.

ix. In the SCN, it has been alleged that the my holding as on 11/01/2010 along with alleged PAC in the scrip of VHL crossed threshold limit of 15%. In 2009, the promoters of VHL were working on a shopping mall project and required some finance at the stage of finalization. They approached me (Noticee No.1) for assisting them to raise funds for the said project. Accordingly the said promoters executed an agreement for pledge of shares with me and Mr. Jignesh Bhatt (Noticee No. 2) as security towards the finance to be raised. According to the terms of the agreement, me along with Mr. Jinesh Bhatt were to arrange a sum of ₹ 4 crores for them and the promoters agreed to pledge 15,00,000 shares of VHL against the same. Hereto annexed and marked as Annexure 'A' is a copy of the said agreement dated 19/12/2009.

x. I say pursuant to the said agreement the following VHL shares were transferred in off-market to following entities.

Period	Noticee Name and No.	Quantity	No. of off-market transactions
14/11/2009 to 16/12/2009	i. Jinesh Bhatt .. (Noticee No.2)	4,75,000	4
22/12/2009 to 04/01/2010	ii. Tarunkumar Brahmbhatt… (Noticee No.1)	2,85,000	3
04/01/2010 to 11/01/2010	iii.Krishnakumar Brahmbhatt (Noticee No.8)	3,50,000	3
06/01/2010	iv.Prarthana Brahmbhatt … (Noticee No.9)	2,50,000	1
Total		**13,60,000**	

xi. I say that due to diverse reasons, certain unforeseen circumstances and despite best of the efforts on the part of Mr. Jinesh Bhatt and myself, the said required funds could not be arranged and therefore the shares were returned as under:

Prarthana Brahmbhatt		
Date	**No Shares received**	**No Shares returned**
06/01/2010	2,50,000	-
15/03/2010	-	1,20,000
25/03/2010	-	28,000
11/06/2010	-	22,933
Not known	-	31,250
Total		**2,02,183**

Tarun Brahmbhatt		
Date	**No Shares received**	**No Shares returned**
22/12/2009 to 04/01/2010	2,85,000	-
25/02/2010	-	1,00,000
20/03/2010	-	70,000
29/03/2010	-	27,900
30/03/2010	-	25,000
Total		**2,22,983**

xii. Hereto annexed and marked as Annexure 'B' are the relevant Delivery Instruction Slips for retransfer of shares of VHL. I submit that the promoters had not marked the pledge on the shares transferred to my account. I further submit that when the shares were transferred / returned to Promoters account, the narration / reason mentioned in Demat Instruction Slip (DIS), was 'Collateral' or 'Loan return' which meant that the shares which were received as a collateral to raise loan are returned. I further submit that balance 50,000 shares were sold by us towards, various expenses incurred by us to raise the finance for the promoters.

xiii. I say that further to the above 4,25,083 shares, 7,00,984 more shares of VHL were returned to the promoters (in all 11,26,067 shares were returned to the promoters). For the balance 2,33,933 shares, a settlement agreement was reached between the parties. Hereto annexed and marked as Annexure 'C' is a copy of the said settlement agreement dated 23/08/2010. It is pertinent to mention that the said agreements were executed on stamp papers bought from Tamil Nadu where the registered

office of Velan Hotels is situated and therefore it is a genuine document and not a got up document. I say that I had to incur various expenses for my efforts to raise finance for the said promoters at the relevant time and therefore some of the shares were sold to meet expenses.

xiv. I state that no careful consideration of the provisions contained under Reg.2e(i) and 2(e)(ii) of the SAST Regulations, 1997 has been done while grouping individual entities under 'PAC' banner. I say that as alleged in the SCN, the concept of PAC does not apply to me as:

i) There was no any agreement or understanding between and among the alleged PACs to acquire Velan Hotel shares.
ii) There was no intention to acquire control over Velan Hotel.
iii) I am not the Promoter of Velan Hotel.
iv) I am not a Director of Velan Hotel.
v) There was no commonality of objective and commonality of interest that are the basic requirement of PAC.
vi) PAC and Acquirers are different persons and not the same. Unless they are different persons they cannot act in concert.
vii) I have not co-operated with other entities in any manner or when they had acquired shares in the past.
viii) No fund transfers amongst other entities and me have taken place.
ix) I am an independent, separate legal entity.
x) No 'common objective' of acquiring control existed or can be attributed to the alleged acquisitions of Velan Hotel shares by and between other entities and me.
xi) The old promoters only remained in control throughout, thereafter (post December 2010) and even today, they are in control.
xii) The Takeover Code Regulations have been misunderstood, misinterpreted and misapplied in the entire episode.

xv. I submit that there is no evidence to prove that I acted in concert with the other entities for the purpose of substantial acquisition of shares as alleged or otherwise and all the characteristics of PACs are missing in the present case.

xvi. I say that the SCN does not place any material to substantiate the allegation that I was a person acting in concert. Basis of connection on which entities are alleged to be PACs"

Name	Basis of Connection	Remark
Krishnakumar Brahmbhatt	Having common address	Prarthana Brahmbhatt is my wife and Krishnakumar Brahmbhatt is my brother,

Prarthana Brahmbhatt		we live in a joint family and therefore reside in the same house.
Jinesh Bhatt	Known acquaintance	Having been admitted to knowing Mr. Jinesh Bhatt does not make us PAC and nor is shown.

xvii. It is pertinent to mention that as per definition of PAC, I cannot even be called and treated as deemed PAC as the said definition does not include that entities residing in the same house or friends / acquaintances as deemed PACs. In [2010] 103 SCL 1 (SC) Daiichi Sankyo Company Ltd. vs Jayaram Chigurupati and others as follows:
"Page 5…… There can be no "persons acting in concert" unless there is a shared common objective or purpose between two or more persons of substantial acquisition of shares, etc. of the target company. For de hors the element of the shared common objective or purpose the idea of person acting in concert is not about a fortuitous relationship coming into existence by accident or chance. The relationship can come into being only by meeting of minds between two or more persons leading to the shared common objective or purpose of acquisition of substantial acquisition of shares, etc. of the target company …… Nonetheless, the element of the shared common objective or purpose is he sine qua non for the relationship of "persons acing concert" to come into being…. In order to hold that a person is acting in concert with the acquirer or with another person it must be established that the two share the common intention of acquisition of shares of some target company."

In Triumph International Finance India Ltd. vs SEBI, the Hon'ble Tribunal has stated that, closed business association between two or more persons does not by itself make them person acting in concert

In Alliance Capital Mutual Fund vs SEBI the Hon'ble Tribunal has held that *"What is important is that they should have a common objective and that objective should be to acquire a substantial stake or control in the target company. Persons may acquire shares in a company with the object of making an investment to earn profits or they may acquire shares to have a substantial stake or control in that company. If the object is not to acquire a substantial stake or control, they would not be persons acting in concert with each other."*

xviii. In re**:** AIR 2004 SC 4219 Swedish Match AB and Anr. Vs Securities and Exchange Board of India – It is very important to identify the acquirer as some specific duties and obligation cast on the acquirer.

xix. I say that non-marking of shares as pledge by the Promoters was technical lapse on their part and does not alter or vitiate the name of nature of the transaction undertaken between the parties.

xx. I submit that I never intended to acquire any substantial shares / voting rights / control over the target company. This is evident from the fact that I never attended any general meetings of the company nor did I exercise any voting rights at the meeting of the shareholders.

Inani Marbles

xxi. It has been alleged in the SCN at para 32(i) that I have violated regulations 3, 4(2) (a), (b), (e) and (g) of the PFUTP Regulations for manipulating the price by buying / selling shares away from LTP / creating NHP / first trade to artificially raise the price of the scrip by indulging in self trades, manipulative synchronized trading etc.

xxii. I say that in the investigation report only top ten buyers and sellers are provided and that the total buy and sell volume of the alleged Brahmbhatt group entities is not provided. It is pertinent to mention that my name does not appear in the top ten buyers list.

xxiii. I say that the total buy volume of the alleged Brahmbhat group is not provided. As per the investigation report the sell volume of the alleged Brahmbhatt group is 123498 shares but no order log or trade logs are provided for same.

xxiv. The annexure VIII of Investigation Report for Inani marbles, provided is incomplete. It appears that the said report starts at page 31 of 43 and is provided up to page 35 of 43 only, rest of the said investigation report is missing. In the circumstances, the charges as levelled against us be dropped.

Some additional submission of Dipika Krushnakumar Brahmbhatt (Noticee No. 3) are as under;

i. I say that my connection with Mr. Tarun Brahmbhatt is based on a common address. Is say that Mr. Tarun Brahmbhatt is my brother-in-law and as we live in a joint family we share a common address.

ii. In Narendra Ganatra Vs SEBI Appeal No. 47 of 2011 the Hon'ble Securities Appellate Tribunal vide order dated 29/07/2011 has held that *"The fact that the appellant shares common address with his brother Nimesh Ganatra or has introduced Bhavesh Pabari to broker is not sufficient evidence to prove the charge of connivance in executing circular trades."*

iii. In Kapil Bhuptani Vs SEBI in Appeal No. 95 of 2013 the Hon'ble Securities Appellate Tribunal vide its order dated 10/10/2013 held that *"We reiterate once again that when it comes to synchronized trading, it is an accepted and by now well settled position that such*

trading in itself would not tantamount to any wrongdoing. It is objectionable only if it is illegitimate and is the outcome of a mischievous meeting of minds among certain parties which may with or without an element of mens rea as such." Hereto annexed and marked as Annexure 'B' is a copy of the said order.

iv. My volume in the scrip of Rajratan Global during the investigation period is 12,743 as buy and 12, 743 as sell side and net is zero.I say that I am not a buyer to any of the sell trade of Mr. Tarunkumar Brahmbhatt (Noticee No.1) as alleged. Admittedly I have not carried out any self trades and the same is not alleged. Also there is no allegation of reversal and circular trades against me.

v. I say that I have been wrongly bunched, lumped and clubbed with the purported group. My trading was independent and in the normal course of business. I had traded through my own funds and met with wall my obligations qua broker. I say that I have not carried out any synchronized trades as alleged.

vi. I say that my purported connection with Mr. Tarunkumar Brahmbhatt is established on the basis of common address. I say that he being my brother in law (my husband's younger brother) we were residing at the same house hence common address cannot be the ground to establish purported connection. It is pertinent to mention that my connection to any other entities of the purported group is not established.

vii. I say that as per Annexure V to the SCN my synchronized trades with Mr. Tarun Brahmbhatt (Noticee No.1) are only of 1500 shares. I say that the investigation was for a period of 152 days however I have traded on very few days. It is pertinent to mention that out of about 25000 shares only 1500 shares are alleged to be synchronized.

viii. The Noticee No. 8 and 9 had made their replies in similar lines as of Noticee No. 1 and 3 except for difference of their trading volume in the matter. Therefore, the same is not reproduced for sake of brevity. Some additional submissions of Krushnakumar Brahmbhatt are as under;

i) Agreement of pledge of shares between my brother Mr. Tarun Brahmbhatt and Mr. Jinesh Bhatt and the Promoters.
ii) Demat Instructions Slip of me, my brother and others reflecting return of shares to promoters.
iii) Settlement Agreement dated 23/08/2010 between my brother Mr. Tarun Brahmbatt, Mr. Jinesh Bhatt and the promoters.
iv) Letter dated 23/08/2010 by my brother – Mr. Tarun Brahmbhatt and Jignesh Bhatt.

ix. I submit that pursuant to the agreement, my brother (Noticee No.1) and Mr. Jignesh Bhatt (Noticee No. 2) were given authority to decide the names / accounts in which shares were to be transferred and accordingly the shares were transferred in the demat accounts. I clarify that the words 'Pledger' and 'Lender' are interchangeably used in the said 'Agreement of pledge of shares'. Essentially the privity appears to be that of borrower and lender which does not come within the sweep of Takeover Code.

Submissions of Jinesh Bhatt (Noticee No. 2)

i. I trade in share market and I am one of the investors and in the process, I buy and sell shares. Apart from trading in my personal name, I am the proprietor of M/s Shriti Enterprises and the same is also involved in trading / investment in shares.

ii. Shri Tarunkumar Brahmbhatt is known to me and is one of my old friends. Like me, he is also engaged in the business of trading / investment in shares. As I am in the business of trading and investment in shares in large volumes, I keep on receiving inputs from friend circle, business circle and /or people connected and / or associated with the stock market. During the course of normal business transactions, I got inputs from different sources concerning shares of Rajratan, Inani and Natura and I was informed that investments in these shares would reap exceedingly good returns and therefore in anticipation of getting sizable return on my investments, I purchased the above shares.

iii. So far as the shares of Velan are concerned, the promoters of the said company were in financial need and had approached me in that regard and I was to arrange finance against the shares of Velan and in the process, shares of Velan were transferred in my demat account as and by way of security. However, as further transactions did not materialise in as much as of raising funds on the basis of the shares of Velan being kept as security except 2,33,933 shares, the remaining shares were returned back to the promoters of Velan. As a matter of fact, I had entered into an agreement in this regard with the promoters of Velan.

iv. As far as 2,33,933 shares of the Velan are concerned, during the process of raising the funds for the company, miscellaneous expenses such as travelling expense/hotel expense etc. were borne by me and since the expenses incurred were not reimbursed, the shares were not returned back to the promoters. However, we are still negotiating to find out an amicable solution.

v. As per the transactions mentioned the total no. of share I receive are 4,75,000 shares. Whereas the total no. of shares I transferred are 3,99,800, so the difference is 75,200

shares. I would like to inform that the above mentioned 75,200 shares were sold by me for reimbursement of miscellaneous expenses such as travelling expense/ hotel expense etc. incurred during the process of raising the funds for the company for which we had a mutual understanding with the company.

vi. DP transaction statement of my account with A.C. Choksi Share Brokers Pvt. Ltd. Showing 2,00,000 shares received from the account of Mr. Muthukumara Ramalingam. DP transaction statement of my account with A.C. Choksi Share Brokers Pvt. Ltd. showing 75,000 shares received from the account of Mr. M.R. Gautham. DP transaction statement of my account with A.C. Choksi Share Brokers Pvt. Ltd. showing 2,49,800 shares returned to Mr. Muthukumara Ramalingam. Share Transfer Slip of A.C. Choksi Share Brokers Pvt. Ltd. showing 2,49,800 shares returned to Mr. Muthukumara Ramalingam. DP Transaction statement of my account with Religare Securities Ltd. showing 1,50,000 shares returned to Mr. Muthukumara Ramalingam. Share Transfer Slip of Religare Securities Ltd. showing 1,50,000 shares returned to Mr. Muthukumara Ramalingam. I have not committed the violation as alleged.

Submissions of Neha Bipin Raval (Noticee No. 4) The reply of Noticee No. 4 which are similar to that of Noticee No. 1, 3, 8 & 9 are not reproduced for sake of brevity, however, her additional contentions are produced hereunder;

i. My volume in the scrip of Rajratan Global during the investigation period is buy 32073 and sell 32073 share and net was zero. I say that I am not a buyer to any of the sell trade of Mr. Tarunkumar Brahmbhatt (Noticee No.1) as alleged. Admittedly I have not carried out any self trades and the same is not alleged, also there is no allegation of reversal and circular trades against me.

ii. I say that I have not carried out any synchronized trades as alleged. I say that as per Annexure V to the SCN my synchronized trades with Mr. Tarun Brahmbhatt (Noticee No.1) are only 100 shares. I say that as per the investigation report, I am a counter party to Mr. Tarun Brahmbhatt (Noticee No.1) for his buy trades for 476 shares and a counter party to Mr. Tarun Brahmbhatt (Noticee No.1) for his sell trades of 10 shares. My such alleged synchronized trade is insignificant and miniscule and no inference can be drawn from the same.

iii. My trades were in the ordinary course of trading / investment business. The findings are therefore de hors consideration of my personal trading / investment strategy and pattern. There is no concrete material to suggest that I acted in

collusion or in concert with anyone. I deny that my trades have resulted in creation of artificial volume in the said four scrips or misled anyone or artificially increased the price. I with respect do not accept the adverse inferences / conclusions against me as they do not have any substantive basis in law and are contrary to facts.

Submissions of Kiran Jain (Noticee No. 5)

i. I am a housewife and my husband Ramneek Jain executes all the trades in the stock market. During the year 2010-11, we have purchased 175 number of scrips in the share market. Also, during that period penny stocks were in trend because market had fallen a lot and retail investors like us thought that we will make multibagger returns in them. Unfortunately, we made losses in most scrips and are still holding quantities in many scrips after wiping off more than 80% of capital also. I am sure, you can make out that gullible investors like us have been taken for a ride by manipulative operators and have made losses holding the can.

ii. We denies any linkage with Tarunkumar Brahmbhatt in relation to this share transaction. We strongly denies linking in his Group as he has not done this share transaction with him. We have not involved in the manipulative trade practice by way of synchronized trading as pointed out in Point no.14 of page 7 of your letter. On 23rd April, we have put total sale order of 5000 shares and in your Annexure IV point no. 4.11.2 shows 2801 shares as synchronized trade whereas he has sold total 5000 shares on that date. We also don't have any account with other brokers.

iii. We had bought the stock through the price chart movements and / or through tips. We had suffered huge loss during that period. We had submitted the Balance Sheet copy of that year to your office on April 7, 2015.

Submissions of Janak Hasmukhlal Kapadia (Noticee No. 6)

i. We would like to state that we had opened an account in Ms Arch Finance for the purpose of buying and selling shares. For market inputs and information we had asked Mr. Tarun Brahmbhatt.

ii. Within a short time we stopped the trading as we were not satisfied. From the small transactions that we have done, your good offices would be able to judge that we cannot indulge in any type of market manipulations or price fixing. We therefore request you to relieve my name from this notice.

Subimissions of Krupa Bhaskar Rao (Noticee No.7) The reply of Noticee No. 7 which are similar to that of Noticee No. 1, 3, 8 & 9 are not reproduced for sake of brevity, however, his additional contentions are produced hereunder;

i. I say that my connection with Mr. Tarun Brahmbhatt is not based on any direct fact or trade. It is alleged that I am sharing a common address with Mr. Guruvachan Rao. However, I say that Mr. Guruvachan Rao is my father and therefore we reside in the same house. I further say that my father knowing Mr. Tarun Brahmbhatt per se does not mean anything and cannot in any way be considered to establish the charge of synchronized.

ii. My volume, compared to total market volume of 30,83,661 shares, in the scrip of Rajratan Global is 14,600 as buy side and 14,600 as sell side and net is zero.

iii. I say that as per the investigation report, I am not a counter party to Mr. Tarun Brahmbhatt (Noticee No.1) for his buy trades and that I am a counter party to Mr. Tarun Brahmbhatt (Noticee No.1) for his sell trades of 1000 shares. My such alleged synchronized trade is insignificant and miniscule and no inference can be drawn from the same.

iv. At para 10, page 6 of the SCN it is alleged that the purported Brahmbhatt group executed trades at price away from the LTP and the said group contributed to an overall increase in the price of the scrip by Rs. 769.25 through 17,942 trades. It is further alleged that the group had in 3376 sell trades, contributed to reduction in price of the scrip to the extent of Rs.633.5 and that overall the purported group had contributed to a net increase in price of scrip by 135.75 of the net price rise of Rs.163. However, my role has not been clarified in the alleged LTP variation.

v. In the circumstances, the charges as levelled against me be dropped and I be discharged. I therefore, request you not to hold any inquiry against me in terms of Rule 4 of SEBI in the interest of justice and equality.

29. During the pendency of instant proceedings, the Hon'ble Supreme Court of India vide judgment dated November 26, 2015 in the case of *SEBI vs. Roofit Industries Ltd*. held that Adjudicating Officer has no discretion in deciding quantum of penalty under Chapter VI A (except in u/s 15F (a) and 15HB of the SEBI Act). The issue involved in *Roofit* case was differently interpreted in case of *Sidharth Chaturvedi* (decided on March 14, 2016) and accordingly, the legal issue / matter was pending for Larger

Bench of Hon'ble Supreme Court of India. Meantime, as per "The Finance Act 2017" (Notified for Part VIII of Chapters VI came into effect from April 26, 2017) following has been *inter - alia* clarified in respect of adjudication under SEBI Act-

147. In section 15J of the principal Act, the following Explanation shall be inserted, namely:-

"Explanation- For the removal of the doubts, it is clarified that the power of an adjudicating officer to adjudge the quantum of penalty under section 15A to 15E and clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section."

30. Consequent to the clarity brought into by the Finance Act, 2017, vide communique dated May 24, 2017, all the Noticees were given an opportunity to submit additional reply if any, on or before June 07, 2017. They were also given a final opportunity of hearing scheduled on June 20, 2017, if they desire.

31. In respect to said communique, Noticee nos.1, 3, 8 and 9 vide their letter dated May 30, 2017 merely requested for postponement of hearing attributing reason that their authorized representative is out of country from June 05, 2017 to June 19, 2017 without adducing any evidence in their support. I do not accept such plea of the Noticees as it was clearly indicated in the said communique that the matter is pending since long and no further adjournment be granted beyond the aforesaid timelines. It was also clearly stated in the said communique that if no additional submissions / appearance is made by them, then, the case would be further proceeded with on the basis of submissions received on records. Also, if they were seriously intending to avail the final opportunity of making additional submission/hearing, then same could have been made by them within timelines. They could have very well submitted their additional reply if they wanted to do so and they could have appointed another person as their representative to attend hearing, which they failed to do so. It cannot be ignored that their said authorized representative was supposed to be in the country on the date of hearing i.e. June 20, 2017, however, still they sought adjournment of hearing without any appropriate reasons / without filing any further submissions.

32. I am of the view that the said scheduled time lines for making additional submission if, any, and if desired for the hearing, was the final opportunity, but they had failed to do so. Therefore, I am of the view that principle of natural justice has already been met in this case as they have already filed aforesaid replies towards the SCN and attended the hearing on June 08, 2015 wherein they have specifically stated that they do not want any further hearing in the matter. However, surprisingly, they are seeking postpone of hearing at this stage. Also, as stated above, after hearing on June 08, 2015, they have filed additional reply dated June 17, 2015. Therefore, I am of the opinion that the matter can be proceeded against them taking into account their reply / additional reply and submission made during the course of hearing on June 08, 2015.

33. In respect to the aforesaid communique dated May 24, 2017, a letter dated June 14, 2017 was received on behalf of the Noticee no. 2 stating that Noticee no. 2 had undergone a bypass surgery and it would not be possible for him to attend the scheduled hearing on June 20, 2017. It was also stated that Noticee No. 2 had already appeared for hearing on April 08, 2015 and submitted documents as required. The Noticee No. 2 had neither filed any additional reply nor desired hearing.

34. The said communique was affixed on June 15, 2017 at the last known address of the Noticee Nos. 4 & 6 as he same was returned undelivered by the postal department with remark ”left”. However, neither additional reply nor the appearance at the scheduled hearing was made by them. Further, the said communique dated May 24, 2017 was also served upon Noticee No. 7 through SPAD, however, neither additional reply nor the appearance at the scheduled hearing was made by him. In respect to the aforesaid communique dated May 24, 2017, the Noticee No. 5 vide letter dated June 20, 2017 stated that she has nothing to submit further as she has already submitted reply dated March 3, 2015.

35. I am of the view that sufficient opportunities / final opportunities have been given to all the Noticees and in fact the Noticee(s) had filed their replies towards the SCN and attended the hearing as indicated in above part of this order. The principle of natural justice have already been complied with in the matter at large extent. Therefore, I,

hereby proceed further in the matter taking into account the allegations, replies received from the Noticees and materials available on records.

CONSIDERATION OF ISSUES AND FINDINGS

36. The issues that arise for consideration in the present case are :

a) Whether the Noticee No.1 had manipulated the price / artificially raise the price of the scrip in Rajratan Global and Inani Marbles through buying / selling shares away from LTP / creating NHP / first trade, indulging into self-trades / synchronized trading, in violation of regulation 3, 4(2) (a), (b), (e) & (g) of the PFUTP Regulations? Whether he had failed to make public announcement upon acquisition of shares more than 15% in the scrip of Velan Hotels in violation of regulation 10 of the SAST Regulations and failed to make disclosures of change in his shareholding in Velan Hotel in violation of regulation 7(1) of the SAST Regulations?

b) Whether the Noticee No. 2 had indulged into manipulation of price in the scrip of Inani Marbles in violation of regulation 3, 4(2) (e) of the PFUTP Regulations? Whether he had failed to make public announcement upon acquisition of shares more than 15% in the scrip of Velan Hotels in violation of regulation 10 of the SAST Regulations and failed to make disclosures of change in his shareholding in Velan Hotel in violation of regulation 13 (1) & (3) of the PIT Regulations, regulation 7(1) of SAST Regulations.

c) Whether the Noticees No. 3 to 7 had indulged into manipulative synchronized trading with Noticee No.1 in the scrip of Rajratan Global in violation of regulation 3, 4(2) (a), (b), (e) & (g) of the PFUTP Regulations?

d) Whether the Noticees No. 8 and 9 had failed to make the public announcement upon acquisition of shares more than 15% as PAC with Noticee No. 1 & 2, in the scrip of Velan Hotels in violation of regulation 10 of the SAST Regulations.

e) If yes, then, does the violations, on the part of the respective Noticees attract monetary penalty under sections 15 A (b), 15H and 15HA of the SEBI Act?

f) If yes, then, what would be the monetary penalty that can be imposed upon the Noticees taking into consideration the factors mentioned in section 15J of the SEBI Act read with rule 5 (2) of the Adjudication Rules?

37. I have perused the entire records and observed that there are three kind of allegations in the present case i.e. manipulative trade practice / PFUTP violations, not making public announcement to acquire share and non-disclosure of acquisition / disposal of shares in terms of SAST Regulations and PIT Regulations.

38. Firstly, I am going to deal with alleged violation of PFUTP Regulations. It is noted from the records that the main allegation of PFUTP Regulations is against Noticee Nos.1 to 7 in the scrip of Rajratan Global and against Noticee Nos. 1-2 in the scrip of Inani Marbles Ltd. My observations towards the allegation of PFUTP Regulations against the Noticee(s) are as under.

In the Scrip of Rajrattan Global

39. It was alleged that Noticee Nos. 1 to 7 are forming a group namely Brahmbhatt group and they have dealt in the scrip of Rajratan Global by putting by orders away from the LTP and thereby contributed an increase in the price of scrip by ₹ 769.25 through 17,942 by trades. It was also alleged that the said group has also contributed a reduction in the price of scrip to the extent of ₹ 633.5 and thereby overall contribution to a net increase in the price of scrip was ₹ 135.75 of the net price rise of ₹ 163.

40. I have gone through the records i.e. investigation report, order trade log etc. and observed that the allegation of price rise by way of putting buy order at a price beyond LTP has been shown at Annexure IV of the SCN (at page no.8 of investigation report). I have carefully perused the annexure and observed that except Noticee No.1, all other Noticees i.e. No. 2 to 7 had very nominal first buy orders (i.e. from 0 to 5 for

Noticee Nos. 2, 3, 5, 6, 7 and 128 buy orders for Noticee No.4). It is noted that Noticee No.1 is the top client who placed first buy order beyond LTP i.e. 297 in numbers and 2676 number of first sell order. From the said annexure, it is noted that it is the only Noticee No.1 who was the major contributor towards the price increase / decrease in the scrip of Rajratan Global.

41. The available records or the allegation mainly describes the role of the Noticee No. 1 in price manipulation and no other evidence / sufficient trading details are there on records which can substantiate any manipulative trading by the Noticee No. 2-7. Moreover, in annexure IV of the SCN alleging synchronized trades, the counterparties towards the buy trade of Noticee No. 1 are namely- Noticee No. 3 (traded for 1500 shares), Noticee No. 4 (traded for 476 shares), Noticee No. 5 (traded for 2801 shares), Noticee No. 6 (traded for 420 shares), Noticee No. 8 (traded for 7787 shares) and Noticee No. 9 (traded for 1775 shares). In fact, no such trades of the Noticee No. 2 and 7 is shown therein. It is noted from the trading details of the Brahmabhatt group that the counter parties towards the buy transactions of Noticee No.1, had not been involved into voluminous numbers of shares, but, their trading are nominal. Likewise, no voluminous trades were observed from their side when they were the counter parties towards the sell transactions of Noticee No.1 and details of which are as under- Noticee No. 2 (traded 295 shares), Noticee No. 4 (traded for 10 share), Noticee No. 7 (traded 5733), Noticee No. 8 (traded 5659 shares), Noticee No. 9 (traded 2756 shares). No such trading details of the Noticee No. 3, 5 & 6 is shown therein.

42. Further, after perusing the order/trade logs enclosed with the SCN, it is observed that there are various other clients (apart from the said Brahambhatt group) who were the counterparties towards the buy/sell trades of the Noticee No. 1. Therefore, the trades were scattered in nature and not concentrated alone between entire Brahambhat Group (i.e. between Noticee No. 1-7). Therefore, in view the aforesaid observations, especially the miniscule quantity of shares traded by Noticee No. 2-7 as counter party towards Noticee No.1, it is found that except Noticee No. 1, the trades of Noticee No.

2-7 does not convey an impression beyond doubts about their indulgence into synchronized trading with manipulative intent.

43. It is also noted from the records / action approval by SEBI that except Noticee No.1, no allegation as such against other entities of the Brahmabhatt group as to executing trades beyond LTP or creating NHP through first order of the day or self trade etc. has been levelled. Therefore, I am of the view that except Noticee No.1, the allegation of price manipulation / synchronized trading against other Noticees viz. 2-7 in the scrip of Rajrattan Global does not stand established. I have observed from the records that the allegation of fraudulent trade practices viz. price manipulation of the scrip by way of executing trades beyond LTP, creating NHP through first order of the day, self-trade etc. has been levelled against Noticee No. 1 only and therefore, taking into account the trading volumes, the role of Noticee No.1 into price manipulation of the scrip, is being examined as under.

44. It was alleged that there were 14 instances where Noticee No.1 had executed the trades at a price difference of more than ₹ 20 than the LTP and on 22 days there was an involvement of new high price in 14 instances by the trade of Noticee No.1. It was also alleged that Noticee No.1 had executed first buy trade of the day in the scrip of Rajratan Global on 71 days and his first trade of the day were executed at a price higher than the LTP.

45. In respect to the allegation, the Noticee No.1 had contended that period of investigation was November 27, 2009 to July 08, 2010, however, he had executed trades only between February 22, 2010 to July 08, 2010; and for first three months he did not trade a single share; and the price of the scrip had already increased from ₹ 73/- to ₹ 170/-. He therefore, contended that he is not instrumental towards the price rise in the scrip and the alleged trades executed between the group is not significant.

46. I have perused Annexure IV of the SCN at page no.13 to 19 and observed that there were many trades executed which resulted into price rise in the scrip. The Noticee No.1 had accounted for the majority of trades (37.66%) to the market volume during

the period of investigation and he traded at prices above the LTP in 2,973 buy trades. It is observed from the records that on 71 days, the Noticee No. 1 was seen as the buying client in the first trade of the day and he had executed buy orders at prices higher than the LTP on 67 days. Further, records reveals that by executing first trades at higher than the LTP, the Noticee No. 1 has contributed to price rise to the extent of ₹ 466.45 in the scrip of Rajrattan Global.

47. At this juncture it is relevant to mention that the Hon'be Securities Appellate Tribunal in case of *Ketan Parekh Vs. SEBI* (Appeal No. 2 of 2004) decided on July 14, 2006 held that in order to find out whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism, will depend upon the intention of the parties which could be inferred from the attending circumstances of the cases, because direct evidence in such cases may not be available.

48. The intention of the Noticee No.1 to artificially raise the price of the scrip of Rajrattan Global, can be seen from the following examples / modus operandi used by him including the first day buy orders beyond the LTP etc.

49. It is noted from the records that on March 09, 2010, the Noticee No.1 placed first order of the day at the time 09:00:01 which was a buy order at a price of ₹ 203 (₹ 33.6 more than the previous day's closing price) for a quantity of one share. It is noted from the record that at that time, when Noticee No.1 placed this buy order, there were no pending sell orders in the scrip and a sell order was noted to have been placed only at time 09:00:02 at a rate of ₹ 175.5 for 25 shares. The counterparty in such trade was not from the said group. From this modus operandi, it can be seen that since there were no other buy orders at that time other than the buy order placed by Noticee No.1 at ₹ 203, which got matched with said sell order and ultimately the trade got executed at the price of ₹ 203 for one share. By this mechanism, the Noticee No.1 had increased the price of the scrip by ₹ 33.6 (203 i.e. buy price of Noticee No.1 - 175.5 i.e. previous closing price).

50. On April 23, 2010, there were a total of 2,587 trades accounting to 4,38,307 shares and the Noticee No. 1 (Tarunkumar) had bought 75,780 shares in 139 trades for a value of ₹ 1,79,36,044 and sold a total of 69,825 shares in 129 trades for ₹ 1,63,78,131. It was noted from the records that the previous day's close price was ₹ 227.35 and on April 23, 2010, the Noticee No. 1 had placed the first sell order for 3,799 shares at ₹ 255 at time 09:00:01 and immediately within a second i.e. at 09:00:02, he placed a buy order at ₹ 251 for 1,000 shares, which was ₹ 23.65 more than the previous day's close price. It cannot be ignored that at that point of time, only his sell order was pending at ₹ 255. It can be seen that despite knowing that his sell order is pending and placing of buy order in just next second, it clearly indicates that his intention was to manipulate the price of the scrip by way of such first placing of order which was having huge incomparable price difference from LTP.

51. Surprisingly, his such dubious trading activities did not stop there as he after said buy order at the rate ₹ 251, again placed another buy order at the rate of ₹ 251 for a further 1,000 shares and his sell order for the first trade was placed at 09:00:03 at ₹ 244 for 100 shares. It is observed that at the time when sell order was placed, there were only two pending buy orders and both of them were of Noticee No. 1 which were placed at ₹ 251 and immediately his first buy order got traded at rate of ₹ 251 for 100 shares at time 09:00:03. By this, his buy order for 1000 shares got traded for 250 shares till 09:00:05 and he deleted the balance quantity of 750 shares.

52. The available records reveals that from time 09:00:14 to 09:00:39 (within few second difference), he had sold 13,799 shares in 9 trades at price ₹ 229 to ₹ 230 and then, from 09:03:46 to 09:08:06, he had bought 8,876 shares in 15 trades at prices at ₹ 234. Surprisingly, it is also observed that from 09:12:06 to 09:15:03, he again sold 10000 shares in 8 trades at ₹ 237 and at 09:17:06, he bought 5000 shares in 5 trades at ₹ 239 to ₹ 239.25. From the above, it is established that his buy trades were at a price higher than his own succeeding sell trades and on this day he was seen to have been involved in bringing down the price of the scrip from ₹ 251 to ₹ 232.9. His

trading pattern (putting order of one share only) by placing frequent orders within a small gap of time (seconds) clearly portrays his intention to artificially manipulate the price of scrip.

53. It was observed that on May 13, 2010, there were 973 trades accounting for 38,457 shares of which the Noticee No. 1 was involved in 511 buy trades for 12,697 shares and had sold 11,835 shares in 64 trades. It is observed that on May 13, 2010, the first buy order was placed by another client at time 09:00:01 at the rate ₹184.95 for 150 shares. However, interestingly, the Noticee No. 1 had placed a buy order at time 09:00:02 at price ₹ 217 for 11 shares only and surprisingly, after this order, he had again placed another buy order at same time i.e. 09:00:02 for ₹ 259 for 800 shares. Undoubtedly, this order price was ₹ 42.9 higher than the previous day's close price of ₹ 216.1. Not only that, he had also placed two buy order at same time, but, two different buy price with enormous dereference from LTP. Here, I do not understand as to what prompted the Noticee No. 1 to buy merely 11 shares at such immensely high price as compared to LTP; especially, when no other sell orders were pending. Buying shares at such price away from LTP is certainly meant to inflate the price of the scrip.

54. Subsequent timing of his trading which are itself suspicious in nature are as under. From 09:00:00 to 09:03:53 he is seen as buying 955 shares at price ₹ 259 down to ₹ 220 and From 09:03:53 to 09:04:00 he is seen selling 500 shares at ₹ 222. Again, from 09:04:00 to 09:28:00 he was seen as buying 377 shares in 35 trades at rates ₹ 221 to 228 and sold 202 shares at ₹ 222 to ₹ 225 in 3 trades.

55. From the records, it is observed that on May 13, 2010, the Noticee No. 1 had bought 12,697 shares at ₹ 215 to Rs.259 valuing ₹ 28,24,804 and sold 11,835 at ₹ 216 to ₹ 225 for ₹ 25,77,144 (viz. placing of 445 orders of which 404 were buy order at the range of ₹ 173 to ₹ 259 and 41 sell orders ranging from ₹ 216.5 to ₹ 225).

56. Also, it is noted from the records / trading details that on April 23, 2010, the Noticee No. 1 at time 09:00:03 had bought 250 shares at price ₹ 251 in three trades (one

buy order) which was ₹ 23 more than the LTP. Further, on May 10, 2010, the top 5 pending sell orders were there in the range of ₹ 229 to ₹ 237.9 and despite there were a quantity of 550 shares available in the range of ₹ 229 to ₹ 234.9, the Noticee No. 1 had placed buy order for 500 shares at ₹ 240 which was much higher than the available sell orders. Certainly, executing such buy orders knowingly at the higher rate cannot be an ordinary exercise, but, is meant to manipulate the price of the scrip and ultimately by this buy order, the price of the shares in Rajrattan Global had arisen from ₹ 229 to ₹ 240.

57. Also, it is observed that the Noticee No. 1 at time 09:01:07 on June 03, 2010 had entered into a buy trade for 120 shares at price at ₹ 228 which was above LTP by ₹ 11.1 and did next trade at ₹ 249 which was above LTP by ₹ 21 despite the top 5 visible pending sell orders being in the range of ₹ 214.9 to ₹ 216.9 for a quantity of 25 shares. It is clear that by executing such trades beyond the LTP on June 03, 2010, the Noticee No. 1 had caused rise in the price of scrip by ₹ 31.1. Such trading details / instance of price manipulation shown in Annexure IV of the SCN has not been specifically disputed as such.

58. Therefore, from the aforesaid, I am of the view that executing first buy order of the day at much higher price than the LTP that too for small number of share viz. some times 1 share only, or executing buy orders much beyond the LTP, is certainly not a wise trading strategy in securities market as no one would like to purchase the shares for higher price, especially, when the same can be bought at much lesser price available. Certainly, such mechanism/pattern/practice artifice/ is manipulative with an intent to artificially raise the price of the scrip. Further, it cannot be ignored from the said examples that the Noticee No. 1 had entered into multiple buy orders beyond the LTP within a gap of a second only or within very short time, which is not the ordinary practice for any genuine trader except with some manipulative intent behind such trading. I have also observed from the trading details that Noticee No.1 had indulged into fictitious trade / self trades (wherein the buyer and the seller is the same person of the shares and no ownership of share are changed) for 7718 shares in 223 trades in 48 days. In view of the aforesaid observation / pattern / modus

operandi of the Noticee No.1, his plea/contention towards the allegation of PFUTP Regulations are not acceptable.

59. In the context of price manipulation, I would like to refer a judgment of the Hon'ble Securities Appellate Tribunal in case of *Systematix Shares & Stocks (India) Limited vs. SEBI (* Appeal No. 21 of 2012 decided on April 23, 2012) holding that -

Obviously, an attempt was made to inflate the share price by trading in single shares above the last traded price over a period of time. The adjudicating officer found that during the investigation period there was more buying interest in the scrip than that of selling which is revealed through the quantum of buy and sell orders. He has established that the trading in minimum number of shares per day was for the purpose of setting a new high price so that it would serve as the opening price in the next day and the process continued over a period of time. Considered in the background of the facts available in the case, the conduct of the appellant cannot be brushed aside as a normal and lawful market practice.

60. Therefore, taking into account the aforesaid observations, it is concluded that Noticee No.1 had indulged into creation of artificial price in the share of Rajratan Global by way of trading much beyond the LTP, executing first buy order of the day that too at the much inflated rate as compared to LTP and thereby creating a new high price in the scrip, executing fictitious trade / self trade. Accordingly, I am of the view that the Noticee No. 1 had violated regulation 3 and 4 (1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations and consequently is liable for penalty under section 15 HA of the SEBI Act.

In the scrip of Inani Marbles Ltd.

61. I respect of allegation that Noticee Nos. 1 and 2 had manipulated the price of the scrip, I have gone through the trading details / records and observed that there was mere allegation against the Noticee No.1 and 2, however, no such details are there on the record to show as to how they have manipulated the price of the scrip. It is not the case that the Noticee No. 1 and 2 had executed trades at a price beyond

LTP or they have executed first buy order of the dayin order to manipulate the price of the scrip. Therefore, in absence of any pattern or in absence of any evidence for price manipulation, mere allegation would not suffice to clutch the Noticee No. 1 and 2 for charge of price manipulation of the scrip.

62. Further, I have taken into account Annexure VIII of the SCN (relevant extracts of the Investigation Report in the scrip of Inani Marbles Ltd.) relied upon in support of the allegation and observed that at para 7.4, it has been clearly mentioned as *"in view of the above, the role of clients of Brahmabhatt group, in manipulating the scrip could not be established beyond doubt"*.

63. In view of lack of evidence / modalities as to how the price of the scrip was manipulated and the aforesaid observation of para 7.4 of the Investigation Report, I am of the view that the charge of price manipulation against Noticee No. 1 and 2 does not stand established.

In the scrip of Velan Hotels Ltd.

Allegation in respect of failure to make public announcement under SAST Regulations.

64. It was alleged that there was off market transfers of 14,50,000 shares from promoters i.e. Mr. Muthukumara Ramlingam and Mr. M. R. Gautam of the Velan Hotels in favour of Brahmbhatt Group viz. Noticee No. 1, 2, 8 and 9 {being the Person Acting in Concert (PAC)}. On January 11, 2010, the Noticees No. 1, 2, 8 & 9 being PAC, were holding 12,99,949 shares which accounted to 16.77% of the total shareholding in the scrip of Velan Hotels. It was alleged that upon such acquisition of shares which were more than 15% shareholding in the scrip, no public announcement was made by them as required under regulation 10 of SAST Regulations.

Examination of allegations

65. It is observed that as per regulation 10 read with regulation 14 of the SAST Regulations, if a person desire to acquire any shares (taken together the shares or voting rights already held by himself or along with person acting in concert with him) which entitles him to exercise 15% or more of the shares or voting rights of the Company, then, before such acquisition, he is required to make a public announcement of said proposed acquisition, within a period of 4 working days from the date of deciding to acquire shares / voting rights or from the date of entering into an agreement for acquisition of shares / voting rights. There can be two exception to such requirement viz. exemption granted to the acquirer under the regulation 3 & 4 of the SAST Regulation, or the acquisition of such shares does not have any voting rights i.e. shares are pledged only.

66. The fact of percentage of acquisition of aforesaid shares / shareholding is not in dispute materially by the Noticee No. 1, 2, 8 & 9 as such. Their main contention is that the promoters i.e. Mr. M.R. Gautam and Mr. Muthukumaran Ramalingam who were working on a shopping mall project, were in need of some finance and therefore, they approached Noticee No. 1 and 2 and accordingly, the said promoters executed an agreement for 'pledge' of shares with Noticee No. 1 and 2 as security towards the finance to be raised. It is contended by the Noticee(s) that pursuant to the said agreement, 13,60,000 shares were transferred in off-market by said promoters to Noticee No. 1, 2,8 and 9, however, due to diverse reasons, the required funds could not be arranged and therefore 4,25, 166 shares were returned to them from account of Noticee No. 1 and 9. Further, the Noticee No. 1, 2, 8 and 9 , contended that they cannot even be called and treated as deemed PAC as the said definition does not include that entities residing in the same house or friends / acquaintances as deemed PACs. In support, they also relied upon case laws of *Daiichi Sankyo Company Ltd, Triumph International Finance India Ltd. Alliance Capital Mutual Fund and Swedish Match* as indicated in their reply and therefore, contended that they are not liable to make any public announcement under regulation 10 of the SAST Regulations.

67. As observed from the above that Noticee Nos. 1, 2, 8 and 9 are connected to each other and admittedly, the Noticee No.1 is the brother of Noticee No. 8 and is husband of Noticee No. 9. Admittedly, the Noticee No. 1 is a good friend of Noticee No. 2. I have carefully perused the SAST provisions and aforesaid judgments relied upon by the Noticee(s) in respect of PAC, and observed that in order to attract the concept of PAC for acquisition of shares, there must be a common objective amongst such persons to acquire substantial shares in the target company. However, before going to examine whether they (Noticees) were having a common objective or not to acquire shares, it would be appropriate first to mention the provisions / manner regarding creation of pledge of shares as stipulated under the Depositories Act, 1996 and the SEBI (Depositories and Participants) Regulations, 1996 (**DP Regulations**) as the instant acquisition of more than 15% shares as alleged, is contended by the Noticees to have been received through 'pledge of shares' only.

68. The issue involved here is that whether said acquisition of 16.77% of shares / voting rights by the Noticee No. 1,2,8,&9 are resultant of valid pledge only to exempt them from the obligation of making public announcement. I have gone through the provisions of laws relating to the 'pledge' and observed that section 12 of the Depositories Act, 1996 and regulation 58 of the DP Regulations, mandates the detailed procedure / manner for creation of pledge or hypothecation. By virtue of aforesaid provisions, if the shares are so pledged, then an entry of said pledge is required to be recorded with the Depositories where the shares are kept in dematerialized form. Such entry in the records of the Depository shall be an evidence of a pledge.

69. A brief of procedure for creation of pledge is that the pledger / beneficial owner has to make an application to the depository through the participant and the participant after making a note in its records of the notice of pledge, forward the application to the depository. The depository after confirmation from the pledgee that the securities are available for pledge with the pledger, shall within 15 days of receipt of the application, creates and records the pledge and send an intimation of the same to the participants of the pledger and the pledgee. On receipt of the intimation the participants of both

the pledger and the pledgee shall inform the pledger and the pledgee respectively of the entry of creation of the pledge. An entry in the records of a depository shall be evidence of a pledge.

70. It is relevant to mention that if a precise requirement is prescribed under a special law (securities laws) for a particular segment of contract /pledge etc., then the same must be followed in the fashion as mandated under special law to accord it sanctity/validity. That means, if there is any agreement of pledge between the parties, then, same needs to be followed in the manner as mentioned in the said Act / Regulations etc. If the same is not followed in such manner, then, it would not amount as valid pledge under securities laws as further disposal of such shares can be possible which in fact, is not the intention behind such provision / pledge. However, in the present case, the said mandatory requirement / procedure for pledge is not followed and consequently it remained as valid pledge or in other words, there is no pledge as such for the said shares.

71. It is material to highlight that in the pledgee is having the shares pledged with him as security only, and he does not have the voting rights attached thereto or he (pledgee) cannot further transfer/sale shares unless the pledge is invoked. In the instant case, upon such acquisition of shares, the said Noticee(s) became the beneficial owners over said shares as there was no encumbrances / pledge recorded for those shares. Apparently, if the shares is not so recorded as 'pledged' then, such shares carries ownership / voting rights as per Depository records, and same can be further disposed off, which in fact was so disposed of by the Noticee(s) in this case. The fact that the Noticee(s) had further disposed of these shares are also corroborated from the de-mat records as well as indicated at para 5 of their so called another agreement dated August 23, 2010 entered into between Noticee No. 1 and 2 with promoters of Velan Hotels. The so called another agreement clearly states - "*Hence, the Lendor agrees explicitly and unconditionally that any liability / penalty that may arise from the regulator in violation of the pledge agreement shall be solely borne by the Lendor*". For clarity the term 'lendor' refer above related to Noticee No. 1 and 2.

72. The Noticee(s) provided copy of so called pledge agreement, copy of De-mat statement showing the transfer of said shares. It is noted from the de-mat statement that creation of pledge of said shares is not indicated at all therein. No authentic proof has been provided by the Noticee(s) to show that the shares so transferred in to their account were by virtue of pledge. Moreover, in their subsequent reply dated June 17, 2015, it was categorically admitted that the promoters had not marked as "pledge" on the shares transferred into their account.

73. It is also surprisingly noted that the document which the Noticee(s) had provided in support of their defence i.e. a copy of Delivery Instruction Slip (DIS) showing an entry of 'collateral' or 'loan return', but, such entry of collateral' or 'loan return' has not been indicated into the de-mat statement provided by the Depositories. I am of the opinion that had it been a pledge or loan return, then the same entry should have been mentioned in the Depositories statement as well which is not the case here.

74. The Noticee No. 1,2,8 and 9 also contended that not marking of 'pledge' is a technical lapse by the Promoters which cannot change the nature of transaction / pledge took place. I do not agree with the submission of the Noticee(s) in light of aforesaid observations. Further, had it been really a pledge, then same should have been recorded with the Depositories as stipulated under DP Regulations.

75. As I have already examined above that the mere entering into pledge agreement without further complying with the well settled procedure / legal norms in respect of pledge under securities laws, does not create any sanctity of a valid pledge, therefore, I am of the view that if the core requirement for the creation of pledge is not followed, then, there is no meaning of 'pledge' even if the same is entered into in a written agreement by the parties (pledgor and pledgee).

76. Further, it is noted that the plea of making so called pledge does not sounds correct as the 4,75,000 shares were transferred from promoters to the Noticee(s) on 14th , 24th, 26th November 2009 and 16th December 2009 which was much earlier, whereas the so called pledge agreement was entered into between them much after i.e. only

on 19th December 2009. Also, it is noted that cheques as indicated in the said agreement were dated 15th & 27th January and 2nd & 10th February 2010 only and the shares have been transferred much earlier since November 14, 2009 to January 11, 2010. It is difficult to understand as to how the shares having worth of crores of rupees have been transferred to the Noticee(s) by the promoters without getting any money at all (as stated by Noticees that they could not arrange funds), rather it suggests that actually there was no pledge as such on these shares.

77. Also, it is noted from the said another agreement dated August 23, 2010 entered into between same parties (viz. Noticee No. 1 and 2 with promoters of Velan Hotels) wherein it was clearly indicated that lendors (viz. Noticee No. 1&2) accepts to return entire pledged shares to the Pledgor (promoters) whereas in the present case they replied that some shares (4, 25, 266 shares) were kept for expenses incurred during the financing procees which appear to be contradictory.

78. Now, I am dealing with the issue of common objective in acquiring the shares. The common objective for acquiring shares is apparent in the case as they (Noticee No. 1,2,8, and 9) are related to each other and their so called pledge agreement was entered into jointly by the Noticee No. 1 and 2 with promoters. Accordingly, the shares have been transferred admittedly into account of Noticee No. 1 & 2 and into account of Noticee No. 8 and 9 who are the brother and wife respectively of the Notice No. 1. By virtue of transfer of shares into account of Noticee No. 8 and 9, this makes clear that they were aware of the purpose for which they are getting shares into their account. Further, it is not the case of Noticee No. 8 & 9 that they received shares from the promoters of Velan Hotel in other capacity. Moreover, it is clearly admitted by the Noticee No. 8 that pursuant to the agreement, his brother (Noticee No.1) and Mr. Jignesh Bhatt (Noticee No. 2) were given authority to decide the names / accounts in which shares were to be transferred and accordingly the shares were transferred in our demat accounts. Further, from nature of transferring shares into account of Noticee No. 1, 2, 8 and 9 by the promoters from 14th November 2009 to January 11, 2010 and subsequent disposal of shares from their account to said promoters, itself clearly indicates their common knowledge / objective.

79. Also, the replies of the Noticee(s) clearly indicates that they were well aware of the transactions being entered into for acquiring such shares. Certainly, upon getting the shares with their common objective/knowledge, they (Noticee No 1, 2, 8, and 9) are PAC in terms of said SAST Regulation and within ambit of aforesaid case laws.

80. From the foregoing, it is established that upon acquisition of aforesaid 16.775 of shares / voting rights of the Velan Hotels by the Noticee No. 1, 2 8 & 9 from aforesaid promoters (which were not resultant of pledge as required under laws), the Notice No. 1, 2, 8 and 9 failed to make the public announcement to acquire shares as required under regulation 10 of the SAST Regulations. The above said non compliance by the Noticee is certainly a violation of regulation 10 read with regulation 14 of the SAST Regulation and consequently are liable for penalty under section 15 H (ii) of the SEBI Act.

Allegation in respect of failure to make disclosures upon change of shareholding in term of PIT Regulations and SAST Regulations.

81. It was also alleged that duruing the same period, the Noticee No. 2 had acquired 5.34% shares of the Velan Hotels and his holdings crossed 5% on November 26, 2009. As per regulation 13(1) of PIT Regulations and regulation 7(1) of SAST Regulations, the Noticee No. 2 was required to make disclosure to the Company / Velan Hotels and to the Stock Exchange where shares of the target company are listed, which he allegedly failed to make such disclosures. Further, during the period December 2009 to March 2010, the shareholding of Noticee No. 2 had come down from 5.34% to 0.17% (i.e. change was more than 2% on March 17, 2010) and as per regulation 13 (3) of PIT Regulations, Noticee No. 2 was required to make disclosures to the Company / Velan Hotels which he had allegedly failed to disclose the same.

82. It was also alleged that during December 2009, as the Noticee No. 1 (0.28%) who was having combined holding with Noticee No. 2 (5.34%) as PAC which was more than 5% shareholding in the scrip, the Noticee No.1 was also required to make

disclosure as per 7 (1) of SAST Regulations, which he had allegedly failed to disclose the same.

83. It is observed from the reply of the Noticee No. 2 and from the records of the case / de-mat statements that the Noticee No. 2 had acquired 5.34% shares of the Velan Hotels and his holdings crossed 5% on November 26, 2009. On November 26, 2009 (triggered date), the Noticee No. 2 acquired 1,00,000 shares from Mr. M R Gautam and thereby his shareholding in the scrip of Velan Hotel increased more than 5%. As per regulation 13(1) of PIT Regulations and regulation 7(1) read with regulation 7 (2) of SAST Regulations, if any acquirer, who acquires shares or voting rights which (taken together with shares or voting rights, if any, held by him) would entitle him to more than 5% shares or voting rights in a company, in any manner whatsoever, then, he shall disclose within a period of 2 days from date of acquisition, the aggregate of his shareholding or voting rights to the company and to the stock exchanges where shares of the target company are listed.

84. Further, it is also observed from the de-mat statement / records of the case that during December 2009 to March 2010, the shareholding of Noticee No. 2 had come down from 5.34% to 0.17% (i.e. change of more than 2% on March 17, 2010 when he disposed of 2,49,800 shares) and as per regulation 13 (3) read with 13 (5) of the PIT Regulations, if any person who holds more than 5% shares for voting rights in any listed company, shall disclose to the company the change in shareholding or voting rights, if there has been a change exceeding 2% of total shareholding or voting rights.

85. As no proof has been provided by the Noticee No. 2 of making any disclosures in respect of acquisition / disposal of said shares, therefore, taking into account the records of the case / demat statements and also considering the observations made by me in pre paras refuting the plea of ‘pledge of shares’, I am of the opinion that Noticee No. 2 had failed to make the disclosures to the Company and to the stock exchange upon acquisition of more than 5% of shareholding in Velan Hotel and accordingly had violated regulation 13(1) of PIT Regulations and regulation 7(1) of SAST Regulations; and had failed to make the disclosures to the Company upon

change of shareholding exceeding 2% and accordingly had violated regulation 13(3) read with 13 (5) of the PIT Regulations. Consequently, the Noticee No. 2 is liable for penalty under section 15 A (b) of the SEBI Act.

86. It is observed from the reply of the Noticee No. 1 and from the records of the case / de-mat statements, that the Noticee No. 1 (0.28%shareholding) who was having combined holding with Noticee No. 2 (5.34%) as PAC which was more than 5% shareholding in the scrip, the Noticee No.1 was also required to make disclosure as per 7 (1) of SAST Regulations. It has been established in pre paras that Noticee No. 1 and 2 with common objective, had acquired shares from the promoters of Velan Hotels, and thereby his shareholding with Noticee No. 2 as PAC resulted into increase of 5.34% in the Company. I am of the opinion that Noticee No. 1 had failed to make the disclosures to the Company and to the stock exchange upon acquisition of more than 5% of shareholding in Velan Hotel and accordingly had violated regulation 7(1) of SAST Regulations and consequently is liable for penalty under section 15 A (b) of the SEBI Act.

ISSUE - Does the violations, on the part of the respective Noticee(s) attract monetary penalty under sections 15 A (b), 15H and 15HA of the SEBI Act? If yes, then, what would be the monetary penalty that can be imposed upon the Noticee(s) taking into consideration the factors mentioned in section 15J of the SEBI Act read with rule 5 (2) of the Adjudication Rules?

87. As it has been established that the Noticee No. 1 had indulged into fraudulent and unfair trade practice which are serious in nature and violated the provision of regulation 3 and 4 (1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations, therefore, penalty under section 15HA of the SEBI Act is warranted against him for such violations.

88. It has also been established above that the Noticee No. 1, 2, 8 and 9 had failed to make the public announcement in terms of regulation 10 read with 14 of the SAST Regulations, therefore, penalty under section 15H (ii) of the SEBI Act is warranted

against them. Further, it has been established that the Noticee No. 1 and 2 had also failed to the make required disclosures under regulation 13 (1), 13 (3) read with 13 (5) of the PIT Regulations and 7 (1) read with 7(2) of the SAST Regulations, therefore, penalty under section 15A (b) of the SEBI Act is warranted against them.

89. The aforesaid provisions of Section 15A (b), 15 H (ii) and 15HA of the SEBI Act are produced hereunder;

15A. If any person, who is required under this Act or any rules or regulations made thereunder,—
(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations, he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less;

15H.Penalty for non-disclosure of acquisition of shares and takeovers.-
If any person, who is required under this Act or any rules or regulations made thereunder, fails to,-
(i) disclose the aggregate of his shareholding in the body corporate before he acquires any shares of that body corporate; or
(ii) make a public announcement to acquire shares at a minimum price;
(iii) make a public offer by sending letter of offer to the shareholders of the concerned company; or
(iv) make payment of consideration to the shareholders who sold their shares pursuant to letter of offer.
he shall be liable to a penalty twenty-five crore rupees or three times the amount of profits made out of such failure, whichever is higher.

15HA. Penalty for fraudulent and unfair trade practices.
If any person indulges in fraudulent and unfair trade practices relating to securities, he shall be liable to a penalty of twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.

90. While determining the quantum of penalty under sections 15A (b),15 H and 15HA of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act read with rule 5 (2) of the Adjudication Rules, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely:-

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;
(b) the amount of loss caused to an investor or group of investors as a result of the default;
(c) the repetitive nature of the default."

91. Available records does not indicate specific disproportionate gains or unfair advantage made by the Noticee(s) or the specific loss suffered by the investors due to such non disclosures is on records; and no repetition of the default by the Noticee(s) is shown on records. However, as observed above, the Noticee No. 1 had indulged into artificial price manipulation in the scrip of Rajrattan Global on many days which is substantial in nature. Such fraudulent practice of the Noticee No. 1 is certainly in nature of eroding the confidence of investors dealing in securities and also negatively affects the smooth function of the securities market. Such manipulative exercise of the Noticee No. 1 must be viewed seriously.

92. Besides, it is also relevant to refer the importance of timely disclosures of acquisition of shares and public announcement to acquire the shares such disclosures. The main objective of the SAST Regulations or PIT Regulations is to afford fair treatment for shareholders who are affected by the change in control. The Regulations seeks to achieve fair treatment by *inter alia* mandating disclosure of timely and adequate information to enable shareholders to make an informed decision and ensuring that there is a fair and informed market in the shares of companies affected by such change in control. Correct and timely disclosures are also an essential part of the proper functioning of the securities market and failure to do so results in preventing investors from taking well informed decision.

93. It is relevant here to mention the judgment of the Hon'ble SAT in case of *Millan Mahendra Securities Pvt. Ltd. vs. SEBI (Appeal No. 66/2003 decided on November 15, 2006)* wherein it was observed that *the purpose of the SAST Regulation is to bring about transparency in the transactions and assist the regulator to effectively monitor the transactions in the market, and therefore, it cannot be subscribed to the view that the violations are technical in nature.*

94. I have also noted that provisions of PIT Regulations and SAST Regulations in respect of disclosures requirement as established in this case, are corollary in nature. Considering the facts and circumstance of the case, I am of the view that a justifiable penalty needs to be imposed upon the Noticee(s) to meet the ends of justice for violation of aforesaid provision of PFUTP Regulations, SAST Regulations and PIT Regulations.

ORDER

95. After taking into consideration all the aforesaid facts / circumstances of the case, in exercise of the powers conferred upon me under section 15 I of the SEBI Act and rule 5 of the Adjudication Rules, I hereby impose penalty upon the Noticee No. 1, 2, 8 and 9 as shown in table below;

Name of the Noticee	**Amount of Penalty / Provisions of Laws Violated**	**Penalty Provision under SEBI Act,1992**
Mr. Tarunkumar Brahambhatt (Noticee No. 1)	₹ 15,00,000/- (Rupees Fifteen Lakh only) for violation of regulation 3, 4 (2) (a), (b) (e) & (g) of the PFUTP Regulations.	Section 15HA of the SEBI Act
Mr. Tarunkumar Brahambhatt (Noticee No. 1) Mr. Jinesh Bhatt (Noticee No. 2) Mr. Krishankumar Brahambhatt (Noticee No. 8) Ms. Prarthana Brahambhatt (Noticee No. 9)	₹ 25,00,000/- (Rupees Twenty Five Lakh only) for violation of regulation 10 read with 14 of the SAST Regulations. The Noticee No. 1, 2, 8 and 9 shall be liable to pay the said penalty jointly and severally.	Section 15H (ii) of the SEBI Act
Mr. Jinesh Bhatt (Noticee No. 2) Mr. Tarunkumar Brahambhatt (Noticee No. 1)	₹ 6,00,000/- (Rupees Six Lakh only) for violation of regulation 13 (1) of the PIT Regulations and regulation 7 (1) of the SAST Regulations. The Noticee No. 1 and 2, shall be liable to pay the said penalty jointly and severally.	Section 15 A (b) of the SEBI Act

Mr. Jinesh Bhatt (Noticee No. 2)	₹ 4,00,000/- (Rupees Four Lakh only) for violation of regulation 13 (3) read with 13 (5) of the PIT Regulations.	Section 15 A (b) of the SEBI Act

96. I am of the view that the said penalty would commensurate with the violations committed by the Noticee namely- Mr. Tarunkumar Brahambhatt (Noticee No. 1), Mr. Jinesh Bhatt (Noticee No. 2), Mr. Krishankumar Brahambhatt (Noticee No. 8) and Ms. Prarthana Brahambhatt (Noticee No. 9).

97. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order either by way of Demand Draft in favour of "SEBI - Penalties Remittable to Government of India", payable at Mumbai, OR through e-payment facility into Bank Account the details of which are given below;

Account No. for remittance of penalties levied by Adjudication Officer	
Bank Name	State Bank of India
Branch	Bandra-Kurla Complex
RTGS Code	SBIN0004380
Beneficiary Name	SEBI – Penalties Remittable To Government of India
Beneficiary A/c No.	31465271959

98. The Noticees shall forward said Demand Draft or the details / confirmation of penalty so paid through e-payment to the Chief General Manager of Enforcement Department of SEBI. The Format for forwarding details / confirmations of e-payments shall be made in the following tabulated form (as provided in SEBI Circular No. SEBI/HO/GSD/T&A/CIR/P/2017/42 dated May 16, 2017) and details of such payment shall be intimated at e-mail ID- tad@sebi.gov.in

Date	Department of SEBI	Name of Intermediary/ Other Entities	Type of Intermediary	SEBI Registration Number (if any	PAN	Amount (in ₹)	Purpose of Payment (including the period for which payment was made e.g.	Bank name and Account number from which	UTR No

							quarterly, annually	payment is remitted	

99. In terms of rule 6 of the Adjudication Rules, copies of this order are sent to the Noticees and also to the SEBI.

Date: July 12, 2017 **(RACHNA ANAND)**

Place: Mumbai **GENERAL MANAGER &**

ADJUDICATING OFFICER