

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
[ADJUDICATION ORDER Ref. No. ORDER/NH/RJ/2024-25/31232-31234]

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

In respect of:

Sl. No.	Name of Noticee	PAN
1.	Mr. Vijay Pujara	AGXPP5209R
2.	Mr. Ajay Pujara	APLPP9651E
3.	Mr. Natvarbhai Vegda	ALBPV4522G

*(The Noticees are individually referred to by their respective Noticee No. as mentioned above and collectively referred to as '**Noticees**')*

In the matter of trading activities of certain entities in the scrip of Kavit Industries Limited

A. BACKGROUND

1. Kavit Industries Limited (hereinafter referred to as '**KIL**'/ '**company**') is a public company whose shares are listed at Bombay Stock Exchange.
2. It was observed that the price of the scrip of KIL had increased from Rs. 44 (open price) on August 01, 2019 to Rs. 93.80 (close price) on December 23, 2019 wherein the open to close price variation in the said scrip was 113.2%. Accordingly, an investigation has been carried out by the Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') with respect to the trading activities in the scrip of KIL to ascertain whether there was any violation of the provisions of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**') and the SEBI (Prohibition of Fraudulent

and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (hereinafter referred to as '**PFUTP Regulations**').

3. The investigation period was considered from August 01, 2019 to December 23, 2019 (hereinafter referred to as '**Investigation Period**'/'**IP**').
4. Pursuant to the investigation, it is alleged that Mr. Vijay Pujara (hereinafter referred to as '**Noticee No. 1**'), Mr. Ajay Pujara (hereinafter referred to as '**Noticee No. 2**') and Mr. Natvarbhai Vegda (hereinafter referred to as '**Noticee No. 3**') were operating the accounts of 20 entities and were responsible for creating artificial volume through synchronized trades, circular trades and reversal trades in the scrip of KIL. Accordingly, Noticees are alleged to have generated a false and misleading appearance of trading in the scrip of KIL. In this context, Noticees are alleged to have violated Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of the PFUTP Regulations.

B. APPOINTMENT OF ADJUDICATING OFFICER

5. The undersigned was appointed as the Adjudicating Officer (hereinafter referred to as '**AO**') vide communique dated February 22, 2024 under Section 19 read with Section 15-I of Securities and Exchange Board of India, 1992 (hereinafter referred to as '**SEBI Act**') and under Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and adjudge under Section 15HA of the SEBI Act for the alleged violations committed by Noticees as mentioned above.

C. SHOW CAUSE NOTICE, REPLY AND HEARING

6. Show Cause Notice (hereinafter referred to as '**SCN**') bearing No. SEBI/HO/EAD2/NH/RJ/2024/15379 dated April 26, 2024, was issued to the Noticees under Rule 4 of Adjudication Rules to show cause as to why an inquiry

should not be held and penalty be not imposed against the Noticees under Section 15HA of SEBI Act for the aforesaid alleged violations.

7. The SCN dated April 26, 2024, *inter alia*, alleged the following:

“ ...

- 7.1. *In the IR, it is alleged that the group of 20 front entities carried out intra-day trades in the scrip of KIL and generated an artificial volume of 13,04,108 shares accounting for 24.41% of the total market volume by executing synchronized trades, circular trades and reversal trades.*
- 7.2. *It is alleged that Noticees have, inter alia, operated the trading accounts of the 20 front entities for trading in the scrip of KIL during the IP, based on the following:*
 - 7.2.1. *The mobile numbers of the front entities (except for few mobile numbers) given to the stock brokers belonged to third party as per CAFs / subscriber details provided by TSPs.*
 - 7.2.2. *The mobile number used by Noticee No. 3 was used as contact number of six front entities with the respective stock brokers.*
 - 7.2.3. *Cash deposits / IMPS transfers by Noticees were observed in the bank statements of the 20 front entities. Before receiving the cash deposits / IMPS transfers, the front entities were having bare minimum balance.*
 - 7.2.4. *The cash deposits were immediately transferred to the stock brokers of the front entities.*
 - 7.2.5. *Summons issued to these entities on two/ three occasions were delivered to only seven front entities. The Summons to the remaining 13 front entities could not be delivered even after sending it through BSE. Out of the entities to whom Summons were delivered, only one front entity namely, Dinesh Avadheshsingh Thakur responded.*
 - 7.2.6. *As confirmed by the front entity, Dinesh Avadheshsingh Thakur, it was observed that his trading and bank accounts were opened and operated by Noticees. He has further stated that he used to receive Rs. 2000/- in cash per month for letting Noticees use his accounts. He further stated that he*

used to receive cheque book every 2-3 months and Noticee No. 3 used to take his signature on all the cheques and keep the cheque book with him.

- 7.2.7. *The buy/ sell orders of the front entities in the scrip of KIL were placed online. Further, Noticee No. 1 had also placed orders online. It has been observed that the MAC IDs used for placing the orders of some front entities matched with the MAC IDs used by Noticee No. 1 for placing his orders. Noticee No. 1 confirmed that the orders for his trades were placed by him only.*
- 7.2.8. *Noticee No. 1 was doing financing business and also confirmed that all the front entities were his financing clients (except for one entity namely, Vijay Ishvarbhai Chauhan). Noticee No. 1 stated that he has heard the name “Vijay Ishvarbhai Chauhan” but could not confirm if he had lent money to him as he has lost two registers containing details of clients.*
- 7.2.9. *Noticee No. 1 stated that he had introduced around 5-6 clients to a stock broker but he doesn’t remember whether those clients are a part of 20 front entities. Further, he stated that he had introduced 5-6 clients to his brother, Noticee No. 2. It was also observed that Noticee No. 2 had introduced seven front entities (who are part of group of 20 front entities) to a stock broker. Noticee No. 2 also deposited cash in the bank accounts of two front entities on the instructions of Noticee No. 1.*
- 7.2.10. *Noticee No. 3 approached the front entities, identified front entities by checking their Aadhaar and PAN cards, collected their documents, collected blank cheques, helped in opening bank accounts/ trading accounts, deposited cash in the bank accounts of front entities.*
- 7.2.11. *The trading accounts of all these entities, through which they had traded in the scrip of KIL, were newly opened just before the initiation of trading in the scrip.*
- 7.3. *Accordingly, it is alleged that the Noticees have used and operated the trading accounts of the said 20 front entities during IP to create artificial volume in the scrip of KIL. In this regard, the Noticees are alleged to have generated a false and misleading appearance of trading in the scrip of KIL. Therefore, the Noticees are alleged to have violated Sections 12A(a), (b), (c) of the SEBI Act,*

1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a), 4(2)(n) of PFUTP Regulations. ...”

8. The Noticees were advised to submit their replies to SCN within 14 days from the date of receipt of the SCN.

Service of SCN, Reply and Hearing for Noticee No. 1

9. The SCN along with annexures was served upon the Noticee No. 1 in the following manner as tabulated below:

Table 1

Sr. No.	Mode of Delivery	Addresses/ Email ids	Remarks
Noticee No. 1	Through SPAD	E...61	Delivered on May 02, 2024. Signed AD card available on record.
		7...63	Delivered on May 02, 2024 as per consignment details tracked online
	Through email	v...7@gmail.com	Digitally signed SCN was duly delivered on April 26, 2024.
		v...a@rediffmail.com	
		g...1@gmail.com	
		k...e@gmail.com	
		v...n@gmail.com	

10. The Noticee No. 1 failed to submit his reply to the SCN within the stipulated time period. Thereafter, an opportunity for personal hearing was granted to the Noticee No. 1 on June 05, 2024, vide hearing notice dated May 17, 2024. Further, the Noticee No. 1 was advised to submit his reply to the SCN by May 29, 2024. The hearing notice dated May 17, 2024 was duly served upon the Noticee No. 1 through SPAD and email.

11. After the issuance of the hearing notice dated May 17, 2024, the following is the sequence of events:

Table 2

Date	Remarks
May 29, 2024	Noticee No. 1 failed to submit his reply to the SCN within the time period provided in the hearing notice dated May 17, 2024.
June 05, 2024	Noticee No. 1 failed to avail the opportunity of a personal hearing.
June 06, 2024	Noticee No.1 was provided another opportunity of hearing on June 21, 2024, vide hearing notice dated June 06, 2024. Further, the reply to SCN was to be submitted by June 17, 2024.
June 17, 2024	Noticee No. 1 failed to submit his reply to the SCN within the time period provided in the hearing notice dated June 06, 2024.
June 21, 2024	The Authorized Representatives (hereinafter referred to as ' AR ') of Noticee No. 1, vide email dated June 21, 2024, requested adjournment and for further time to submit a reply to the SCN. In the interest of natural justice, the request of the Noticee No. 1 was allowed. Noticee No. 1 was advised to submit his reply to SCN by July 02, 2024 and avail the opportunity of a personal hearing on July 04, 2024.
July 02, 2024	The AR of Noticee No. 1, vide email dated July 02, 2024, requested adjournment and for further time to submit his reply to the SCN.
July 03, 2024	In the interest of natural justice, the request of the Noticee No. 1 was allowed. Noticee No. 1 was advised to submit his reply to SCN by July 09, 2024 and avail the opportunity of a personal hearing on July 11, 2024.
July 10, 2024	Noticee No. 1 submitted his response to the SCN.
July 11, 2024	Hearing was held. Noticee No. 1 reiterated their request for the opportunity of cross examination of Mr. Dinesh Avadheshsingh Thakur and personal hearing
August 22, 2024	An opportunity for a cross-examination of Mr. Dinesh Avadheshsingh

	Thakur was granted to the Noticee No. 1 on September 04, 2024, through videoconferencing/online
September 03, 2024	Noticee No. 1 requested to reschedule the timing of the cross examination. The request of the Noticee No. 1 was allowed and the cross examination was rescheduled to September 19, 2024.
September 19, 2024	Noticee No. 1 again requested to reschedule the cross examination of Mr. Dinesh Avadheshsingh Thakur. In the interest of natural justice, the cross examination was rescheduled to September 26, 2024.
September 26, 2024	Cross examination of Mr. Dinesh Avadheshsingh Thakur was conducted by Noticee No. 1.
October 11, 2024	Noticee No. 1 submitted an additional reply.

12. The Noticee No. 1, vide email dated July 10, 2024, *inter alia*, submitted the following reply to the SCN which has been reproduced *in verbatim*:

“ ...

- 12.1. *My brief background is as under:*

...

- *That year in the year 2018-2022, I have been involved in private financing as my side business on a very small scale. In the course of business, I received funds in the form of cash from family, friends, and relatives, who has free cash flow. Further, it is pertinent to mention herein that the details of funds transferred and received to the suspected group are already provided to the investigation team during the course of the Investigation. However, SEBI has failed to take the same on record.*
- *Further, the money was lent on a trust basis to the people who were referred either by relatives, family or friends who are real estate brokers and stockbrokers. The money was lent at an interest rate of 0.5% to 1.0% per month.*

- *During the COVID-19 pandemic, 2020-2021 when the entire country was under lockdown, me and my team provided interest-free loans to those who were in need of the funds.*
- *It is pertinent to mention herein that during this tenure, I have provided financial assistance not only to these 20 entities who are mentioned in the SCN but to more than 70 people. Further, due to this business, I incurred loss of Rs. 10 Lacs.*
- *Since this business is unofficial and on a very small scale, the money was lent to people on a reference basis, without prejudice to this it is submitted that all of the 20 suspected entities were refer by Manoj somani and its group only, I do not have any direct connection to the same. Hence, no agreement has been brought about in place for the lending. Further, in most cases, I took blank cheques or references for the security for the loans.*

12.2. *Role of Manoj and its group entities*

- *That in the year 2018- 2019, I met and became acquainted with investment advisor Manoj Somani group, who worked in the same building and same floor as mine and operated share market business. Manoj Somani began providing investment advice to me as a client and sometimes referred his clients to me for financial assistance.*
- *Apart from investment advice, Manoj Somani & its group also operate demat accounts of other persons and, in return for the same they transfer an amount of Rs. 2000- Rs. 5000 to their respective bank account on a monthly basis.*
- *That one day, Manoj Somani on a friendly basis approach me and offered me That if I allowed him, to operate my demat. account with my fund, he would pay me 10% return every month because he has researchers in his team. Further, he said if I refer some client to him, then he will give me refer percentage of 2% of the profit of each client.*
- *Since, during that time, I was looking for more business opportunities, and the said offer of Manoj was looks lucrative to me. After discussing with my friends and family i.e. my brother i.e. Ajay Pujara and etc, who*

was during that time in the braking business, I have given my account and referred 3 person accounts, to Mr. Manish for trading.

- It is essential to point out that Dinesh was not introduced by me to Manish. He is already working with Manish as "Commission-Based Accountant." He helps individuals or businesses by taking cash from me to manage their financial records, including balance sheets, and may receive compensation in the form of commissions based on the services he provides or the financial results they achieve for his clients referred by Manoj Somani and its group. For instance, clearing of profit and showing it as a loss in a balance sheet and vice versa.*
- Further, I request your goodself to kindly provide the cross examination of Dinesh in the present matter, since he has made the statement that I have opened his account and operated the same. In any event, I have only given a loan to Dinesh, which has nothing to do with the present matter.*
- It is pertinent to mention herein that my terms with Manoj were not as a partnership basis and it can not be construed as I was in a team with Manoj, it was just friendly terms on the basis of which I have given my account as well as three more accounts without knowing that Manoj and its group will misuse my as well as my reference accounts and execute the fraud in the market. Further, I humbly submit that I bonafide belief given my account and my others' account to Manoj.*
- Further, during this tenure, Manoj Somani acted as a surety to those who were referred to me for financial assistance because the borrowers have their demat account with Manoj Somani and the group. However, clients were paying back the loan on time along with the interest. Further, I affirm that I was not acquainted with any person or entity, nor did I have any personal relationship with them.*
- Since I was busy in a small financing business, I was aware that the statutory authorities like RBI or Income-Tax would question me about the nature and working of my business, but, I was unaware that SEBI going to question me and on this fraud which was not done by me.*

- *It is pertinent to mention herein that I was unaware of the businesses being conducted by Manoj Somani and its group (Dinesh is also part of the same). The only fact I knew was that had given the money in good faith, and he was operating on my account and transferring the proceeds from the deal to me.*

12.3. *Having said my brief background, I want to like draw your goodselfs attention on my role with respect case:*

- *It is submitted that I am engaged in a clothing and agriculture business along with that I am doing private financing business, which was my side business and at a very small scale, wherein I received funds from family, friends, or relatives in the form of cash from their businesses, so I had no option other than depositing direct funds into my account.*
- *Further, the money was lent on a trust basis to the people who were referred either by relatives, friends or family, stockbrokers, or real estate brokers.*
- *In furtherance thereof, I do not have any personal connection or any relations to any person to whom I lend the money. It is submitted that when generally my client takes loan and repay the same, I did not collect and record the same in my database.*
- *I humbly submits that on March 23, 2023 and May 29, 2023, I have repeated in my submissions, and again I am submitting that the Manoj Somani and its group (which includes Dinesh also) was handling this these account. However, it is appear that the investigation team of SEBI was in so haste that they have failed to take the same on record. Therefore, the Present SCN, proceeding only basis of Dinesh Statement, which need to be cross examined and not recorded and appreciate my submissions. ...”*

12.4. *Having said my role in the present matter, the following are some additional objections/ grounds for quashing the SCN as against me:*

NO SPECIFIC AVERMENT AS TO THE CHARGE OR NATURE OF FRAUD.

- *It is humbly submitted that it can be seen from the SCN that there is no specific averment, allegation or statement against me as to the nature*

of fraud which has been alleged or in fact there has been no allegation that which provisions of law or regulations does the trade violate in the manner that is has been alleged. After dealing with basic facts of the case and stating documents and materials that are matters of fact and record, the SCN directly jumps to a conclusion that that I, operated the trading account of group entities by opening their trading accounts, proxy mobile numbers, sourcing funds, placing orders, and executing trades in the scrip of KIL, thereby involved in the act of market manipulation by executing synchronized and reversal trades and circular trade without providing any material, detail, opportunity to me to defend any specific violations of any law or regulations which have given rise to such apprehension and allegation in the SCN.

- The SCN nowhere suggests what specifically has been erroneous or fraudulent or violative of the specific provisions of law and directly in a completely vague and general manner alleges fraud and violations of the provisions of the specified provisions of SEBI Act and PFUTP Regulations.*
- After reading the complete SCN, it only appears that I have acted bonafide and in good faith and the actual master minds are not even the party to the SCN. To which I humbly submit by all means, it can be assumed that I have blindly trusted Manoj Somani & group and shown my lack of diligence in financial transactions, but I cannot be liable for fraud by no stretch of the imagination. Thus, making me liable for the same monetary penalty, in nothing but a violation of my human and fundamental rights.*

NO CONNECTION WITH ANY PERSON/ ENTITY IN THE NOTICE.

- It is humbly submitted that I have no relation/connection with the 20 suspected entities mentioned in the SCN or with any of the counter parties.*
- It is further humbly submitted that the SCN has also failed to bring out any connection between me and the other persons/entities mentioned in the SCN (other than Noticees), including of the counterparties.*

Therefore, by no stretch of the imagination, it can be presumed that I had any relationship/nexus/prior meeting of mind with any entities involved in the manipulation of scrips.

ALLEGATIONS AGAINST ME ARE IN VIOLATION OF PRINCIPLE OF EQUITY.

- It is humbly submitted that I failed to understand why Manoj Somani and group and 20 suspected entities are not made parties in the present proceeding, whereas they are the ones who were engaged in the trade business of the Company at that time and got benefited from the said alleged fraud.*
- I failed to understand why these 20 suspected entities and Manoj Somani and group are not made parties in the present proceeding where they are the ones who were engaged in the trading activities and benefited from the same.*
- For the argument, without prejudice, it is humbly submitted that even if your goodself assumes that the accounts were operated by me then also the SCN has to be issued against these suspected entities. without making these entities a party to the present case, and proceeding further will cause prejudice against me as well as it is violation of my fundamental rights. On this ground atone, the SCN as well as the charge levelled against me should be dropped.*
- Further, it is submitted that how can SEBI's Investigation team on the basis of only Mr. Dinesh's statement, assume that the account was operated and opened by me. Even if your goodself thinks that they have issued the summons and they have not replied for the same, then SEBI has the power to charge the violator under section 11(C) of SEBI Act, and issue fresh SCN for noncompliance of the summons. However, in the present case, nothing has been done by SEBI's investigation team, which shows a biased nature toward me.*
- After reading the entire SCN, it appears that SEBI's Investigation team has proceeded on the basis of half-backed information and instead of catching the real culprit, they have just cast the liability on the innocent*

person, without any sufficient documents, information etc.

- It is humbly submitted that SEBI's Investigation team had only acted against selected/ shortlisted persons/ entities and not against all of them who were allegedly involved in the entire trade business. If the allegation of SEBI were correct, then allegation would also have been levelled against all of them, failing which the SCN needs to be withdrawn*
- Further, no reasons for such specific inclusions and exclusions were given by SEBI in the SCN. If any allegations were to be levelled out on a selective set of entities and not on all those who were involved, proper reasons for the same should be given to justify the same. Thus, it is submitted that SEBI cannot resort to such discriminatory acts without supplying any valid reason.*
- Thus, it is humbly submitted that, such proceedings where only selected persons/entities are alleged are strictly against the principle of justice, equity and good conscious and thus is liable to be set aside.*

VIOLATION OF PRINCIPLES OF NATURAL JUSTICE

- I humbly submit that upon verification, it is found that my earlier response in the Annexure 24 and 25, was not duly considered and taken on record. I am failed to understand why SEBI is dragging me in this matter. I was unaware of trade and about the money which was traded by the persons referred by Manoj and its group to me for the financial assistance. SEBI cannot find the real culprit that is why SEBI pulling me into this matter. I sincerely request SEBI to incorporate the provided information into the ongoing proceedings. I assure your goodself that I will give my full cooperation and commitment to resolving this matter in an expeditious and fair manner.*
- I implore SEBI to conduct a fair and impartial evaluation of the information and evidence presented in my response. It is crucial to recognize that mere allegations without substantial evidence can tarnish a professional's reputation and career.*
- Thus, it is humbly submitted that such proceedings where only selected*

persons/entities are alleged are strictly against the principle of justice, equity and good conscious and thus are liable to be set aside.

- In conclusion, I vehemently deny the alleged violation of Regulations and maintain my innocence. I trust that SEBI will diligently review the lack of evidence supporting the allegations and arrive at a just and equitable resolution.*

CROSS EXAMINATION OF DINESH

- It is submitted that in the Annexure 17 and 18 of the SCN, that Dinesh has said "I have opened his trading as well as bank account". I deny the same. And I humbly request your goodself to kindly give me an opportunity of cross-examination of Dinesh. And if your goodself has passed the order qua me without giving me an opportunity of cross examination then it would violate my fundamental rights and cause prejudice to me.*
- I submit that SEBI's Investigation team, only relying on the story of Dinesh, because, I have granted some funds to Dinesh and it is due in his account, to harass me, Dinesh along with Manoj Somani has taken this story to trapped me along with my brother and peon. I humbly submit that my financial business is very small, and I have more then 100 clients for the same, only these 20 entities which were referred by the Manoj group are the real offenders in the present matter.*
- Further, it is humbly submitted that it was just Dinesh, statement, that I have opened his trading as well as bank account. In this regard, it is pertinent to mention herein that any broker or employee of the broker or bank manager or employee of the bank has confirmed that I have opened Dinesh's bank account or any other proof has not be given. So the said statement of Mr. Dinesh cannot be relied upon the same.*
- The statements of Dinesh have not been verified by the SEBI's Investigation team and have not even cross-examined by the same. So relying on the said statement will cause grave prejudice qua me.*

CONTRADICTION STATEMENT GIVEN BY MR DINESH, SEBI CAN'T RELY ON THE PRESENT PROCEEDING.

- *It is humbly submitted that Dinesh in the Annexure 17, stated that I have opened demat and bank account" and in the Annexure 18, again it is stated that "Mr. Natsu, has come to him and opened the accounts."*
- *So, before issuing the SCN, SEBI's Investigation team, has to see the nature of the statement, If the statement is crystal clear contradictory in nature, then it should be relied upon the same. However, in the present case, it appears that SEBI has failed to investigate the matter genuinely and reliably manner.*
- *Therefore, I again humbly submit that kindly give me cross examination of Mr. Dinesh, because, its contradictory statement cannot be relied for the present proceeding.*
- *Further, if the allegations of SCN, without prejudice, submit that I have transferred 2000 - 3000 rupees then there should be proof of the same. It is humbly submitted that Dinesh is lying before your goodself that I have paid the money for operating his account. Since Dinesh was aware that he did not have any proof for the same, then he said that I had given cash to him. So the statement of the Dinesh that I have given the cash for operating his account cannot rely on the same.*
- *Further, I request your goodself to show any proof of payment or fund transfer with any mentioned entities. If there is no fund or payment transfer, then how can be it alleged that the said account was open and operated by me. It is pertinent to mention herein that the fund which I have transferred, this are funds from his lending activity only.*

12.5. *Having stated our preliminary submissions to the SCN, I would like to submit para-wise reply to the Notice.*

- *The paragraphs no. 1 to 2 of the SCN are general and are a matter of record. Further, I humbly submit that these general submissions and statements made therein do not pertain to me and no comment is accordingly offered at this stage. Further, it is submitted that I have not traded in the said scrip, nor I have any direct/indirect connection with the person, promoter, or director of KIL. repeat, reiterate, and deny all the allegations set out in the SCN.*

- *With respect to para no. 3 of the SCN, deals with allegation that I have operated the accounts of 20 front entities and was responsible for creating artificial volume through synchronizes trades, circular trades and reversal trades. At the outset, I deny the same, I humbly submit that all the accounts were operated by Manoj and Dinesh only, they have traded in this account. Further, I humbly submit that this account was not operated by me, these accounts were by Manoj Somani group and Dinesh. Further, please see my statement mention in the annexures 24 and 25 in which I already submitted that the name of the person who was operating the accounts and details of the person.*
- *Further, it is humbly submitted that only based on the false statement of Dinesh, SEBI's Investigation team, has come to the conclusion that the account was operated by me, and it has caused grave prejudice against me. If SEBI's thinks that the statement of Dinesh is correct, then SEBI should give me an opportunity for cross-examination of the same.*
- *Therefore, I humbly request your good self to kindly give me an opportunity of cross examination of Dinesh because he has clearly made contradictory statements and false statements against me. Further, it is humbly submitted that I am taking legal action against Dinesh for defaming me and falsely accusing me for the SEBI case.*
- *With respect to para no. 4 and 5 of the SCN, deals with the appointment of Adjudicating officer. With regard to this it is submitted that the same is a matter of record and so I do not have any comments to offer on the same.*
- *With respect to paras no. 6 and 7 of the SCN, deals with the price volume analysis on BSE. In this regard, I repeat and reiterate my submission that I did not execute any trade neither I had any knowledge of the fact that I was involved in any fraudulent transactions being undertaken by the Manoj Somani and its group including Dinesh.*
- *With respect to para no. 8 of the SCN deals with the group entities and their connection. With regard to this, it is submitted that I am not have*

any personal or family terms connected to any entities, thus, I do not have any comments to offer on the same except providing loan to the said entities. Further, it is humbly submitted that I have given all details to investigation team during the course of Investigation.

Table wise reply to the connection with 20 suspected entities

Sr. No	Name	Any direct and indirect connection provide in SCN with respect to me	My submissions
1	Vipul Bharatbhi Pithadia	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
2	Akshay Jagdish Parmar	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
3	Amit Vijaybhai Makwana	No connection with me	<ul style="list-style-type: none"> • Manoj has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
4	Amit Patel	He along with Manoj and Dinesh is mastermind	He was working Manoj
5	Anurudhkumar Barela Yadav	No connection with me	<ul style="list-style-type: none"> • Manoj has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
6	Dhaval Vinodhbhai Gadani	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
7	Dinesh Avadhesing Thakur	He along with Manoj and Dinesh is mastermind	He was working Manoj
8	Durgeshkumar Sathvara	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account.

			<ul style="list-style-type: none"> • Fund was given on the loan • Please see my statement at Annexure 25
9	Hari Gopal Sharma	No connection with me	<ul style="list-style-type: none"> • Govind has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
10	Jayesh Vaghela	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
11	Jitendrabhai mandhavlal	No connection with me	<ul style="list-style-type: none"> • Manoj has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
12	Kamleshkumar Parmar	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
13	Keyur Vinodchandra Parmar	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
14	Nayanbhai Shivshankar Vyas	No connection with me	<ul style="list-style-type: none"> • Manoj has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
15	Rahul Rameshbhai	No connection with me	I don't know who has referred me and I don't remember if any loan has been taken
16	Rekhaben Harishkumar	No connection with me	<ul style="list-style-type: none"> • Govind has referred this account. • Fund was given on the loan • Please see my statement at Annexure 25
17	Ritu Rahul Mehta	No connection with me	I don't know who has referred me and I don't remember if any loan has been taken
18	Salej Vijaybhi Makwana	No connection with me	<ul style="list-style-type: none"> • Amit Patel has referred this account. • Fund was given on the loan • Please see my statement at

			<i>Annexure 25</i>
19	Sharda Sharma	No connection with me	<ul style="list-style-type: none"> Govind has referred this account. Fund was given on the loan Please see my statement at Annexure 25
20	Vijay Ishvarbhai Chauhan	No connection with me	I don't know who has referred me and I don't remember if any loan has been taken

- *With respect to para no. 9 to 11 of the SCN, deals a group of 20 entities which were involved in volume manipulation in the scrips of KIL by executing synchronized trades and reversal trades and circular trades, without changing the beneficial ownership of such shares. With regard to this, it is submitted that I do not have any personal connection or any relations with the entities but, all are known to Manoj Somani and its group.*
- *The paragraphs no. 14 to 17 of the SCN deals with my nexus with 20 suspected entities. In this regard, I humbly submit that when SEBI's Investigation team, when failed to show my connections with 20 suspected entities with respect to operating the trading account, they have now try to established the nexus with the 20 suspected entities.*
- *The paragraphs no. 14 and 15 of the SCN deals with the 10 common mobile numbers. In this regard, it is submitted that I don't know any number of entities. Furthermore, it is a matter of record also I have no nexus and or call or message with any suspected 10 phone numbers.*
- *Further, it is humbly submitted that if your goodself thinks that I have any connection to any entities then SEBI can check the call data history and message history, whether I have received any calls or messages from the said 10 numbers. It is pertinent to mention herein that when SEBI has the power to call the information from a telecommunication company then why they have not checked my call data records with these 10 suspected phone numbers, it would become easy for me to defend my case, however, in the present SEBI's investigation team instead of calling and checking this suspected 10 number history from*

telecommunication company, have blindly relied on the false statement of Dinesh.

- The paragraphs no 16 and 17 deal with cash deposits to the suspected entities, in this regard, it is humbly submitted that the said fund was transferred because this entity has availed of the loan facility from me. This entities are referred by Manoj Somnai (Dinesh is also part of this group), I have lend the money on the basis and reference of Manoj. Further, it is pertinent to mention herein that being in the broking business, I was aware that he was running an illegal investment advisory but I was not aware that he was doing market manipulation, if I was aware of the same, then I have not given loan for the same.
- Further, I repeat and reiterate that Manoj Somani approached me and claimed that if I allowed him to open my Demat account and trade on my behalf, he would refer more people to me for financial assistance and would pay me a profit of 10-20% made during the trade. I accepted his offer because it was genuine and in good faith. That, after 2-3 months I was working well and earning profit & customer worthiness.
- In furtherance thereof, I repeat and reiterate that during this tenure I was unaware of the business being conducted by Manoj Somani and its group. The only fact I knew was that I had given the money in good faith, and he was operating on my account and transferring the proceeds from the deal to me.
- In light of the foregoing, I repeat and reiterate that all the entities neither having any connection with nor known to me they all are referred by Manoj somani and Company (which include Manoj, Dinesh and Amit Patel).
- I humbly submit that a serious charge of fraud and manipulation cannot be levelled merely on the possibility. There has to be some collusion I connection I relation I nexus I prior meeting of minds to be shown so as to substantiate such trading between the entities.
- Further, I humbly submit that adverse inferences against me has been drawn based on the alleged connections as set out in the SCN by

erroneously clubbing me with other persons/entities. The said dubbing with others has resulted in distorted conclusions against me. The entire grouping (in so far, I am concerned) is erroneous and misleading.

- I humbly submit that serious allegations of manipulation or fraudulent cannot be alleged on the basis of mere surmises and conjectures, as has been done in the instant case. Admittedly, neither connection has been shown with the counter party nor any circumstances are there which could even remotely show that there are alleged trades.*
- In this context, the judgments of Hon'ble Supreme Court in the matter of Varanasaya Sanskrit Vishwa Vidyalaya & Anr. Versus Dr. Rajkishore Tripathi and Anr., Union of India Versus Chaturbhai M. Patel (AJR 1976 SC 712) and the Hon'ble Securities Appellate Tribunal in the matter of Price Waterhouse & Co Versus SEBI (SAT Order dated 09.09.2019, Appeal No.06 of 2018) Network Stock broking Ltd Versus SEBI (SAT Order dated 19.06.2012, Appeal No.5 of 2012) Parsoli Corporation Limited Versus SEBI (SAT order dated 12.08.2011, Appeal no. 146 of 2010) and Sterlite Industries Versus SEBI (Appeal No.20/2001 dated 22 October 2001) has been referred.*
- In the light of the aforesaid judgment, I humbly submit that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous erroneously dubbing me with other persons/entities, as has been done in the instant case.*
- The paragraph no. 18 of the SCN, deals with the service of summons to the 20 entities, in this regard it is submitted that why your goodself has not taken action against 20 entities for non-compliance with the summons. The said benefit, which was given by SEBI to these 20 suspected entities, itself shows SEBI's biased approach.*
- The paragraph no.19 of the SCN deals with the examination of the statement of Dinesh Thakur. In this regard, it is humbly submitted that the said statement can not be relied upon because I was not given the opportunity of cross-examination of the same. Further, it is humbly*

submitted that Dinesh's statements are contradictory in nature, therefore relying on Dinesh's statement would cause prejudice to me.

- Further, I have failed to understand that how SEBI's Investigation team out of 20 entities, based on one entity's statement i.e. Dinesh, can issue the SCN qua me. The said way of approach of SEBI's is not only legal harassment to me but also being a market regulator is arbitrary and illegal.*
- Further, I have failed to understand that when SEBI's investigation team during the course of the summons, came to know about Manoj and its group including Dinesh operating the account, then what actions they took against this culprit. Further, I also failed to understand that, it is a matter of fact, when Dinesh, in his one statement, said the account was opened and operated by me and in his later statement he said that his account was opened by Nattu and operated by me and my brother and he also admitted that he doesn't know about me. Even after knowing, the contradicting submission of Dinesh, SEBI's has issued the SCN against me without giving me an opportunity of cross-examination, it has caused prejudice against me.*
- The Paragraph no. 20 of the SCN, deals with the analysis of the bank account of the 20 suspected entities, in this regard, it is humbly submitted that based on the statement of Dinesh, SEBI's Investigation team, has relied on the story that I was operating the bank account of the entities, in this regard, it is humbly submitted that first of all, how it is possible that one person is handling the account of another. It appears that whatever Dinesh said to SEBI's Investigation team, they assumed the truth and issued the Notice. I deny that I was operating the bank account of any entities. I further, submit that there is no single proof that I was handling the bank account of any entities.*
- The Paragraph no. 21 of the SCN deals with the analysis of the trading account of the 20 suspected entities, I humbly submit that these entities were referred by Manoj group (which includes Dinesh also). Other than this, I don't know and I can't remember the same.*

- *The paragraph no. 22 deals with MAC ID address, I submitted that all the mac address are Manoj Somani and its group entities, I have no connection to the same. Further, a MAC address does not prove who is behind the keyboard. A MAC address does not disclose who actually has possession of the device. It would be great if SEBI's verify who's MAC is and who is owner that time.*
- *Further, I submitted in response to the allegations made by the SEBI regarding my involvement in market manipulation through synchronized and reversal trades. I am not a stockbroker or market participant. My association with the securities market has been limited to the role of an individual investor, and I have never engaged in any activities that could manipulate the market. As an individual investor, my trades have always been within the scope of personal investment and not for any manipulative purposes. The trades in question have been executed by Mr. Manoj Somani and its group, and I have no involvement in their actions. I request SEBI to verify the trading records and cross-reference them.*
- *Furthermore, it is important to reiterate that I have never engaged in any market-related activities, and my financial dealings have always been within the scope of personal investments and savings. The allegations against me are entirely baseless and without merit.*
- *Considering the foregoing, I firmly assert that I have not engaged in any synchronized and reversal trades or any market manipulation activities. I am not a stockbroker, and my involvement in the alleged trades is non-existent. I deny all the allegations, claims, averments and submissions set out in the SCN.*
- *The paragraphs no. 23 to 25 of the SCN deals with the recording of the statement of Noticee No. 1 to 3, in this regard, it is pertinent to mention herein that I, during the course of the investigation have given all the details with respect to Mr. Manoj Somani group, but investigation team, instead of catching the real culprit, has illegally and arbitrary drag me in this present matter. Even, though it appears in the Notice, not all*

statements and submissions of my, have been recorded and appreciated by SEBI's investigation team, before the issuance of the Notice.

- The paragraph No. 26 of the SCN deals with the allegation that I opened the trading account of the said 20 front entities with various brokers a few days before the 20 entities commenced to trade in the scrip of KIL. Further, it was also alleged that I have transferred/deposited the funds in the bank account of 20 front entities for trading in the market. I deny the entire paragraph no. 26 in toto.*
- On the contrary, I humbly submit that the present SCN has failed to show any fund deposited or account which is opened by me on a referred basis, is opened for the sole purpose of trading in KIL only.*
- The paragraph No.27 of the SCN deals with the allegation with respect to me, I humbly submitted that all the accounts were operated by Mr. Manoj and Mr. Dinesh.*
- The paragraph No. 28 of the SCN deals with me, I deny the entire paragraph in toto, and again humbly submit that these 6 or 7 entities are referred by Manoj and Dinesh only. I have no connection or nexus with these accounts. Further, with respect to the fund deposit, I humbly submit that the said fund was transferred because this entity availed the loan facility from me and that day I was out of town to which therefore I requested my brother, further it is humbly submitted that my brother has no role in the present matter.*
- The paragraphs no. 29 and 30 of the SCN rely on the statement of Dinesh Thakur. In this regard, it is humbly submitted that the said statement cannot be relied upon because I was not given the opportunity of cross-examination of the same. Further, it is humbly submitted that Dinesh's statements are contradictory in nature, therefore relying on Dinesh's statement would cause prejudice to me. Further, it is humbly submitted that All accounts and MAC addresses belong to Mr. Manoj's group only, this group used to trade in this Mac address.*

- *The paragraph no. 31 to 32 of the SCN deals with the allegation against me. In this regard, I again humbly briefly submit that as under: -*
- *That I have no role in the present case.*
 - *That with respect to the fund transfer, I instructed my peon Natu and Ajay to deposit cash in the accounts of in various accounts, they would have availed the finance facility from me, it has nothing to do with trading in the scrip of Kavit.*
 - *Further, I have failed to understand how can a person be liable for depositing funds or opening an account of any person.*
 - *I humbly submit that all the accounts were operated by Manoj and Dinesh only, they have traded in this account. Further, I humbly submit that this account was not operated by me, these accounts were by Manoj Somani group and Dinesh.*
 - *If the allegation of operating this account is to be true, then there should be at least one single transaction with any of these 20 suspected entities for either funding for trade or giving renting income. However, in the present case, there is no single fund transaction of any entities with me. So the allegation of operating this account, does not stand against me.*
 - *Further, it is pertinent to mention herein that SEBI's Investigation team has my PAN no. and Bank Account as well as trading account details, however, they have also failed to find or show any money transfer for account opening and operating to any 20 suspected entities, if they have not found the same, then how SEBI's Investigation has concluded that I was operating the 20 suspected accounts, for tills reason only, the present SCN should be dropped against me.*
 - *That the SCN deals with the 10 common mobile numbers. In this regard, it is submitted that I don't know any number of entities. Furthermore, it is a matter of record also I have no nexus and or call or message with any suspected 10 phone numbers. Further, it is humbly submitted that if your goodself thinks that I have any*

connection to any entities then SEBI can check the call data history and message history, whether I have received any calls or messages from the said 10 numbers or not.

- It is humbly submitted that Mr. Dinesh in the Annexure 17, stated that "I have opened demat and bank account" and in the Annexure 18, again it is stated that "Mr. Natu, has come to him and opened the accounts.", this is a contradictory statement, which can not be relied upon for the present proceeding.*
- Further, it is humbly submitted that only based on the false statement of Dinesh, SEBI's Investigation team, has come to the conclusion that the account was operated by me, and it has caused grave prejudice against me. If SEBI's thinks that the statement of Dinesh is correct, then SEBI should give me an opportunity for cross-examination of the same.*
- It is humbly submitted that it can be seen from the SCN, that there is no specific averment, allegation or statement against me as to the nature of fraud which has been alleged or in fact there has been no allegation that which provisions of law or regulations does the trade violate in the manner that is has been alleged.*
- It is further humbly submitted that the SCN has also failed to bring out any connection between me and the other persons/ entities mentioned in the SCN (other than Noticees), including of the counterparties. Therefore, by no stretch of the imagination, it can be presumed that I had any relationship/nexus/ prior meeting of mind with any entities involved in the manipulation of scrips.*
- Without prejudice, it is humbly submitted that even if your goodself assumes that the accounts were operated by me then also the SCN has to be issued against these suspected entities. without making these entities a party to the present case, and proceeding further will cause prejudice against me as well as it is violation of my fundamental rights. On this ground alone, the SCN as well as the charge levelled against me should be dropped. Further, no reasons for such specific*

inclusions and exclusions were given by SEBI in the SCN.

- *The paragraphs no. 33 to 36 of the SCN deal with monetary penalty under the provision of Section 15HA of the SEBI Act. Considering the foregoing, I repeat and reiterate and submit that I deny all the allegations, claims, averments and submissions set out in the SCN and asked SEBI to withdraw its charges.*
- *The para no. 15 of the SCN deals with penal provision, in this regard, I humbly submit that penalty under Section 15HA of the SEBI Act, under which penalty can be levied on a person who "indulges in fraudulent and unfair trade practices relating to securities".*
- *At the outset, I repeatedly demonstrated in preceding paragraphs that I was not indulged in any fraudulent or unfair trade practices relating to securities. No fraud has been made out in any of the allegation. Allegations of fraud are serious allegation and require serious and substantial proof. I humbly submit that there is no loss or fraud has been caused or intended to be caused to any person and this has not been even alleged in the Notice. The charge of having indulged in fraudulent and unfair trade practices relating to securities thus wholly fails and hence there is no question of levy of any penalty.*
- *It is further submitted that while taking a decision under the impugned provision, the Learned Adjudicating Officer has to take in to account Section 15J of the SEBI Act, 1992.*
 - i. *With regard to Clause (a):- "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted I have gained any disproportionate or unfair advantage. Further, I humbly submit that I was merely on professional fee basis working. Hence no disproportionate gain or unfair advantage should be attributed on me.*
 - ii. *With regard to Clause (b):- "the amount of loss caused to an investor or group of investors as a result of the default": it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of the present matter and the same*

has also not been alleged in the SCN. In absence of any direct information, the allegation of causing loss to other investors is baseless.

iii. With regard to Clause (c):- "the repetitive nature of the default." it is stated that my act does not have a repetitive nature of defaults and carries on their job in a dignified and respectful manner. It is submitted that the instances pointed out in the SCN isolated instances, and hence there is no question of the repetitive nature of the default.

- *Having stated the factors of Section 15J, I would like to draw the attention of your goodself to a few case Laws, wherein the respective courts have dealt into the aspect of penalty and factors for levying any penalty on any delinquent. In this regard your goodself's kind attention is drawn to Hon'ble Supreme Court's decision in the case of Hindustan Steel vs. State of Orissa (AIR 1970 SC 253) and Ex-Naik Sardar Singh vs. Union of India ((1991) 3 SCC 212) and Ranjit Thakur vs. Union of India (AIR 1987 SC 2386).*
- *In this regard, I would like to submits the following factors which your goodself should considered other than the mentioned in Section 15J of SEBI Act, are hereunder:*
 - *Allegations against me*
The only allegations against me in the SCN that, I acted as a operated the trading account of group entities by opening their trading accounts, proxy mobile numbers, sourcing funds, placing orders, and executing trades in the scrips of KIL thereby involved in the act of market manipulation by executing synchronized and reversal trades
 - *Loss caused to investors:*
I humbly submit that there is no loss caused lo investors due to my act.
 - *Profit drive for the said violation:*
No ill-gain has been made by me.

- *Investor Complaint:*
There is no investor complaint against me.
- *Is violation is repetitive?*
I humbly submit that this is the first time in span of more than 25 years of my professional journey; I have faced the regulatory legal proceeding from the Authority.
- *Reputation and Professional ethics*
Due to the present proceeding, it is submitted that his reputation is at risk, which he has earned through his life.
- *Mental health*
I humbly submit that due to the present matter, I am suffering from the mental depression/ anxiety.
...

13. After the culmination of cross examination on September 26, 2024, another opportunity of reply was granted to Noticee No. 1. In this regard, Noticee No. 1 submitted additional reply on October 11, 2024.
14. It is noted that the SCN along with the annexures and the Hearing Notices were duly served on the Noticee No. 1. The Noticee No. 1 was granted sufficient opportunities to make submissions in reply to the SCN, of personal hearing and of cross examination.

Service of SCN, Reply and Hearing for Noticee No. 2

15. The SCN along with annexures was served upon the Noticee No. 2 in the following manner as tabulated below:

Table 3

Sr. No.	Mode of Delivery	Addresses/ Email ids	Remarks
Noticee No. 2	Through SPAD	B...15	Delivered on May 02, 2024 as per consignment details tracked online
		7...63	
	Through email	p...r@gmail.com	Digitally signed SCN was duly delivered on April 26, 2024.
		a...e@yahoo.co.in	
		k...e@gmail.com	

16. From the material on record, I note that Noticee No. 2 failed to submit his reply to the SCN within the stipulated time period. Thereafter, an opportunity for personal hearing was granted to the Noticee No. 2 on June 05, 2024, vide hearing notice dated May 17, 2024. Further, the Noticee No. 2 was advised to submit his reply to the SCN by May 29, 2024. The hearing notice dated May 17, 2024 was duly served upon the Noticee No. 2 through SPAD and email.
17. After the issuance of the hearing notice dated May 17, 2024, the following is the sequence of events:

Table 4

Date	Remarks
May 29, 2024	Noticee No. 2 failed to submit his reply to the SCN within the time period provided in the hearing notice dated May 17, 2024.
June 04, 2024	Noticee No. 2 requested adjournment and for further time to submit a reply to the SCN.
June 05, 2024	In the interest of natural justice, the request of the Noticee No. 2 was allowed. Noticee No. 2 was advised to submit his reply to SCN by June 14, 2024.
June 14, 2024	Noticee No. 2 requested for further time to submit a reply to the SCN. In the interest of natural justice, the request of the Noticee No. 2 was allowed. Noticee No. 2 was advised to submit his reply to SCN by July 02, 2024 and avail the opportunity of a personal hearing on July 04,

	2024.
July 04, 2024	<p>Noticee No. 2 again requested for further time to submit a reply to the SCN.</p> <p>In the interest of natural justice, the request of the Noticee No. 2 was allowed. Noticee No. 2 was advised to submit his reply to SCN by July 09, 2024 and avail the opportunity of a personal hearing on July 11, 2024.</p>
July 09, 2024	Noticee No. 2 submitted his response to the SCN.
July 11, 2024	Hearing was held. Noticee No. 2 reiterated their request for the opportunity of cross examination of Mr. Dinesh Avadheshsingh Thakur and personal hearing
August 22, 2024	An opportunity for a cross-examination of Mr. Dinesh Avadheshsingh Thakur was granted to the Noticee No. 2 on September 04, 2024.
September 03, 2024	<p>Noticee No. 2 requested to reschedule the timing of the cross examination.</p> <p>The request of the Noticee No. 2 was allowed and the cross examination was rescheduled to September 19, 2024.</p>
September 19, 2024	<p>Noticee No. 2 again requested to reschedule the cross examination of Mr. Dinesh Avadheshsingh Thakur.</p> <p>In the interest of natural justice, the cross examination was rescheduled to September 26, 2024.</p>
September 26, 2024	Cross examination of Mr. Dinesh Avadheshsingh Thakur was conducted by Noticee No. 2.

18. The Noticee No. 2, vide email dated July 09, 2024, *inter alia*, submitted the following reply to the SCN which has been reproduced *in verbatim*:

18.1. *My role in the present matter:*

- *I humbly submit that I have no role in the present case and I deny that I have introduced any entities for manipulating the securities market.*
- *It appears that SEBI's Investigation team has tried to unnecessarily drag me into the present matter, in which I do not have any connection or link or transactions with any suspected 20 entities except having a*

blood relation with Mr. Vijay, which is as per my understanding is not a violation of SEBI rules and regulation and also not strong proof to established present case against me.

- That I was the authorised person of the tradebulls securities limited, for which no illegality can be cast upon me. In any event, if an account has been opened by me, which was referred by Mr. Manoj Somai group or by any person, then how I can be liable for trading in that account.*
- With respect to fund transfer, I was instructed by Mr. Vijay to deposit cash in the accounts of Keyur Vinodchandra and Dhaval Gadani. Since Vijay was out of the station I have deposited the money. It is pertinent to mention herein that the said fund was transferred because Keyur Vinodchandra and Dhaval Gadani would have availed the finance facility from Mr. Vijay, it has nothing to do with trading in the scrip of Kavita.*
- Further, I have failed to understand that how can a person be liable for depositing funds or opening an account of any person. It appears that since SEBI's investigation team has failed to conclude the investigation in a proper manner, and in a rough manner, they have concluded the investigation against me.*
- Further, it also appears that the present Notice is nothing but an attempt to harass Mr. Pujara Group, for lending the money services without obtaining the necessary certificate. Further, it appears that the Notice also failed to hold liable or catch the real culprit in the present matter. Even after knowing during the course of investigation, that Mr. Manoj Somani and its group including Mr. Dinesh are the real culprits, SEBI's Investigation team has not taken any action against them.*

18.2. Role of Manoj and its group entities

- That Mr. Manoj and his group and my brother i.e. Mr. Vijay, have offices on same floor. And during the course of regular interaction, Mr. Manoj approached Mr. Vijay and told him that if my brother allowed him, to grant a loan or funds to him, he would pay 10% interest on the same.*

- *Since my brother has a small financing business, he has granted the funds for the same.*
- *Thereafter, Mr. Manoj has also offered me, to give my account to him for trading. Further, Mr. Manoj also gave the offer that I would allow him to trade in my account, then he would give me a commission for the same. Since the offer was lucrative, I rejected his offer but Mr. Vijay has given his account to Mr. Manoj for trading and for profit making, the reason I have not given my account is that in this business model, there is a risk of loss also.*
- *It is again pertinent to mention herein that Mr. Manoj and its group was working alone, and we are not part of the said group. On a bona fide basis, like 19 suspected entities (Dinesh is not genuine in his submission), have given the account. Further, it is humbly submitted that as far as I remember, I have not given any authority to Mr. Manoj or Mr. Dinesh to operate the account, only my brother has given his account.*
- *I, sincerely submit that other than opening of the account, which was referred by any person, I do not have any role in account operation or handling. All accounts have been operated by Mr. Manoj Only.*
- *I remember, Mr. Dinesh also came to Mr. Manoj office to collect the cash and deposit the cash to various other people. I have never met or personally known Mr. Dinesh but I saw him, so many times in Mr. Manoj's office.*

18.3. Cross examination of Dinesh

- *It is submitted that in the Annexure 17 and 18 of the Notice, that Dinesh has said "I have opened his trading as well as bank account". I deny the same. And I humbly request your goodself to kindly give me an opportunity of cross- examination of Mr. Dinesh. And If your goodself has passed the order qua me without giving me an opportunity of cross emanation then it would violate my fundamental rights and cause prejudice to me.*
- *I submit that SEBI's Investigation team, only relying on the story of*

Dinesh, because Mr. Vijay has granted some funds to Mr. Dinesh and it is due in his account, to harass Mr. Vijay, Mr. Dinesh along with Mr. Manoj Somani has taken this story to trap Mr. Vijay along with its connected people like me. I humbly submit that Mr. Vijay financing business is very small and he has around more than 100 clients for the same, only these 20 entities which were referred by the Manoj group are the real offenders in the present matter.

- Further, I have opened more than 100 accounts with various brokers during my lifetime, but SEBI's Investigation team has only alleged me based on 20 clients, of which as a matter of fact, 13 accounts were not opened by me.*
- Further, it is humbly submitted that it was just Mr. Dinesh, statement, that I have opened his trading as well as bank account. In this regard, it is pertinent to mention herein that any broker or employee of the broker or bank manager or employee of the bank has confirmed that I have opened Mr. Dinesh's bank account or any other proof has not be given. So the said statement of Mr. Dinesh can not be relied upon the same.*
- The statements of Mr. Dinesh have not been verified by the SEBI's Investigation team and have not even cross-examined by the same. So relying on the said statement will cause grave prejudice qua me.*

18.4. Contradictory statement given by Mr. Dinesh, SEBI can't rely on the present proceeding.

- It is humbly submitted that Mr. Dinesh in the Annexure 17, stated that "I have opened demat and bank account" and in the Annexure 18, again it is stated that "Mr. Natu, has come to him and opened the accounts."*
- So. before issuing the Notice, SEBI's Investigation team, has to see the nature of the statement, If the statement is crystal clear contradictory in nature, then it should be relied upon the same. However, in the present case, it appears that SEBI has failed to investigate the matter genuinely and reliably manner.*
- Therefore, I again humbly submit that kindly give me cross examination of Mr. Dinesh, because, its contradictory statement can not be relied*

for the present proceeding.

- Further, if the allegations of Notice, without prejudice, submit that I have transferred 2000-3000 rupees (Dinesh's statement} then there should be proof of the same. It is humbly submitted that Mr. Dinesh is lying before your goodself that I have paid the money for operating his account. Since Mr. Dinesh was aware that he did not have any proof for the same, then he said that I had given cash to him.so the statement of the Dinesh that I have given the cash for operating his account can not rely on the same.*
- Further, I request your goodself to show any proof of payment or fund transfer with any mentioned entities. If there is no fund or payment transfer, then how can be it alleged that the said account was open and operated by me. It is pertinent to mention herein that the fund which I have transferred by instructed by Mr. Vijay, and the funds which are transferred by Mr. Vijay, this are funds from his lending activity.*

18.5.No fund transaction with 20 suspected entities

- It is humbly submitted that I don't have any fund transaction with any 20 suspected entities.*
- If the allegation of operating this account is to be true, then there should be at least one single transaction with any of these 20 suspected entities for either funding for trade or giving renting income. However, in the present case, there is no single fund transaction of any entities with me. So the allegation of operating this account, does not stand against me.*
- Further, it is again humbly submitted that I was instructed by Mr. Vijay to deposit cash in the accounts of Keyur Vinodchandra and Dhaval Gadani. Since Vijay was out of the station I have deposited the money.*
- It is humbly submitted that during the course of an investigation, I have given bank account details to the SEBI's officer, if your goodself require I again submit the said details.*
- Further, without prejudice, it is humbly submitted that if the allegations of Notice, that I was operating the trading as well as bank account of*

the 20 suspected entities, and transfer 2000 - 3000 rupees (Dinesh's statement) then there should be proof of the same. It is humbly submitted that Mr. Dinesh is lying before your goodself that I have paid the money for the operating his account. Since Mr. Dinesh was aware that he did not have any proof for the same, therefore, he said that I had given cash to him. So the statement of Mr. Dinesh that I have given the cash for operating his account can not be relied on the same.

- Further, it is pertinent to mention herein that SEBI's Investigation team has my PAN no. and Bank Account as well as trading account details, however, they have also failed to find or show any money transfer for account opening and operating to any 20 suspected entities, if they have not found the same, then how SEBI's Investigation has concluded that I was operating the 20 suspected accounts, for this reason only, the present Notice should be dropped against me.*

18.6.No specific averment as to the charge or Nature of Fraud.

- It is humbly submitted that it can be seen from the Notice, that there is no specific averment, allegation or statement against me as to the nature of fraud which has been alleged or in fact there has been no allegation that which provisions of law or regulations does the trade violate in the manner that is has been alleged.*
- The Notice nowhere suggests what specifically has been erroneous or fraudulent or violative of the specific provisions of law and directly in a completely vague and general manner alleges fraud and violations of the provisions of the specified provisions of SEBI Act and PFUTP Regulations.*

18.7.No connection with any person/entity in Notice

- It is humbly submitted that I have no relation/connection with the entities/persons mentioned in the Notice or with any of the counterparties.*
- It is further humbly submitted that the Notice has also failed to bring out any connection between me and the other persons/entities mentioned in the Notice (other than Noticees). including of the counterparties.*

Therefore, by no stretch of the imagination, it can be presumed that I had any relationship/nexus/prior meeting of mind with any entities involved in the manipulation of scrips.

18.8. Allegations against me are in Violation of Principle of Equity.

- I failed to understand why these 20 suspected entities and Manoj Somani and group are not made parties in the present proceeding, where they are the ones who were engaged in the trading activities and benefited from the same.*
- For the argument, without prejudice, it is humbly submitted that even if your goodself assumes that the accounts were operated by me then also the Notice has to be issued against these suspected entities. without making these entities a party to the present case, and proceeding further will cause prejudice against me as well as it is violation of my fundamental rights. On this ground alone, the Notice as well as the charge levelled against me should be dropped.*
- Further, it is submitted that how can SEBI's Investigation team on the basis of only Mr. Dinesh's statement. assume that the account was operated and opened by me. Even if your goodself thinks that they have issued the summons and they have not replied for the same, then SEBI has the power to charge the violator under section 11 (C) of SEBI Act, and issue notice for noncompliance of the summons. However, in the present case, nothing has been done by SEBI's Investigation team, which shows a biased nature toward me.*
- After reading the entire Notice, it appears that SEBI's Investigation team has proceeded on the basis of half-backed information and instead of catching the real culprit. they have just cast the liability on the innocent person, without any sufficient documents, information etc.*
- It is humbly submitted that SEBI's Investigation team had only acted against selected/ shortlisted persons/ entities and not against all of them who were allegedly involved in the entire trade business. If the allegation of SEBI were correct, then allegation would also have been levelled against all of them, failing which the Notice needs to be*

withdrawn.

- *Further, no reasons for such specific inclusions and exclusions were given by SEBI in the Notice. If any allegations were to be levelled out on a selective set of entities and not on all those who were involved, proper reasons for the same should be given to justify the same. Thus, it is submitted that SEBI cannot resort to such discriminatory acts without supplying any valid reason.*
- *Thus, it is humbly submitted that such proceedings where only selected persons/entities are alleged are strictly against the principle of justice, equity and good conscious and thus are liable to be set aside.*

18.9. Having said my preliminary submission to the Notice, I would like to humbly submit my para-wise reply to the Notice as under:

- *The paragraphs no. 1 to 2 of the Notice are general and are a matter of record. Further, I humbly submit that these general submissions and statements made therein do not pertain to me and no comment is accordingly offered at this stage.*
- *The paragraph no. 3 of the Notice, alleged that I have operated the accounts of 20 front entities and was responsible for creating artificial volume through synchronizes trades, circular trades and reversal trades. At the outset, I deny the same, I humbly submit that all the accounts were operated by Mr. Manoj and Mr. Dinesh only, they have traded in this account. Further, I humbly submit that this account was not operated by me, these accounts were by Manoj Somani group and Dinesh. Further, please see the annexures 24 and 25 in this Mr. Vijay and stated the name of the person who was operating the accounts and details of the person.*
- *Further, it is humbly submitted that only based on the false statement of Mr. Dinesh, SEBI's Investigation team, has come to the conclusion that the account was operated by me, and it has caused grave prejudice against me. If SEBI's thinks that the statement of Mr. Dinesh is correct, then SEBI should give me an opportunity for cross-examination of the same.*

- *Therefore, I humbly request your good self to kindly give me an opportunity of cross examination of Mr. Dinesh because he has clearly made contradictory statements and false statements against me as well as Mr. Vijay. Further, it is humbly submitted that I am taking legal action against Mr. Dinesh for defaming me and falsely accusing me for the SEBI case.*
- *The paragraphs no. 4 to 7 of the Notice deal with observation of the Investigation Report (hereinafter referred to as " IR"). In this regard, it is submitted that the said paragraph of the Notice states what the investigation allegedly revealed, the alleged finding in the investigation report does not pertain to me and the Notice itself does not at any place, allege or produce any material on record, to suggest or establish that I have been in any manner connected with any of the violations suggested in the said paragraph.*
- *The paragraph no. 8 of the Notice deals with connections with 20 suspected entities. The suspected entities are connected based on KYC. In this regard, it is submitted I do not have any connection with any entities or have any fund transactions with any entities. Thus the said connection is erroneous in itself.*
- *The paragraphs no. 9 to 13 of the Notice deal with the trading pattern of the suspected 20 entities. however, it is pertinent to mention herein that none of the entities is part of the present Notice, so the allegation of this para, never be answered by any party, because they are not party to the present proceeding, so that mystery of operating account and trading in the said scrip will always be unsolved. Further, it is again humbly submitted that no reasons for such specific inclusions and exclusions were given by SEBI in the Notice. If any allegations were to be levelled out on a selective set of entities and not on all those who were involved, proper reasons for the same should be given to justify the same. Thus, it is submitted that SEBI cannot resort to such discriminatory acts without supplying any valid reason.*
- *The paragraphs no. 14 to 17 of the Notice deals with my nexus with 20*

suspected entities. In this regard, I humbly submit that when SEBI's Investigation team, when failed to show my connections with 20 suspected entities with respect to operating the trading account they have now try to established the nexus with the 20 suspected entities.

- The paragraphs no. 14 and 15 of the Notice deal with the 10 common mobile numbers. In this regard, it is submitted that I don't know any number of entities. Furthermore, it is a matter of record also I have no nexus and or call or message with any suspected 10 phone numbers.*
- Further, it is humbly submitted that if your goodself thinks that I have any connection to any entities then SEBI can check the call data history and message history, whether I have received any calls or messages from the said 10 numbers. It is pertinent to mention herein that when SEBI has the power to call the information from a telecommunication company then why they have not checked my call data records with these 10 suspected phone numbers, it would become easy for me to defend my case, however, in the present, SEBI's investigation team instead of calling and checking this suspected 10 number history from telecommunication company, have blindly relied on the false statement of Mr. Dinesh.*
- The paragraphs no 16 and 17 deal with cash deposits to the suspected entities, in this regard, it is humbly submitted that the said fund was transferred because this entity has availed of the loan facility from Mr. Vijay. These entities are referred by Mr. Manoj Somnai (Mr. Dinesh is also part of this group), Mr. Vijay lend the money on the basis and reference of Mr, Manoj. Further, it is pertinent to mention herein that being in the braking business, I was aware that he was running an illegal investment advisory but I was not aware that he was doing market manipulation, if Mr. Vijay or I, were aware of the same, then Mr. Vijay has not given loan for the same.*
- I humbly submit that a serious charge of fraud and manipulation cannot be levelled merely on the possibility. There has to be some collusion I connection I relation I nexus I prior meeting of minds to be shown so as*

to substantiate such trading between the entities.

- Further, I humbly submit that adverse inferences against me has been drawn based on the alleged connections as set out in the Notice by erroneously clubbing me with other persons/entities. The said clubbing with others has resulted in distorted conclusions against me. The entire grouping (in so far, I am concerned) is erroneous and misleading.*
- I humbly submit that serious allegations of manipulation or fraudulent cannot be alleged on the basis of mere surmises and conjectures. as has been done in the instant case. Admittedly, neither connection has been shown with the counter party nor any circumstances are there which could even remotely show that there are alleged trades.*
- In this context, the judgments of Hon'ble Supreme Court in the matter of Varanasaya Sanskrit Vishwa Vidyalaya & Anr. Versus Dr. Rajkishore Tripathi and Anr., Union of India Versus Chaturbhai M. Patel (AJR 1976 SC 712) and the Hon'ble Securities Appellate Tribunal in the matter of Price Waterhouse & Co Versus SEBI (SAT Order dated 09.09.2019, Appeal No.06 of 2018) Networth Stock broking Ltd Versus SEBI (SAT Order dated 19.06.2012, Appeal No.5 of 2012) Parsoli Corporation Limited Versus SEBI (SAT order dated 12.08.2011, Appeal no. 146 of 2010) and Sterlite Industries Versus SEBI (Appeal No.20/2001 dated 22 October 2001) has been referred.*
- In the light of the aforesaid judgment. I humbly submit that serious allegation of violation of PFUTP Regulations cannot be alleged on the basis of mere surmises and conjectures and based on the erroneous erroneously clubbing me with other persons/entities, as has been done in the instant case.*
- The paragraph no. 18 of the Notice, deals with the service of summons to the 20 entities. in this regard it is submitted that why your goodself has not taken action against 20 entities for non compliance with the summons. The said benefit, which was given by SEBI to these 20 suspected entities, itself shows SEBI's biased approach.*
- The paragraph no. 19 of the Notice deals with the examination of the*

statement of Mr. Dinesh Acadhesing Thakur. In this regard, it is humbly submitted that the said statement can not be relied upon because I was not given the opportunity of cross-examination of the same. Further, it is humbly submitted that Mr. Dinesh's statements are contradictory in nature, therefore relying on Mr. Dinesh's statement would cause prejudice to me.

- Further, I have failed to understand that how SEBI's Investigation team out of 20 entities, based on one entity's statement ie. Mr. Dinesh, can issue the Notice qua me. The said way of approach of SEBI's is not only legal harassment to me but also being a market regulator is arbitrary and illegal.*
- Further, I have failed to understand that when SEBI's investigation team during the course of the summons, came to know about Mr. Manoj and its group including Mr. Dinesh operating the account. then what actions they took against this culprit. Further, I also failed to understand that, it is a matter of fact, when Mr Dinesh, in his one statement, said the account was opened and operated by me and in his later statement he said that his account was opened by Natu and operate by Mr. Vijay and he also admitted that he doesn't know about me. Even after knowing, the contradicting submission of Mr. Dinesh, SEBI's has issued the notice against me without giving me an opportunity of cross-examination. it has caused prejudice against me.*
- The Paragraph no. 20 of the Notice deals with the analysis of the bank account of the 20 suspected entities, in this regard, it is humbly submitted that based on the statement of Mr. Dinesh, SEBI's Investigation team, has relied on the story that I was operating the bank account of the entities, in this regard, it is humbly submitted that first of all, how it is possible that one person is handling the account of another. it appears that whatever Mr. Dinesh said to SEBI's Investigation team, they assumed the truth and issued the Notice. I deny that I was operating the bank account of any entities. I further, submit that there is no single proof that I was handling the bank*

account of any entities.

- *The Paragraph no. 21 of the Notice deals with the analysis of the trading account of the 20 suspected entities, I humbly submit that these entities were referred by Mr. Manoj group (which includes Dinesh also). Other than this, I don't know and I can't remember the same.*
- *The paragraph no. 22 deals with MAC 10 address, in this regard, it is humbly submitted that my name is not even there. So, allegation of the operating this account is why levied on me, which I failed to understand. It appears that someone told my name, and SEBI without verifying and cross-examining the fact, has issued the Notice and will impose the penalty for the same. All accounts and MAC addresses belong to Mr. Manoj's group only. Even I don't have that much money to buy this 5 MAC.*
- *The paragraphs no. 23 to 25 of the Notice deals with the recording of the statement of Noticee No. 1 to 3, in this regard, it is pertinent to mention herein that Mr. Vijay and me, during the course of the investigation have given all the details with respect to Mr. Manoj Somani group, but investigation team, instead of catching the real culprit, has illegally and arbitrary drag me in this present matter. Even, though it appears in the Notice, not all statements and submissions of Mr. Vijay have been recorded and appreciated by SEBI's Investigation team, before the issuance of the Notice.*
- *The paragraph No. 26 of the Notice deals with the allegation that I opened the trading account of the said 20 front entities with various brokers a few days before the 20 entities commenced to trade in the scrip of KIL. Further, it was also alleged that I have transferred/deposited the funds in the bank account of 20 front entities for trading in the market. I deny the entire paragraph no. 26 in toto.*
- *On the contrary, I humbly submit that the present Notice has failed to show any fund deposited or account which is opened by me on a referred basis, is opened for the sole purpose of trading in KIL only.*
- *The paragraph No. 27 of the Notice deals with the allegation with*

respect to Mr. Vijay, I have nothing to say about this. But. without prejudice, I humbly submitted that all the accounts were operated by Mr. Manoj and Mr. Dinesh.

- *The paragraph No. 28 of the Notice deals with me. I deny the entire paragraph in toto, and again humbly submit that these 6 or 7 entities are referred by Mr. Manoj and Mr. Dinesh only. I have no connection or nexus with these accounts. Further, with respect to the fund deposit, I humbly submit that the said fund was transferred because this entity availed the loan facility from Mr. Vijay and that day Mr. Vijay was out of town to which I had to deposit the fund.*
- *The paragraphs no. 29 and 30 of the Notice rely on the statement of Mr. Dinesh Thakur. In this regard, it is humbly submitted that the said statement can not be relied upon because I was not given the opportunity of cross-examination of the same. Further, it is humbly submitted that Mr. Dinesh's statements are contradictory in nature, therefore relying on Mr. Dinesh's statement would cause prejudice to me. Further.it is humbly submitted that All accounts and MAC addresses belong to Mr. Manoj's group only. this group used to trade in this Mac address.*
- *The paragraph no. 31 to 32 of the Notice deals with the allegation against me. In this regard. I again humbly briefly submit that as under:-*
 - *That I have no role in the present case.*
 - *That I was the authorised person of the tradebulls securities limited, for Which no illegality can be cast upon me. In any event, if an account has been opened by me, which was referred by Mr.Manoj Somai group or by any person, then how I can be liable for trading in the said account*
 - *That with respect to the fund transfer, I was instructed by Mr. Vijay to deposit cash in the accounts of Keyur Vinodchandra and Dhaval Gadani. Since Vijay was out of the station I have deposited the money. It is pertinent to mention herein that the said fund was transferred because Keyur Vinodchandra and*

- Dhaval Gadani. would have availed the finance facility from Mr. Vijay, it has nothing to do with trading in the scrip of Kavit.*
- *Further, I have failed to understand how can a person be liable for depositing funds or opening an account of any person.*
 - *I humbly submit that all the accounts were operated by Mr. Manoj and Mr. Dinesh only, they have traded in this account. Further, I humbly submit that this account was not operated by me, these accounts were by Manoj Somani group and Dinesh. Further, please see the annexures 24 and 25 in this Mr. Vijay and stated the name of the person who was operating the accounts and details of the person.*
 - *If the allegation of operating this account is to be true, then there should be at least one single transaction with any of these 20 suspected entities for either funding for trade or giving renting income. However, in the present case, there is no single fund transaction of any entities with me. So the allegation of operating this account, does not stand against me.*
 - *Further, it is pertinent to mention herein that SEBI's Investigation team has my PAN no. and Bank Account as well as trading account details, however, they have also failed to find or show any money transfer for account opening and operating to any 20 suspected entities, if they have not found the same, then how SEBI's Investigation has concluded that I was operating the 20 suspected accounts, for this reason only, the present Notice should be dropped against me.*
 - *That the Notice deals with the 10 common mobile numbers. In this regard, it is submitted that I don't know any number of entities. Furthermore, it is a matter of record also I have no nexus and or call or message with any suspected 10 phone numbers. Further, it is humbly submitted that if your goodself thinks that I have any connection to any entities then SEBI can check the call data history and message history, whether I have*

received any calls or messages from the said 10 numbers or not.

- *It is humbly submitted that Mr. Dinesh in the Annexure 17, stated that "I have opened demat and bank account" and in the Annexure 18, again it is stated that "Mr. Natu, has come to him and opened the accounts.", this is a contradictory statement, which can not be relied upon for the present proceeding.*
- *Further, it is humbly submitted that only based on the false statement of Mr. Dinesh, SEBI's Investigation team, has come to the conclusion that the account was operated by me, and it has caused grave prejudice against me. If SEBI's thinks that the statement of Mr. Dinesh is correct, then SEBI should give me an opportunity for cross-examination of the same.*
- *It is humbly submitted that it can be seen from the Notice, that there is no specific averment, allegation or statement against me as to the nature of fraud which has been alleged or in fact there has been no allegation that which provisions of law or regulations does the trade violate in the manner that is has been alleged.*
- *It is further humbly submitted that the Notice has also failed to bring out any connection between me and the other persons/entities mentioned in the Notice (other than Noticees), including of the counterparties. Therefore, by no stretch of the imagination, it can be presumed that had any relationship/nexus/prior meeting of mind with any entities involved in the manipulation of scrips.*
- *Without prejudice, it is humbly submitted that even if your goodself assumes that the accounts were operated by me then also the Notice has to be issued against these suspected entities. without making these entities a party to the present case, and proceeding further will cause prejudice against me as well as it is violation of my fundamental rights. On this ground*

alone, the Notice as well as the charge levelled against me should be dropped. Further, no reasons for such specific inclusions and exclusions were given by SEBI in the Notice.

- *The paragraphs no. 33 to 36 of the Notice deal with monetary penalty under the provision of Section 15HA of the SEBI Act in respect of the alleged violations. In this regard, I humbly submit that while determining the quantum of penalty under the aforementioned provisions, the provisions of Section 15 J of the SEBI Act shall be required to be taken into account which reads as under:*
 - *With regard to Clause (a) :- "the amount of disproportionate gain or unfair advantage, whether quantifiable, made as a result of the default": it is submitted that the findings does not lead to the conclusion that there has been disproportionate gain or unfair advantage by me.*
 - *With regard to Clause (b):- "the amount of loss caused to an investor or group of investors as a result of the default" : it is submitted that there are no investor complaints filed at any Stock Exchange or SEBI in respect of any act and omission on my part and the same has also not been alleged in the Notices. In absence of any direct information, the allegation of causing loss to other investors is baseless.*
 - *With regard to Clause (c):- "the repetitive nature of the default." it is submitted that I never been held guilty for any violation of SEBI Laws, and it has been first time the present proceeding have been initiated against me. Further, I submit that I have clean records and always maintained transparency, integrity, honesty and accountability in all its operations and hence there is no question of the repetitive nature of default.*
- *I humbly submit that a bare perusal of the SEBI Act indicates that it is not mandatory for the Adjudicating Officer to impose a penalty every time he come to conclusion that any person /entity has failed to comply with the specified requirement under the Act and/or the Regulations.*

Even though Section 15HA of the SEBI Act contains the words "shall be liable to a penalty" there is no strict or mandatory obligation on the part of the defaulter to suffer such penalty.

- In this regard, I would like to draw your goodself's attention on the Judgement passed by the Hon'ble Supreme Court of India in the matter Superintended and Remembrancer Legal Affairs to Government of West Bengal Versus Abani Maity (1979) 4 SCC 85 and SEBI Versus Cobot International Capital Corporation Limited (Cabot) {2004 51 SCL 307 (BOM)} Further, the Hon'ble Apex Court in the case of Ex-Naik Sardar Singh vs. Union of India (1991) 3 SCC 212) and Ranjit Thakur vs. Union of India (AIR 1987 SC 2386).*
 - Furthermore, I humbly submit that SEBI has failed to make out a prima facie case against me, and therefore the Notice qua me needs to be quashed and set aside in entirety.*
 - Thus, in view of the facts stated, arguments advanced and authorities cited, it is humbly submitted that the present proceedings are illegal and is contrary to principles of natural justice. I humbly submit that the allegation levied in the Notices does not corroborate with the corresponding evidence provided in the present matter and needs to be quashed.*
- ...*

19. After the culmination of cross examination on September 26, 2024, another opportunity of reply was granted to Noticee No. 2. In this regard, it is noted that Noticee No. 2 did not submit any additional reply.
20. It is noted that the SCN along with the annexures and the Hearing Notices were duly served on the Noticee No. 2. The Noticee No. 2 was granted sufficient opportunities to make submissions in reply to the SCN, of personal hearing and of cross examination.

Service of SCN, Reply and Hearing for Noticee No. 3

21. The SCN along with annexures was served upon the Noticee No. 3 in the following manner as tabulated below:

Table 5

Sr. No.	Mode of Delivery	Addresses/ Email ids	Remarks
Noticee No. 3	Through SPAD	V...10	Delivered on May 02, 2024 as per consignment details tracked online
	Through email	p...a@yahoo.com	Digitally signed SCN was duly delivered on April 26, 2024.

22. From the material on record, I note that Noticee No. 3 failed to submit his reply to the SCN within the stipulated time period. Thereafter, an opportunity for personal hearing was granted to the Noticee No. 3 on June 05, 2024, vide hearing notice dated May 17, 2024. Further, the Noticee No. 3 was advised to submit his reply to the SCN by May 29, 2024. The hearing notice dated May 17, 2024 was duly served upon the Noticee No. 3 through SPAD and email.
23. After the issuance of the hearing notice dated May 17, 2024, the following is the sequence of events:

Table 6

Date	Remarks
May 29, 2024	Noticee No. 3 failed to submit his reply to the SCN within the time period provided in the hearing notice dated May 17, 2024.
June 05, 2024	Noticee No. 3 failed to avail the opportunity of a personal hearing.
June 06, 2024	Noticee No.3 was provided another opportunity of hearing on June 21, 2024, vide hearing notice dated June 06, 2024. Further, the reply to SCN was to be submitted by June 17, 2024.
June 17, 2024	Noticee No. 3 failed to submit his reply to the SCN within the time period

	provided in the hearing notice dated June 06, 2024.
June 21, 2024	<p>The AR of Noticee No. 1, vide email dated June 21, 2024, requested adjournment and for further time to submit a reply to the SCN.</p> <p>In the interest of natural justice, the request of the Noticee No. 1 was allowed. Noticee No. 1 was advised to submit his reply to SCN by July 09, 2024 and avail the opportunity of a personal hearing on July 11, 2024.</p>
July 09, 2024	Noticee No. 3 failed to submit his reply to the SCN.
July 11, 2024	Noticee No. 3 failed to avail the opportunity of a personal hearing.
July 12, 2024	<p>Noticee No. 3 submitted his response to the SCN. Further, Noticee No. 3 requested for another opportunity of hearing.</p> <p>In the interest of natural justice, Noticee No. 3 was provided another opportunity of hearing on July 19, 2024.</p>
July 19, 2024	Hearing was held. Noticee No. 3 reiterated their request for the opportunity of cross examination of Mr. Dinesh Avadheshsingh Thakur and personal hearing
July 23, 2024	Noticee No. 3 submitted further reply.
August 22, 2024	An opportunity for a cross-examination of Mr. Dinesh Avadheshsingh Thakur was granted to the Noticee No. 3 on September 04, 2024, through videoconferencing/online
September 03, 2024	<p>Noticee No. 1 requested to reschedule the timing of the cross examination.</p> <p>The request of the Noticee No. 1 was allowed and the cross examination was rescheduled to September 19, 2024.</p>
September 19, 2024	<p>Noticee No. 1 again requested to reschedule the cross examination of Mr. Dinesh Avadheshsingh Thakur.</p> <p>In the interest of natural justice, the cross examination was rescheduled to September 26, 2024.</p>
September 26, 2024	Cross examination of Mr. Dinesh Avadheshsingh Thakur was conducted by Noticee No. 3.
October 11, 2024	Noticee No. 3 submitted an additional reply.

24. The Noticee No. 3, vide email dated July 12, 2024, *inter alia*, submitted the following reply to the SCN which has been reproduced *in verbatim*:

“ ...

- 24.1. *Before going into the paragraphs-wise response to the SCN, it is submitted that I am uneducated person, working as peon with Mr. Vijay, on salary of basis i.e. INR 10,000/- per month. And without prejudice, it is humbly submitted that working in professional capacity or as employment, if a person was given a particular work or task, and person based on his bonafide belief, has executed the task under the course of his employment, they how can a person or employee is liable for fraud under SEBI Act. So, even if Mr. Vijay as committed any wrong or not, I am not liable for the same at given circumstances.*
- 24.2. *If SEBI alleged and assume that I was part of fraud or manipulation, then it must proof that I have benefited out of this said fraud, on contrary, there is no proof of evidence that I was part of the fraud.*
- 24.3. *That I did not have any relation/connection or nexus with any suspected 20 entities. Further, I did not have any fund/financial transaction with any suspected 20 entities. Further, I submit the SCN also does not provide any connection/ relation with the any suspected 20 entities. In this regard, I humbly submit that without proving the existence of any malafide intention or collusion between of any person, the present SCN, does not survive qua me.*
- 24.4. *That it appears that only on the basis of the statement of Dinesh, out of 20 suspected entities, SEBI has issued the SCN qua me. In this regard, I humbly submits that how can SEBI's surely relied on Dinesh Statement, and alleged me for fraud under SEBI Act.*
- 24.5. *Further, it is pertinent to mention herein that I never met Dinesh at any point of time, and I never met him at any tea stall or shop. Further, I humbly submits that Dinesh has made false statement against me as well as Mr. Vijay and Ajay. I deny the para no. 19.3 in which Dinesh has said that he was met me and I opened his account. If I opened his account, then there must be proof of the same. Nevertheless, I humbly submitted that Dinesh has made false statement before SEBI, so if SEBI is relying the statement of Dinesh, and*

proceeding further, without giving me opportunity of cross examination will caused prejudice against me.

- 24.6. *Without prejudice, it is submitted that if SEBI is going by this logic that I was working as peon, should be liable in the present case. Then I must say, the entities, who has given his/her demat account for rent of 2000-3000 rupees to Manoj Sir, are also liable in the present case. Further, I humbly submit that when the trades have been executed by the 20 suspected group of the entities, (and assume that even not executed by the them) or who has given their account as name lender. Then also there are so many orders of SEBI, SAT, where SEBI has proceeded against these violators for name lenders, and but in the present case no reasoning was given that why these 20 suspected entities are not part of the present proceeding and simple put blame on me that I was controlling this account.*
- 24.7. *That it is a law of land that in any suit or case, necessary party has to be joined the case, if necessary party is not join the case, then case should be dismissed. Accordingly, it is humbly submitted that these 20 suspected entities are very important and necessary party in the present case for me, and not calling and joining them as party the present case, it will cause prejudice against and I will be handicapped to defend the present case.*
- 24.8. *That I have not opened any account of any entities with any broker.*
- 24.9. *That I have not given any fund to any entities from my account.*
- 24.10. *That with respect to mobile number 7XXXXXXX5, it is humbly submitted that the said no. was used by Mr. Amit Patel (who was partner of Manoj Sir). In the year 2019, around December or November, when few clients of Vijay bhai was not paying the loan and even not pickup up office calls. That time Mr. Amit, has given this no. because Amit has around 3-4 mobile numbers for daily uses.*
- 24.11. *I deny that the mobile number 7XXXXXXX5 is my personal mobile number. This was given by Amit to Vijay's office because Vijay's clients were not answering on Vijay's call.*
- 24.12. *That I don't know why this no. has my name on the truecaller application. But, I humbly submit that it should not be rely on the same.*
- 24.13. *That I never indulged in the manipulative trading, creating misleading*

appearance of trading through generation of artificial volumes during particular parts of the investigation period.

- 24.14. *That I have not traded in the shares of Kavit Industries Limited. Further, I have no connection or nexus or any fund truncations with promoter, director and any entities mention in the SCN.*
- 24.15. *I have a clean track record and in entire lifetime have not been subject to any such proceedings by the regulators.*
- 24.16. *Further, I submit that though the allegation has been alleged in the SCN, no evidence has been placed on record to show that my action was in any way fraudulent. Here the definition of the tern 'Fraud ' as defined in the PFUTP Regulations needs to be referred, which states that any act, expression, omission or concealment committed should have induced another person to deal in the securities market. In this regard, it is submitted that through my trading not in any way induced any person to trade in the said scrip. Hence, the allegation of violation of the provisions of PFUTP Regulations fails on facts and law.*
-”

25. After the culmination of cross examination on September 26, 2024, another opportunity of reply was granted to Noticee No. 3. In this regard, Noticee No. 3 submitted an additional reply on October 11, 2024.
26. It is noted that the SCN along with the annexures and the Hearing Notices were duly served on the Noticee No. 3. The Noticee No. 3 was granted sufficient opportunities to make submissions in reply to the SCN, of personal hearing and of cross examination.

D. CONSIDERATION OF ISSUES AND FINDINGS

27. After careful perusal of the material on record, I note that the issues that arise for consideration in the present case are as follows:

- I. Whether Noticees were responsible for creating artificial volume and generating a false and misleading appearance of trading in the scrip of KIL through synchronized trades, circular trades and reversal trades and thereby, violated Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations?
 - II. Does the violation, if any, on the part of Noticees attract a monetary penalty under Section 15HA of the SEBI Act?
 - III. If so, what would be the monetary penalty that can be imposed upon Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?
28. The relevant extracts of the provisions of law, allegedly violated by Noticees, are mentioned under:

“SEBI Act

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

12A. No person shall directly or indirectly—

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

PFUTP Regulations

3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

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

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

-

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

...

(n) circular transactions in respect of a security entered into between persons including intermediaries to artificially provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security;

...”

E. CONSIDERATION

I. Whether Noticees were responsible for creating artificial volume and generating a false and misleading appearance of trading in the scrip of KIL through synchronized trades, circular trades and reversal trades and thereby, violated Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations?

29. In the SCN, it was alleged that the Noticees have used and operated the trading accounts of 20 entities during the IP to create artificial volume in the scrip of KIL during the IP. In this regard, Noticees were alleged to have generated a false and misleading appearance of trading in the scrip of KIL during the IP.

Connection amongst the 20 entities

30. From the unique client code (hereinafter referred to as '**UCC**') details and Know Your Customer (hereinafter referred to as '**KYC**') details, the following connection is noted amongst the 20 entities (hereinafter referred to as '**suspected entities**'):

Table 7

Entity No.	Entity Name	Connections ¹
1.	Vipul Pithadia Bharatbhai	Connected to Amit Makwana, Dinesh Avadheshsingh Thakur, Durgeshkumar Kalidas Sathvara and Hari Gopal Sharma through common mobile number 7XXXXXXX4. Connected to Rahul Mehta, Rekhaben Sakariya, Kamleshkumar B Parmar, Keyur Vinodchandra Parmar and Jayesh Vaghela through common mobile number 9XXXXXXX8. Connected to Akshay Parmar, Nayanbhai Shivshankar Vyas, Amitkumar Navinchandra Patel, Anurudhkumar Barelal Yadav and Keyur Vinodchandra Parmar through common mobile number 7XXXXXXX5. Connected to Kamlesh Parmar, Akshay Parmar, Anurudhkumar Barelal Yadav, Ritu Mehta, Dhaval Gadani, Keyur Vinodchandra Parmar and Sharda Sharma through bank account transactions.
2.	Akshay Jagdishbhai Parmar	Connected to Vipul Pithadia, Nayanbhai Shivshankar Vyas, Amitkumar Navinchandra Patel, Anurudhkumar Barelal Yadav and Keyur Vinodchandra Parmar through common mobile number 7XXXXXXX5. Connected to Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Kamleshkumar B Parmar, Sharda Sharma and Vijay Chauhan

¹Address, Mobile numbers and Email ids are excised for confidentiality.

		through common mobile number 7XXXXXXX3. Connected to Rekhaben Sakariya, Kamleshkumar B Parmar, Vijay Chauhan, Jitendrabhai Madhavlal Mistri and Ritu Rahul Mehta through common mobile number 9XXXXXXX6. Connected to Kamlesh Parmar, Vipul Pithadia, Anurudhkumar Barelal Yadav and Ritu Mehta through bank account transactions.
3.	Amit Makwana Vijaybhai	Connected to Vipul Bharatbhai Pithadia, Dinesh Avadheshsingh Thakur, Durgeshkumar Kalidas Sathvara and Hari Gopal Sharma through common mobile number 7XXXXXXX4. Connected to Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Salej Makwana, Durgeshkumar Kalidas Sathvara, Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Vijay Chauhan and Rahul Mehta through common mobile number 8XXXXXXX3. Connected to Kamlesh Parmar through bank account transactions.
4.	Amitkumar Navinchandra Patel	Connected to Akshay Parmar, Nayanbhai Shivshankar Vyas, Anurudhkumar Barelal Yadav, Vipul Pithadia and Keyur Vinodchandra Parmar through common mobile number 7XXXXXXX5. Connected to Kamlesh Parmar through bank account transactions.
5.	Anurudhkumar Barelal Yadav	Connected to Amit Vijaybhai Makwana, Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Salej Makwana, Durgeshkumar Kalidas Sathvara, Keyur Vinodchandra Parmar, Vijay Chauhan and Rahul Mehta through common mobile number 8XXXXXXX3. Connected to Hari Gopal Sharma, Sharda Sharma, Ritu Rahul Mehta, Vijay Chauhan, Keyur Vinodchandra Parmar and Dhaval Vinodbhai Gadani through common mobile number 6XXXXXXX4. Connected to Kamlesh Parmar, Vipul Pithadia, Akshay Parmar and Ritu Mehta through bank account transactions.
6.	Dhaval Vinodbhai Gadani	Connected to Hari Gopal Sharma, Sharda Sharma, Ritu Rahul Mehta, Vijay Chauhan, Keyur Vinodchandra Parmar and Anurudhkumar Barelal Yadav through common mobile number 6XXXXXXX4. Connected to Sharda Sharma and Anurudhkumar Barelal Yadav through common mobile number 8XXXXXXX3. Connected to Rahul Mehta, Ritu Mehta, Kamlesh Parmar, Keyur Vinodchandra Parmar, Vipul Pithadia and Sharda Sharma through bank account transactions.
7.	Dinesh Avadheshsingh Thakur	Connected to Vipul Bharatbhai Pithadia, Amit Makwana, Durgeshkumar Kalidas Sathvara and Hari Gopal Sharma through common mobile number 7XXXXXXX4. Connected to Hari Gopal Sharma, Rahul Rameshbhai Mehta and Ritu Rahul Mehta through common mobile number 7XXXXXXX6. Connected to Ritu Mehta through bank account transaction.
8.	Durgeshkumar Kalidas Sathvara	Connected to Dinesh Avadheshsingh Thakur, Vipul Bharatbhai Pithadia, Amit Makwana and Hari Gopal Sharma through common mobile number 7XXXXXXX4. Connected to Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Rahul Mehta, Salej Vijaybhai Makwana, Amit Makwana, Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav and Vijay Chauhan through common mobile number 8XXXXXXX3.
9.	Hari Gopal Sharma	Connected to Ritu Rahul Mehta and Rahul Rameshbhai Mehta through common mobile number 7XXXXXXX6.

		<p>Connected to Ritu Rahul Mehta and Rekhaben Harishbhai Sakariya through common mobile number 8XXXXXXX1.</p> <p>Connected to Vipul Pithadia, Durgeshkumar Kalidas Sathvara and Amit Vijaybhai Makwana through common mobile number 7XXXXXXX4.</p> <p>Connected to Keyur Vinodchandra Parmar through bank transactions.</p>
10.	Jayesh Vaghela	<p>Connected to Vipul Pithadia, Rahul Rameshbhai Mehta, Rekhaben Harishbhai Sakariya, Kamleshkumar Bipinchandra Parmar and Keyur Vinodchandra Parmar through common mobile number 9XXXXXXX8.</p>
11.	Jitendrabhai Madhavlal Mistri	<p>Connected to Rekhaben Sakariya, Kamleshkumar B Parmar, Vijay Chauhan, Akshay Jagdishbhai Parmar and Ritu Rahul Mehta through common mobile number 9XXXXXXX6.</p>
12.	Kamleshkumar Bipinchandra Parmar	<p>Connected to Rekhaben Sakariya, Jitendrabhai Madhavlal Mistri, Vijay Chauhan, Akshay Jagdishbhai Parmar and Ritu Rahul Mehta through common mobile number 9XXXXXXX6.</p> <p>Connected to Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Akshay Jagdishbhai Parmar, Sharda Sharma and Vijay Chauhan through common mobile number 7XXXXXXX3.</p> <p>Connected to Vijay Chauhan, Amit Makwana, Salej Makwana, Vipul Pithadia, Akshay Parmar, Anurudhkumar Barelal Yadav, Ritu Mehta, Dhaval Gadani, Keyur Vinodchandra Parmar, Sharda Sharma and Amitkumar Patel through bank account transactions.</p>
13.	Keyur Vinodchandra Parmar	<p>Connected to Kamleshkumar Bipinchandra Parmar, Anurudhkumar Barelal Yadav, Akshay Jagdishbhai Parmar, Sharda Sharma and Vijay Chauhan through common mobile number 7XXXXXXX3.</p> <p>Connected to Amitkumar Navinchandra Patel, Akshay Parmar, Nayanbhai Shivshankar Vyas, Anurudhkumar Barelal Yadav and Vipul Pithadia through common mobile number 7XXXXXXX5.</p> <p>Connected to Dhaval Vinodbhai Gadani, Hari Gopal Sharma, Sharda Sharma, Ritu Rahul Mehta, Vijay Chauhan and Anurudhkumar Barelal Yadav through common mobile number 6XXXXXXX4.</p> <p>Connected to Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Rahul Mehta, Salej Vijaybhai Makwana, Amit Makwana, Durgeshkumar Kalidas Sathvara, Anurudhkumar Barelal Yadav and Vijay Chauhan through common mobile number 8XXXXXXX3.</p> <p>Connected to Kamlesh Parmar, Akshay Parmar, Anurudhkumar Barelal Yadav, Ritu Mehta, Dhaval Gadani, Vipul Pithadia and Sharda Sharma through bank account transactions.</p>
14.	Nayanbhai Shivshankar Vyas	<p>Connected to Ritu Rahul Mehta, Rahul Mehta, Salej Vijaybhai Makwana, Amit Makwana, Durgeshkumar Kalidas Sathvara, Anurudhkumar Barelal Yadav, Keyur Vinodchandra Parmar and Vijay Chauhan through common mobile number 8XXXXXXX3.</p> <p>Connected to Amitkumar Navinchandra Patel, Akshay Parmar, Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav and Vipul Pithadia through common mobile number 7XXXXXXX5.</p>
15.	Rahul Rameshbhai Mehta	<p>Connected to Jayesh Vaghela, Vipul Pithadia, Rekhaben Harishbhai Sakariya, Kamleshkumar Bipinchandra Parmar and Keyur Vinodchandra Parmar through common mobile number 9XXXXXXX8.</p> <p>Connected to Ritu Rahul Mehta and Hari Gopal Sharma through common mobile number 7XXXXXXX6.</p> <p>Connected to Ritu Rahul Mehta, Nayanbhai Shivshankar Vyas, Salej</p>

		Vijaybhai Makwana, Amit Makwana, Durgeshkumar Kalidas Sathvara, Anurudhkumar Barelal Yadav, Keyur Vinodchandra Parmar and Vijay Chauhan through common mobile number 8XXXXXXX3. Connected to Ritu Rahul Mehta through common email id: r...6@gmail.com, common mobile number 9XXXXXXX1 and address: 40/ XXXX, Ahmedabad, Gujarat.
16.	Rekhaben Harishbhai Sakariya	Connected to Hari Gopal Sharma and Ritu Rahul Mehta through common mobile number 8XXXXXXX1. Connected to Vipul Pithadia, Kamleshkumar Bipinchandra Parmar, Keyur Vinodchandra Parmar, Jayesh Vaghela and Rahul Mehta through common mobile number 9XXXXXXX8.
17.	Ritu Rahul Mehta	Connected to Rahul Mehta, Nayanbhai Shivshankar Vyas, Salej Vijaybhai Makwana, Amit Makwana, Durgeshkumar Kalidas Sathvara, Anurudhkumar Barelal Yadav, Keyur Vinodchandra Parmar and Vijay Chauhan through common mobile number 8XXXXXXX3. Connected to Keyur Vinodchandra Parmar, Dhaval Vinodbhai Gadani, Hari Gopal Sharma, Sharda Sharma, Vijay Chauhan and Anurudhkumar Barelal Yadav through common mobile number 6XXXXXXX4. Connected to Rekhaben Sakariya, Kamleshkumar B Parmar, Vijay Chauhan, Akshay Jagdishbhai Parmar and Jitendrabhai Madhavlal Mistri through common mobile number 9XXXXXXX6. Connected to Rahul Rameshbhai Mehta through common email id: r...6@gmail.com, common mobile number 9XXXXXXX1 and address: 40/ 468 Mangalmurti Apartment, Near Telephone Exchange, Naranpura, Ahmedabad, Gujarat. Connected to Kamlesh Parmar, Akshay Parmar, Anurudhkumar Barelal Yadav, Vipul Pithadia, Dhaval Gadani, Keyur Vinodchandra Parmar and Sharda Sharma through bank account transactions.
18.	Salej Vijaybhai Makwana	Connected to Rahul Mehta, Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Amit Makwana, Durgeshkumar Kalidas Sathvara, Anurudhkumar Barelal Yadav, Keyur Vinodchandra Parmar and Vijay Chauhan through common mobile number 8XXXXXXX3.
19.	Sharda Sharma	Connected to Hari Gopal Sharma, Anurudhkumar Barelal Yadav, Vijay Chauhan, Ritu Rahul Mehta, Keyur Vinodchandra Parmar and Dhaval Vinodbhai Gadani through common mobile number 6XXXXXXX4. Connected to Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Kamleshkumar Bipinchandra Parmar, Akshay Parmar and Vijay Chauhan through common mobile number 7XXXXXXX3. Connected to Dhaval Vinodbhai Gadani and Anurudhkumar Barelal Yadav through common mobile number 8XXXXXXX3. Connected to Kamlesh Parmar, Akshay Parmar, Anurudhkumar Barelal Yadav, Ritu Mehta, Dhaval Gadani, Keyur Vinodchandra Parmar and Vipul Pithadia through bank account transactions.
20.	Vijay Ishvarbhai Chauhan	Connected to Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Kamleshkumar Bipinchandra Parmar, Akshay Parmar and Sharda Sharma through common mobile number 7XXXXXXX3. Connected to Hari Gopal Sharma, Anurudhkumar Barelal Yadav, Sharda Sharma, Ritu Rahul Mehta, Keyur Vinodchandra Parmar and Dhaval Vinodbhai Gadani through common mobile number 6XXXXXXX4.

31. The aforesaid connection amongst the 20 entities as mentioned in Table 7 has not been disputed by either of the Noticees in the course of present proceedings. Here, I find it pertinent to take note of the decision of the Securities Appellate Tribunal (hereinafter referred to as 'SAT') in the matter of **Smt. Krupa Sanjay Soni & Anr. v. SEBI**² wherein it was, *inter alia*, held as under:

*"... 7. It was found that the Appellants dealt in the scrip of SGTIL along with other entities of the Krupa Soni Group, namely, J M Soni Consultancy, Shri Paresh Chauhan, Shri Krunal Rana, Shri Dharmendra Soni, Shri Dilipkumar Soni, Shri Jayeshkumar Soni, Shri Janakray Soni, Shri Dharmesh Soni, Shri Bhargav Patel, Shri Bhargav Vyas, Kalpesh Chauhan, Shri Ashlesh Shah and Shri Dhiren Kumar Agarwal. **These entities are connected to each other by way of common addresses, phone numbers, e-mail IDs etc.**" (Emphasis supplied)*

32. In light of the discussion in the preceding paragraphs, I find that the 20 entities were connected to each other through common addresses, phone numbers, email ids and bank transfers. Therefore, I note that 20 entities mentioned in Table 7 were acting as connected entities during the IP.

Volume Manipulation in the scrip of KIL

33. It has been alleged in the SCN that the said 20 entities had indulged in volume manipulation in the scrip of KIL through reversal trades, synchronized trades and circular trades during the IP.
34. I note from the material on record that the said 20 entities had executed trades in the scrip of KIL during IP. From the trade logs provided by BSE, it is noted that the trading done by the 20 entities during IP in the scrip of KIL was as under:

²Appeal No. 32 of 2013 dated January 24, 2014.

Table 8

S. No.	Name of the Entity	IP			
		Buy Traded Quantity	% of total buy traded Quantity	Sell Traded Quantity	% total sell traded Quantity
1.	Anurudhkumar Barelal Yadav	2,63,316	4.93%	2,63,316	4.93%
2.	Dinesh Avadheshsingh Thakur	2,59,374	4.85%	2,59,374	4.85%
3.	Vipul Bharatbhai Pithadia	1,33,295	2.50%	1,33,295	2.50%
4.	Dhaval Vinodbhai Gadani	1,26,067	2.36%	1,26,067	2.36%
5.	Hari Gopal Sharma	1,21,821	2.28%	1,21,821	2.28%
6.	Keyur Vinodchandra Parmar	1,16,736	2.19%	1,16,736	2.19%
7.	Ritu Rahul Mehta	78,067	1.46%	78,067	1.46%
8.	Akshay Parmar	69,753	1.31%	69,753	1.31%
9.	Sharda Sharma	61,577	1.15%	61,577	1.15%
10.	Vijay Ishvarbhai Chauhan	60,137	1.13%	60,137	1.13%
11.	Amit Vijaybhai Makwana	43,314	0.81%	43,314	0.81%
12.	Rahul Rameshbhai Mehta	33,817	0.63%	33,817	0.63%
13.	Jayesh Vaghela	31,428	0.59%	31,428	0.59%
14.	Jitendrabhai Madhavlal Mistri	30,034	0.56%	30,034	0.56%
15.	Salej Vijaybhai Makwana	26,087	0.49%	26,087	0.49%
16.	Rekhaben Harishbhai Sakariya	23,650	0.44%	23,650	0.44%
17.	Kamleshkumar Bipinchandra Parmar	20,288	0.38%	20,288	0.38%
18.	Nayanbhai Shivshankar Vyas	8,572	0.16%	8,572	0.16%
19.	Durgeshkumar Kalidas Sathvara	6,167	0.12%	6,167	0.12%
20.	Amitkumar Navinchandra Patel	5,500	0.10%	5,500	0.10%
	Total	15,19,000	28.43%	15,19,000	28.43%
	Market total	53,42,469	100%	53,42,469	100%

35. From the above table, I find that during IP, the said 20 connected entities bought 15,19,000 shares and sold 15,19,000 shares of KIL through intra-day trades during

IP. Further, out of the total traded quantity, for 13,04,108 shares, the said 20 entities were counterparties to each other and contributed 24.41% to total market volume during IP (53,42,469 shares). I find that the trades executed by these entities have not been disputed in the present case.

36. Circular Trades

36.1. During the IP, I note from the material on record that:

36.1.1. Circular trades were executed by the connected entities on 53 days during the IP.

36.1.2. There were a total of 82 instances of circular trades for a total quantity of 4,54,348 shares observed amongst these entities.

36.1.3. The quantity of these circular trades was 16.12% of the market volume on 53 days (28,19,064 shares) and 8.50% of the total market volume (53,42,469 shares).

36.2. In this regard, I find that the connected entities, while acting as a group, had frequently executed circular trades amongst themselves during the IP. Here, I note that Hon'ble SAT in the matter of **Ketan Parekh v. SEBI**³ has, *inter alia*, held as under:

“... one of the methods commonly employed by manipulators to create an impression of high trade volumes and rising prices is circular trading. This is how it works: a manipulator targets a scrip and acquires as much of the floating stock as is necessary to ensure his profits and creates an illusion of high trading volumes at the counter. He indulges in what is called circular trading where a few of them get together and buy and sell large blocks of shares among themselves. The shares are sold to associates at a price higher than what is prevailing in the market who in turn sell them to another associate for even a higher price. All transactions usually cancel out each other and the shares remain within the circle without any genuine trading transaction. This creates an impression that the stock is an actively traded one and sought after and, therefore,

³ Appeal No. 02 of 2004 decided on July 14, 2006

such transactions attract those outside the circle to buy the stocks. In other words, the general investing public gets induced to buy such stocks. In other words, the general investing public gets induced to buy such stocks. The manipulators not only increase artificially the trading volumes but also benchmark the price because every trade establishes the price of the scrip. Circular trading is among the easiest ways to increase volumes. Tragically, retail investors and day traders are most vulnerable to such trading as they follow the herd mentality because they lack market intelligence and experience to diagnose such cases and they are usually the ones left holding the parcel when the music stops. The manipulators who had taken large positions in the beginning normally cash out and the consequences of manipulation are borne by the innocent investors.” (Emphasis supplied)

- 36.3. Given the proximity of time between trading by these entities and the number of such instances of trades being executed on a continuous basis, I find that the 20 suspected entities had executed the circular trades in connivance with each other in the scrip of KIL. It is pertinent to highlight that these circular trades had not happened over one or two days, but over a period of five months.

37. Synchronized Trades:

- 37.1. It is noted from the material on record that the following synchronized trades (where the buy and sell order quantity and rate were identical and orders for these transactions were placed within a time gap of one minute) were executed by the said 20 entities during the IP in the scrip of KIL, as tabulated below:

Table 9*Market Volume during IP = 53,42,469 shares*

Gross Buy Quantity of suspected entities	Gross Sell Quantity of suspected entities	Total traded Quantity among suspected entities (A)	Synchronized traded Quantity by suspected entities (B)	Sync Trades as % of total traded Quantity among the suspected entities (C=B/A)	Sync Trades as % of Total market volume
15,19,000	15,19,000	13,04,108	11,26,661	86.39%	21.09%

37.2. I find that such synchronized trades among the said 20 entities created a volume of 11,26,661 shares during the IP, i.e. 21.09% of the total market volume of the scrip of KIL. The summary of the synchronized trades executed by these 20 entities during IP is tabulated as under:

Table 10

S. No.	Name	Gross Buy Vol.	Gross Sell Vol.	Total Traded Quantity among suspected entities	Synchroniz ed Traded Quantity among suspected entities	Sync Trades as % of Total Traded Quantity among suspected entities	Sync Trades as % of Total Market Volume
1.	Vipul Bharatbhai Pithadia	1,33,295	1,33,295	1,21,669	1,17,169	8.98%	2.19%
2.	Akshay Parmar	69,753	69,753	44,619	37,379	2.87%	0.70%
3.	Amit Vijaybhai Makwana	43,314	43,314	40,756	34,589	2.65%	0.65%
4.	Amitkumar Navinchandra Patel	5,500	5,500	5,500	5,500	0.42%	0.10%
5.	Anurudhkumar Barelal Yadav	2,63,316	2,63,316	2,41,295	2,22,798	17.08%	4.17%
6.	Dhaval Vinodbhai Gadani	1,26,067	1,26,067	1,13,204	85,183	6.53%	1.59%
7.	Dinesh Avadheshsingh Thakur	2,59,374	2,59,374	1,77,236	1,53,147	11.74%	2.87%
8.	Durgeshkumar Kalidas Sathvara	6,167	6,167	4,500	4,500	0.35%	0.08%
9.	Hari Gopal Sharma	1,21,821	1,21,821	99,075	92,702	7.11%	1.74%
10.	Jayesh Vaghela	31,428	31,428	30,855	24,433	1.87%	0.46%
11.	Jitendrabhai	30,034	30,034	29,911	27,723	2.13%	0.52%

	Madhavlal Mistri						
12.	Kamleshkumar Bipinchandra Parmar	20,288	20,288	14,420	11,086	0.85%	0.21%
13.	Keyur Vinodchandra Parmar	1,16,736	1,16,736	1,11,989	77,180	5.92%	1.44%
14.	Nayanbhai Shivshankar Vyas	8,572	8,572	7,255	6,253	0.48%	0.12%
15.	Rahul Rameshbhai Mehta	33,817	33,817	22,350	22,350	1.71%	0.42%
16.	Rekhaben Harishbhai Sakariya	23,650	23,650	23,400	19,775	1.52%	0.37%
17.	Ritu Rahul Mehta	78,067	78,067	75,141	69,638	5.34%	1.30%
18.	Salej Vijaybhai Makwana	26,087	26,087	25,907	15,183	1.16%	0.28%
19.	Sharda Sharma	61,577	61,577	54,957	42,671	3.27%	0.80%
20.	Vijay Ishvarbhai Chauhan	60,137	60,137	60,069	57,402	4.40%	1.07%
	Total	15,19,000	15,19,000	13,04,108	11,26,661	86.39%	21.09%

37.3. In this regard, I note that Hon'ble SAT in the matter of **Sparkline Mercantile Co. Pvt. Ltd. v. SEBI**⁴ wherein it was held as follows:

"..It is an admitted position that it is difficult to get direct evidence with regard to synchronization of trades for the purpose of upsetting the market equilibrium or to manipulate the market. It is only on the basis of circumstantial evidence that such a connection can be proved.....A large number of trades were executed among the group entities within a minute of placing the order. This cannot happen without prior meeting of minds among the connected entities. From the details of the trades executed and having regard to the trading system, we do not think that such large number of trades could match between the same parties unless the trading system was being abused.."

37.4. Further, in **SEBI v. Kishore R Ajmera**⁵, Hon'ble Supreme Court, *inter alia*, held that:

⁴ Appeal No. 171 of 2011

“...in the absence of direct proof of meeting of minds elsewhere in synchronized transactions, the test should be one of preponderance of probabilities as far as adjudication of civil liability arising out of the violation of the Act or provision of the Regulations is concerned. The conclusion has to be gathered from various circumstances like that volume of the trade effected; the period of persistence in trading in the particular scrip; the particulars of the buy and sell orders, namely, the volume thereof; the proximity of time between the two and such other relevant factors. The illustrations are not exhaustive...”

37.5. In this background, I note from the foregoing findings that the trading pattern of the said 20 suspected entities in terms of volume of synchronized trades, proximity of buy/sell orders and duration of these synchronized trades evidences the indulgence of the said entities in the creation of artificial volume in the scrip of KIL.

38. Reversal Trades Analysis:

38.1. I note that reversal trades for a quantity of 7,52,052 shares were executed in the scrip of KIL by all the 20 connected entities (i.e., 14.08% of the total market volume) during IP.

38.2. In this regard, I take note of the decision of the Hon'ble Supreme Court in the matter of **V.G. Capital Market Pvt. Ltd. v. SEBI**⁶, wherein it was, *inter alia*, held as under:

“... The buyer and seller cannot keep matching their trades and if they do, they are obviously manipulating the system which is the case before us. Reverse trades are a clear instance of manipulative trading. It is true that before any buy and sell order can result in a trade they must match but this matching must take place through the system without the intervention of any human element. Knowing how the

⁵ AIR 2016 SC 1079

⁶Appeal No. 135 of 2009 dated December 01, 2009.

system works, reverse trades are not possible unless the trades are manipulated particularly when the scrip is liquid. ...”

38.3. Therefore, I find that the said 20 connected entities have contributed to creating artificial volume in the market through reversal trades in the scrip of KIL during the IP.

39. Therefore, I find that the trade of the suspected said 20 connected entities were not bonafide trades as seen from the artificial volume created by these trades in the scrip of KIL during the IP. In this regard, I find that the said 20 entities have executed synchronized trades, circular trades and reversal trades and generated an artificial volume of 13,04,108 shares, contributing 24.41% of the total market volume.

Suspected Entities were Front Entities

40. In the SCN, it has been alleged that the 20 entities were not operating their trading accounts during the IP and they were acting as front entities. In this regard, I note the following:

40.1. Common Mobile Number:

40.1.1. I note that there were 10 mobile numbers which were common amongst the said 20 connected entities. From the Customer Application Forms (hereinafter referred to as ‘**CAFs**’)/ subscriber details provided by Telecom Service Providers (hereinafter referred to as ‘**TSPs**’), I find that the said 10 common mobile numbers did not belong to any of the said 20 entities. The relevant detail in this regard is tabulated below:

Table 11

S. No.	Suspected Entities having common mobile number (as per KYC/UCC)	Common Mobile number⁷	TSP	Name as per CAF
1.	Vipul Bharatbhai Pithadia, Amit Makwana, Dinesh Avadheshsingh Thakur, Durgeshkumar Kalidas Sathvara, Hari Gopal Sharma	7XXXXXXX XX4	Vodafone Idea	Rahul Solanki
2.	Vipul Bharatbhai Pithadia, Akshay Parmar, Nayanbhai Shivshankar Vyas, Amitkumar Navinchandra Patel, Anurudhkumar Barelal Yadav, Keyur Vinodchandra Parmar	7XXXXXXX XX5	Vodafone Idea	Rajan Gajjar
3.	Akshay Parmar, Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Kamleshkumar Bipinchandra Parmar, Sharda Sharma, Vijay Ishvarbhai Chauhan	7XXXXXXX XX3	Vodafone Idea	Bharatkumar Trivedi
4.	Anurudhkumar Barelal Yadav, Hari Gopal Sharma, Sharda Sharma, Ritu Rahul Mehta, Vijay Ishvarbhai Chauhan, Keyur Vinodchandra Parmar, Dhaval Gadani	6XXXXXXX XX4	Vodafone Idea	Bharatkumar Trivedi
5.	Dinesh Avadheshsingh Thakur, Hari Gopal Sharma, Rahul Mehta, Ritu Rahul Mehta	7XXXXXXX XX6	Vodafone Idea	Chamar Kaushikkumar
6.	Vipul Bharatbhai Pithadia, Rahul Mehta, Rekhaben Harishbhai Sakariya, Kamleshkumar Bipinchandra Parmar, Keyur Vinodchandra Parmar, Jayesh Vaghela	9XXXXXXX XX8	Airtel	Jayshreeben Deepakbhai Sakariya
7.	Akshay Parmar, Rekhaben Harishbhai Sakariya, Kamleshkumar Bipinchandra Parmar, Vijay Ishvarbhai Chauhan, Jitendrabhai Madhavlal Mistri, Ritu Rahul Mehta	9XXXXXXX XX6	Airtel	Deepak Ganpatbhai Sakariya
8.	Amit Makwana, Nayanbhai Shivshankar Vyas, Ritu Rahul Mehta, Salej Makwana, Durgeshkumar Kalidas Sathvara, Keyur Vinodchandra Parmar, Anurudhkumar Barelal Yadav, Vijay Ishvarbhai Chauhan, Rahul Mehta	8XXXXXXX XX3	Airtel	Sejalben Sathvara
9.	Hari Gopal Sharma, Ritu Rahul Mehta, Rekhaben Harishbhai Sakariya	8XXXXXXX XX1	Airtel	Preyash Sathvara
10.	Dhaval Vinodbhai Gadani, Anurudhkumar Barelal, Sharda Sharma	8XXXXXXX XX3	Airtel	Bharatkumar Prabhashankar Trivedi

40.1.2. Further, I, from the material on record, note that in addition to the aforesaid common mobile numbers, the said 20 suspected entities had

⁷ Mobile number is excised for confidentiality.

another mobile number in their names as per UCC details provided by exchanges. Furthermore, I note that in most cases, even those mobile numbers had different names in CAFs/ subscriber details.

40.1.3. In this context, I note that the fact that the mobile number of a third party was used as the contact number of the 20 entities points toward the fact that the trading accounts of the said 20 connected entities were operated by someone else and therefore, these 20 entities were acting as front entities.

40.2. Opening of Trading Account and Trading in the scrip of KIL:

40.2.1. From the material on record, I note the following regarding the trading account of the front entities:

Table 12

S. No.	Entity Name	Stock Broker through which entity traded in KIL scrip during IP	Date of account opening	Date of first trade in KIL scrip during IP through respective broker
1.	Hari Gopal Sharma	India Advantage Securities Pvt. Ltd.	22/07/2019	25/07/2019
		R.K. Stock Holding Pvt. Ltd.	21/11/2019	21/11/2019
2.	Keyur Vinodchandra Parmar	India Advantage Securities Pvt. Ltd.	14/10/2019	15/10/2019
		Tradebulls Securities Pvt. Ltd.	25/11/2019	02/12/2019
		Wealth Discovery Securities Pvt. Ltd.	25/11/2019	28/11/2019
		Patel Wealth Advisors Pvt. Ltd.	19/12/2019	20/12/2019
3.	Dhaval Gadani	Escorts Securities Ltd.	21/08/2019	30/09/2019
		Wealth Discovery Securities Pvt. Ltd.	25/11/2019	02/12/2019
4.	Vipul Bharatbhai Pithadia	Tradebulls Securities Pvt. Ltd.	22/07/2019	25/07/2019
		Competent Finman Pvt. Ltd.	11/09/2019	24/09/2019

S. No.	Entity Name	Stock Broker through which entity traded in KIL scrip during IP	Date of account opening	Date of first trade in KIL scrip during IP through respective broker
5.	Sharda Sharma	Tradebulls Securities Pvt. Ltd.	14/10/2019	15/10/2019
		Wealth Discovery Securities Pvt. Ltd.	03/10/2019	15/10/2019
6.	Kamleshkumar Bipinchandra Parmar	Tradebulls Securities Pvt. Ltd.	12/09/2019	24/09/2019
7.	Salej Makwana	Tradebulls Securities Pvt. Ltd.	14/10/2019	27/10/2019
8.	Ritu Rahul Mehta	Tradebulls Securities Pvt. Ltd.	21/11/2019	25/11/2019
		Wealth Discovery Securities Pvt. Ltd.	03/10/2019	07/10/2019
		Patel Wealth Advisors Pvt. Ltd.	19/12/2019	20/12/2019
9.	Jitendrabhai Madhavlal Mistri	Wealth Discovery Securities Pvt. Ltd.	08/04/2019	02/05/2019
10.	Amit Makwana	Wealth Discovery Securities Pvt. Ltd.	03/06/2019	25/07/2019
		Sumpoorna Portfolio Ltd.	15/10/2019	23/10/2019
11.	Rahul Mehta	Wealth Discovery Securities Pvt. Ltd.	09/09/2019	27/09/2019
		Master Capital Services Ltd.	19/06/2019	25/07/2019
12.	Durgeshkumar Sathvara	Wealth Discovery Securities Pvt. Ltd.	09/09/2019	27/09/2019
		Indian Finance Guaranty Ltd.	01/10/2019	07/10/2019
13.	Amitkumar Navinchandra Patel	Marfatia Stock Broking Pvt. Ltd.	10/07/2019	16/07/2019
14.	Jayesh Vaghela	Sachdeva Stocks Pvt. Ltd.	29/07/2019	30/07/2019
15.	Rekhaben Harishbhai	Comfort Securities Ltd.	26/06/2019	16/07/2019

S. No.	Entity Name	Stock Broker through which entity traded in KIL scrip during IP	Date of account opening	Date of first trade in KIL scrip during IP through respective broker
	Sakariya			
16.	Nayanbhai Shivshankar Vyas	R.K. Stock Holding Pvt. Ltd.	06/06/2019	07/06/2019
17.	Akshay Jagdishbhai Parmar	Nikunj Stock Brokers Ltd.	21/06/2019	16/07/2019
		R. K. Global Shares and Securities Ltd.	21/10/2019	25/10/2019
18.	Anurudhkumar Barelal Yadav	Nikunj Stock Brokers Ltd.	11/09/2019	15/10/2019
		R. K. Global Shares and Securities Ltd.	08/06/2019	16/07/2019
19.	Dinesh Avadheshsingh Thakur	LKP Securities Ltd.	04/07/2019	25/07/2019
		MNM Stock Broking Pvt. Ltd.	06/09/2019	25/09/2019
20.	Vijay Ishvarbhai Chauhan	Swastika Investmart Ltd.	07/11/2019	18/11/2019

40.2.2. From the aforesaid table, I find that the opening of the trading account by the said 20 entities strangely almost coincided with their execution of trade in the scrip of KIL. The peculiar pattern that has been shown by these 20 entities concerning the opening of their trading accounts and consequently, commencing their trading in the scrip of KIL during the IP cannot be skirted away as mere coincidence.

40.2.3. In this context, I note that these irregularities point to the possibility that the trading accounts of these 20 entities were used as a conduit in a scheme orchestrated probably by a third party.

40.3. Common media access control address:

40.3.1. On perusal of the connection logs provided by the respective stock brokers, I find the orders of multiple entities were placed from a single media access control address (hereinafter referred to as '**MAC ID**'). The relevant detail in this regard is tabulated as under:

Table 13

S. No.	MAC ID	Name of the Entity
1.	00:1C:C0:80:63:98	Jitendrabhai Mistri, Rahul Mehta, Durgeshkumar Kalidas Sathvara, Rekhaben Harishbhai Sakariya
2.	0A:3D:02:87:FC:37	Dhaval Gadani, Keyur Vinodchandra Parmar
3.	0C:5B:8F:27-9A-64	Ritu Rahul Mehta, Jitendrabhai Mistri, Rekhaben Harishbhai Sakariya
4.	1A:D6:B9:03:C5:48	Jitendrabhai Mistri, Vipul Bharatbhai Pithadia
5.	3A:A5:D8:08:90:64	Dhaval Gadani, Dinesh Avadheshsingh Thakur, Ritu Rahul Mehta
6.	20:E8:17:06:14:9B	Jitendrabhai Mistri, Vipul Bharatbhai Pithadia
7.	22:9B:AC:5C:65:E6	Jitendrabhai Mistri, Vipul Bharatbhai Pithadia
8.	1E:A4:5A:91:A5:C5	Dinesh Avadheshsingh Thakur, Ritu Rahul Mehta
9.	42:2F:36:3A:B6:33	Dhaval Gadani, Ritu Rahul Mehta
10.	5A:79:0A:7E:74:0D	Rahul Mehta, Ritu Rahul Mehta, Sharda Sharma, Rekhaben Harishbhai Sakariya
11.	72:C6:FD:45:76:8C	Dhaval Gadani, Sharda Sharma
12.	82:B4:FF:7A:21:E4	Dhaval Gadani, Ritu Rahul Mehta
13.	9A:F8:FE:FA:74:49	Sharda Sharma, Dinesh Avadheshsingh Thakur
14.	AE:1E:B7:A3:9B:07	Ritu Rahul Mehta, Sharda Sharma, Kamleshkumar Parmar

S. No.	MAC ID	Name of the Entity
15.	CA:E3:07:81:05:BF	Keyur Vinodchandra Parmar, Dhaval Gadani, Ritu Rahul Mehta
16.	D06:13:F1:CC:71:2E	Dinesh Avadheshsingh Thakur, Ritu Rahul Mehta, Salej Makwana, Sharda Sharma
17.	DA:A8:FB:94:03:45	Dhaval Gadani, Ritu Rahul Mehta
18.	E6:E2:4A:BE:0C:33	Rahul Mehta, Sharda Sharma, Durgeshkumar Kalidas Sathvara
19.	F2:27:0F:BF:20:32	Rahul Mehta, Ritu Rahul Mehta, Keyur Vinodchandra Parmar
20.	F4:B5:20:00:07:F6	Dinesh Avadheshsingh Thakur, Rahul Mehta, Amit Makwana, Jitendrabhai Mistri
21.	06:44:58:10:36:50	Dhaval Gadani, Dinesh Avadheshsingh Thakur
22.	DE:F0:AC:48:76:45	Jitendrabhai Mistri, Vipul Bharatbhai Pithadia
23.	E2:AA:E5:13:87:D7	Dhaval Gadani, Keyur Vinodchandra Parmar

40.3.2. Considering that the demat accounts of multiple entities were operated from a single MAC ID and there were various devices used to execute these trades, it can be safely inferred that the trading accounts of these 20 entities were indeed operated by a common entity.

40.4. Trading activity:

40.4.1. From the details provided by BSE and NSE vide emails dated February 20, 2023, it is noted that out of 20 suspected entities, the accounts of 13 suspected entities have been inactive for more than one year, since the date on which the entities last traded in the securities market. Only seven suspected entities traded in the securities market in the year 2022. Entity-wise details are tabulated below:

Table 14

S. No.	Name of Entity	Date when the entity last traded in BSE	Date when the entity last traded in NSE
1.	Durgeshkumar Kalidas Sathvara	23/09/2020	16/10/2019
2.	Amit Makwana	11/12/2019	10/12/2019
3.	Salej Makwana	25/09/2020	04/12/2019
4.	Jayesh Vaghela	04/10/2019	23/08/2019
5.	Kamleshkumar Bipinchandra Parmar	25/09/2020	06/12/2019
6.	Rekhaben Sakariya	08/03/2022	07/07/2020
7.	Dinesh Avadheshsingh Thakur	08/04/2020	25/04/2022
8.	Rahul Mehta	01/02/2021	28/12/2022
9.	Ritu Rahul Mehta	07/12/2022	18/11/2022
10.	Anurudhkumar Barelal Yadav	27/08/2021	27/08/2021
11.	Vijay Chauhan	18/05/2022	18/05/2022
12.	Nayanbhai Shivshankar Vyas	25/09/2020	20/09/2019
13.	Vipul Bharatbhai Pithadia	26/08/2020	27/11/2019
14.	Amitkumar Navinchandra Patel	02/08/2019	02/08/2019
15.	Jitendrabhai Madhavlal Mistri	25/09/2020	26/09/2019
16.	Akshay Parmar	22/11/2019	22/11/2019
17.	Dhaval Gadani	27/10/2022	27/10/2022
18.	Keyur Vinodchandra Parmar	29/09/2022	29/09/2022
19.	Sharda Sharma	24/06/2020	24/06/2020
20.	Hari Gopal Sharma	31/07/2020	31/07/2020

40.4.2. I find it rather surprising that most of these suspected entities, who were rather very proactive during the IP, have suddenly stopped executing trades without any reason.

40.5. Non-service of summon:

- 40.5.1. I note that summons dated January 12, 2023 were issued to these 20 entities. However, from the material on record, I find that the summons dated January 12, 2023 were delivered only to six front entities.
- 40.5.2. Thereafter, the delivery of summons to the said 20 suspected entities was undertaken through BSE. In this regard, I find that BSE had informed SEBI that the summons could be delivered only to seven suspected entities.
- 40.5.3. In this context, I note that the fact that summons could not be delivered to most of these entities lends credence to the fact that they are not genuine investors.

41. When the above mentioned facts are considered holistically, it becomes evident that the trading accounts of these 20 suspected entities were not operated by these entities during the IP. Rather these suspected entities were merely acting as front entities.

Nexus of Noticees with the Suspected Entities

42. It has been alleged in the SCN that the Noticees were operating the trading account of the front entities during the IP.
43. In this regard, I find the following with regard to the nexus of Noticees with the front entities:

43.1. Fund Transfer

- 43.1.1. From the material on record, I note that the Noticee No. 1 had transferred funds amounting to Rs.28,55,990/- (Rupees Twenty-Eight Lakhs Fifty-Five Thousand Nine Hundred Ninety) to the bank accounts of 17 suspected entities during FY 2019-20. Details of fund transfers between Noticee No. 1 and 17 suspected entities during FY 2019-20 are tabulated as under:

Table 15

S. No.	Name of entity	Bank account no. & Name of the bank ⁸	Total amount transferred by Vijay Pujara (in Rs.)	Total amount received by Vijay Pujara (in Rs.)
1.	Anurudhkumar Barelal Yadav	A/c no. 3... (State Bank of India)	6,39,000	0
2.	Vipul Pithadia	A/c no. 3... (State Bank of India)	5,29,586	0
3.	Kamleshkumar Parmar	A/c no. 3... (State Bank of India)	3,21,000	4,76,000
4.	Jitendrabhai Madhavlal Mistri	A/c no. 1... (IDBI Bank)	2,07,849	2,400
5.	Salej Makwana	A/c no. 1... (IDBI Bank)	2,06,800	358
6.	Rahul Mehta	A/c no. 1... (IDBI Bank)	1,72,100	10,200
7.	Akshay Parmar	A/c no. 3... (State Bank of India)	1,36,750	0
8.	Nayanbhai Shivshankar Vyas	A/c no. 1... (IDBI Bank)	1,25,500	0
9.	Jayesh Vaghela	A/c no. 1... (IDBI Bank)	1,23,755	8,000
10.	Durgeshkumar Sathvara	A/c no. 1... (IDBI Bank)	1,09,650	0
11.	Dinesh Avadheshsingh Thakur	A/c no. 7... (Union Bank of India)	90,000	0
12.	Hari Gopal Sharma	A/c no. 7... (Union Bank of India)	60,000	0
13.	Rekhaben Harishbhai Sakariya	A/c no. 7... (Union Bank of India)	50,500	0
14.	Dhaval Gadani	A/c no. 3... (State Bank of India)	20,000	0
15.	Amitkumar Navinchandra Patel	A/c no. 2... (State Bank of India)	27,000	26,100

⁸Bank account nos. are excised for confidentiality.

S. No.	Name of entity	Bank account no. & Name of the bank ⁸	Total amount transferred by Vijay Pujara (in Rs.)	Total amount received by Vijay Pujara (in Rs.)
16.	Amit Makwana	A/c no. 1... (IDBI Bank)	26,000	2,900
17.	Sharda Sharma	A/c no. 7... (Union Bank of India)	10,500	0
	Total		28,55,990	5,25,958

43.1.2. From the material on record, I, further, note that the Noticees had made cash deposits in the bank account of the front entities. The summary of cash deposits made by Noticees in the bank accounts of the suspected entities during FY 2019-20 are given below in separate tables:

Table 16: Cash deposits made by Noticee No. 1

S. No.	Name of entity	Bank account no. & Name of the bank ⁹	Total cash deposited (in Rs.)
1.	Akshay Parmar	A/c no. 3... (State Bank of India)	4,26,600
2.	Amitkumar Navinchandra Patel	A/c no. 2... (State Bank of India)	2,08,500
3.	Anurudhkumar Barelal Yadav	A/c no. 3... (State Bank of India)	2,87,800
4.	Dhaval Gadani	A/c no. 3... (State Bank of India)	1,05,000
5.	Kamleshkumar Parmar	A/c no. 3... (State Bank of India)	7,15,300
6.	Keyur Vinodchandra Parmar	A/c no. 3... (State Bank of India)	65,000
7.	Ritu Rahul Mehta	A/c no. 3... (State Bank of India)	42,300
8.	Vipul Bharatbhai Pithadia	A/c no. 3... (State Bank of India)	3,89,100
	Total		22,39,600

⁹Bank account nos. are excised for confidentiality.

Table 17: Cash deposits made by Noticee No. 2

S. No	Name of entity	Bank account no. & Name of the bank¹⁰	Total cash deposited (in Rs.)
1.	Keyur Vinodchandra Parmar	A/c no. 3... (State Bank of India)	55,000
2.	Dhaval Gadani	A/c no. 3... (State Bank of India)	30,000
	Total		85,000

Table 18: Cash deposits made by Noticee No. 3

S. No	Name of entity	Bank account no. & Name of the bank¹¹	Total cash deposited (in Rs.)
1.	Anurudhkumar Barelal Yadav	A/c no. 3... (State Bank of India)	6,96,400
2.	Keyur Vinodchandra Parmar	A/c no. 3... (State Bank of India)	1,91,000
3.	Ritu Rahul Mehta	A/c no. 3... (State Bank of India)	1,34,000
4.	Dhaval Gadani	A/c no. 3... (State Bank of India)	1,52,000
5.	Kamleshkumar Parmar	A/c no. 3... (State Bank of India)	91,000
6.	Akshay Parmar	A/c no. 3... (State Bank of India)	35,000
	Total		12,99,400

- 43.1.3. From the perusal of Table Nos. 16 to 18, I note that Noticees had transferred an aggregate amount of Rs. 64,79,990/- (Rupees Sixty-Four Lakhs Seventy-Nine Thousand Nine Hundred Ninety) through bank transfer and cash deposit to the bank accounts of the suspected entities.
- 43.1.4. It is pertinent to note that the Noticees have not disputed the aforesaid fund transfer in the accounts of the front entities.
- 43.1.5. I note that the Noticee No. 1 has submitted that the funds were transferred to these entities as they had availed of the loan facility from him. In this

¹⁰Bank account nos. are excised for confidentiality.

¹¹*Ibid.*

regard, I note that no document or material has been adduced by the Noticee No. 1 in support of his submission. Further, I take note of the decision of the Hon'ble SAT in the matter of **Uni24 Techno Solutions Pvt. Ltd. v. SEBI**¹², wherein it was, *inter alia*, held as under:

*“...26. With regard to the connection, we find that noticee nos. 1, 2, 3 and 5 have not denied the funds which they have received from Vision. These entities have only stated that they received the funds in the normal course of business. We find that the only contention raised that these funds were received much before the impugned transaction on September 27, 2012 and, that in any case, these funds were not utilized for the purpose of trading. **We, however, note that for the purpose of finding as to whether the noticees were connected to each other, we find that all the noticees nos. 1, 2, 3 and 5 received funds from Vision and, therefore, there was a connection.** The contention that they received the funds in the normal course of business was not believed by the WTM and the AO and we find that such finding needs no interference. **In this regard, we find that noticees have not provided any details of their business activities in pursuance of which funds have been transferred.** A perusal of the bank statement of Vision which is 'Annexure A' to the show cause notice indicates that Vision had five transactions with noticee nos. 1 totaling a debit of Rs. 2,14,45,000/- and total credit of Rs. 1.60 crore. Vision further had ten transactions with noticee nos. 6, two transactions with noticee nos. 7 and one transaction each with noticee nos. 2 and 3. We find from a perusal of the bank statement that the funds transaction between Vision and the noticees were of high denominations. Further, the frequency and high amounts of fund transfers points a close relation between them. Thus, the contention that these transfers were in the normal course of*

¹²Appeal No. 406 of 2021 dated November 10, 2023.

business without any supporting documents is untenable.”

(Emphasis supplied)

- 43.1.6. In this context, it is difficult to believe that an amount of Rs. 64,79,990/- (Rupees Sixty-Four Lakhs Seventy-Nine Thousand Nine Hundred Ninety) has been given as ‘loan’ to the entities without even an agreement or document to substantiate that it was a ‘loan’.
- 43.1.7. Further, I note that the transfer of funds by the Noticees to account of the front entities has not been disputed. Further, it is a fact that the said amount was then transferred by the front entities to the respective stock brokers on the same day or the next day. It is, further, noted from material on record that these entities had subsequently traded in scrips, including KIL during the IP. Therefore, I find the contention of the Noticee No. 1 to be lacking in merit and hence untenable.
- 43.1.8. I note that Noticee Nos. 1 and 2 have, *inter alia*, contended that:
- “With respect to fund transfer, I was instructed by Mr. Vijay to deposit cash in the accounts of Keyur Vinodchandra and Dhaval Gadani. Since Vijay was out of the station I have deposited the money. It is pertinent to mention herein that the said fund was transferred because Keyur Vinodchandra and Dhaval Gadani would have availed the finance facility from Mr. Vijay, it has nothing to do with trading in the scrip of Kavit.”*
- 43.1.9. Here, I note that no material or document has been adduced by the Noticee Nos. 1 and 2 in support of this submission. From the material on record, I note that the cash deposit by Noticee No. 2 in the account of front entities was not a lone incident, which can be attributed to him acting in the direction of Noticee No. 1. Noticee No. 2 had made three cash deposits on three different dates in the accounts of front entities, Keyur Vinodchandra Parmar and Dhaval Gadani, during the IP. Therefore, the contention of Noticee No. 2 is untenable and bereft of any merit.
- 43.1.10. I further note that the Noticee No. 3 has, *inter alia*, submitted that:
- “I am uneducated person, working as peon with Mr. Vijay, on salary of basis i.e. INR 10,000/- per month. And without prejudice, it is*

humbly submitted that working in professional capacity or as employment, if a person was given a particular work or task, and person based on his bonafide belief, has executed the task under the course of his employment, they how can a person or employee is liable for fraud under SEBI Act. So, even if Mr. Vijay as committed any wrong or not, I am not liable for the same at given circumstances.”

- 43.1.11. In support of his contention, Noticee No. 3 has submitted his income certificates.
- 43.1.12. In this regard, I note that it is an undisputed fact that the Noticee No. 3 had made multiple cash deposits in the bank accounts of the front entities, as mentioned in Table 18. It is, also, a fact that the role of the Noticee No. 3 in the entire modus operandi was not just limited to depositing funds in the accounts of front entities. In this regard, I note that apart from this bald assertion, Noticee No. 3 has failed to furnish any record of any communication to show that Noticee No. 1 had instructed Noticee No. 3 to make cash deposits in the bank account of front entities.
- 43.1.13. Further, on perusal of the statement of Noticee No. 3 dated May 03, 2023, I find that Noticee No. 3 had made no mention of the fact that his terms of employment with Noticee No. 1 included depositing cash in the bank accounts. Thus, in view of the contradictory statements of Noticee and the lack of any evidence by Noticee No. 3 to corroborate such statements, I find such submissions to be an afterthought to shield himself from any liability for indulging in volume manipulation through suspected entities.

43.2. Analysis of MAC ID

- 43.2.1. From the connection logs, it is noted that Noticee No. 1 had placed orders from five MAC IDs, out of which three MAC IDs were also used for placing orders of seven front entities namely, Jitendrabhai Mistri, Vipul Bharatbhai Pithadia, Anurudhkumar Barelal Yadav, Ritu Rahul Mehta, Rekhaben Harishbhai Sakariya, Akshay Parmar and Hari Gopal Sharma. Relevant detail in this regard is given below:

Table 19

S. No.	MAC ID	Name of the Entities whose orders were placed from the device
1.	DE:F0:AC:48:76:45	Noticee No. 1, Jitendrabhai Mistri, Vipul Bharatbhai Pithadia, Anurudhkumar Barelal Yadav
2.	0C:5B:8F:27:9A:64	Noticee No. 1, Jitendrabhai Mistri, Ritu Rahul Mehta, Rekhaben Harishbhai Sakariya, Akshay Parmar
3.	02:1E:A6:9B:47:95	Noticee No. 1, Hari Gopal Sharma

43.2.2. In this regard, I note that the Noticee No. 1 has contended that:

“I humbly submit that all the accounts were operated by Manoj and Dinesh only, they have traded in this account. Further, I humbly submit that this account was not operated by me, these accounts were by Manoj Somani group and Dinesh.

...

Further, I repeat and reiterate that Manoj Somani approached me and claimed that if I allowed him to open my Demat account and trade on my behalf, he would refer more people to me for financial assistance and would pay me a profit of 10-20% made during the trade. I accepted his offer because it was genuine and in good faith. That, after 2-3 months I was working well and earning profit & customer worthiness.

...all the mac address are Manoj Somani and its group entities, I have no connection to the same. Further, a MAC address does not prove who is behind the keyboard.”

43.2.3. Here, I note that the submission of Noticee No. 1 is not supported with any material or documents. I, further, find that the statement of Noticee No. 1 recorded on March 23, 2023, has been used as evidence in terms of Section 11C(7) of the SEBI Act. In this regard, I note that Noticee No. 1, in the course of the recording of the statement on March 23, 2023, had, *inter alia*, stated that he only used his laptop for placing orders. There is no mention of the fact Mr. Manoj Somani was placing a trade on behalf of Noticee No. 1 in the said statement of the Noticee No. 1. Therefore, I find

this contention of the Noticee No. 1 as an attempt to portray him as innocent by alleging the role of a third party.

43.2.4. Accordingly, the present submission of Noticee No. 1 is not just untenable but also perverse to laws.

43.2.5. Therefore, this contention of the Noticee cannot be accepted.

43.3. Opening of Trading Account

43.3.1. It is a fact that Noticee No. 2 was the authorized person of Tradebulls Securities Pvt. Ltd. during the IP. In this regard, from the material on record, I note that Noticee No. 2 had introduced seven entities, namely, Kamleshkumar Parmar, Salej Makwana, Anurudhkumar Barelal Yadav, Ritu Rahul Mehta, Sharda Sharma, Vipul Bharatbhai Pithadia and Keyur Vinodchandra Parmar, to Tradebulls Securities Pvt. Ltd.

43.3.2. In this regard, the Noticee No. 2 has, *inter alia*, contended as under:

“I was the authorised person of the tradebulls securities limited, for which no illegality can be cast upon me. In any event, if an account has been opened by me, which was referred by Mr. Manoj Somai group or by any person, then how I can be liable for trading in that account for which no illegality can be cast upon me. In any event, if an account has been opened by me, which was referred by Mr. Manoj Somai group or by any person, then how I can be liable for trading in that account.”

43.3.3. I note that the act of Noticee No. 2, wherein he opened the trading account of the seven front entities, cannot be seen in isolation in the present proceedings. As noted above, the said entities were front entities who have indulged in volume manipulation in the scrip of KIL during the IP. It is also a fact that the correct contact details were not recorded in the KYC forms of the said front entities. Further, Noticee No. 2 had also deposited monies in the bank account of front entities. In this context, the conduct of Noticee No. 2 has to be taken in view of the totality of facts and circumstances. A cumulative analysis of the facts of the case, clearly indicates that the Noticee No. 2 did not act in a bona fide manner. These facts highlight the

involvement of the Noticee No. 2 in the creation of a misleading market in the shares of KIL and the creation of artificial volume in the said shares.

43.3.4. Further, I find that the Noticee No. 2 submission is contrary to and inconsistent with regard to who had referred the seven front entities to him for opening the trading accounts. I note that the statement of Noticee No. 3 recorded under Sections 11C(5) and 11C(7) of the SEBI Act nowhere makes any reference to Mr. Manoj Somani in any manner. However, in his reply to the SCN, the Noticee No. 2, without any material, has vaguely attributed the opening of trading accounts to Mr. Manoj Somani. Therefore, the Noticee No. 2's contention that "*if an account has been opened by me, which was referred by Mr. Manoj Somai group or by any person*" appears to be an afterthought to wriggle out of the consequences of the crafty manipulative design of Noticees to indulge in volume manipulation in the scrip of KIL to the detriment of investors. Therefore, the submission of the Noticee No. 2 is contrary to and inconsistent with the facts on record and hence untenable.

43.3.5. Thus, I find this contention of the Noticee No. 2 untenable.

43.4. Common Number

43.4.1. It is noted from unique client code (hereinafter referred to as '**UCC**') details provided by the exchanges that mobile number 7XXXXXXX5 was mentioned as the registered contact number for six suspected entities. Relevant details in this regard are tabulated below:

Table 20

S. No.	Name of entity	Name of Stock Broker
1.	Akshay Parmar	India Advantage Securities Pvt. Ltd.
2.	Nayanbhai Shivshankar Vyas	R. K. Stock Holding Pvt. Ltd.
3.	Amitkumar Navinchandra Patel	Marfatia Stock Broking Pvt. Ltd.

4.	Anurudhkumar Barelal Yadav	R. K. Global Shares and Securities Ltd.
5.	Vipul Bharatbhai Pithadia	Sachdeva Stocks Pvt. Ltd. & Tipsons Stock Brokers Pvt. Ltd.
6.	Keyur Vinodchandra Parmar	Beeline Broking Ltd.

43.4.2. It was noted from the Truecaller app that the aforesaid mobile number 7XXXXXXX5 belonged to a person named “Natu Vegda”. Further, the Noticee No. 3 during the course of recording of his statement on May 03, 2023 acknowledged the fact that mobile number 7XXXXXXX5 was his mobile number.

43.4.3. In this regard, Noticee No. 3 has stated that *“the said no. was used by Mr. Amit Patel (who was partner of Manoj Sir). In the year 2019, around December or November, when few clients of Vijay bhai was not paying the loan and even not pickup up office calls. That time Mr. Amit, has given this no. because Amit has around 3-4 mobile numbers for daily uses. I deny that the mobile number 7XXXXXXX5 is my personal mobile number. This was given by Amit to Vijay's office because Vijay's clients were not answering on Vijay's call”*. In this regard, I note that the Noticee No. 3 has not adduced any material or documents to substantiate his submission. Further, I find it pertinent to accentuate that nowhere in the course of his submission, Noticee No. 3 has disputed the veracity of his statement recorded on May 03, 2023. In this regard, I note that Noticee No. 3, in his statement dated May 03, 2023, has admitted that the mobile number 7XXXXXXX5¹³ was used by him. Moreover, the said statement of the Noticee No. 3 makes no mention of the fact that *“This was given by Amit to Vijay's office because Vijay's clients were not answering on Vijay's call”*.

43.4.4. Therefore, I find the contention of Noticee No. 3 that the said mobile number belonged to one Mr. Amit, untenable.

43.4.5. As demonstrated above, I find that the common mobile number becomes another point of convergence between the Noticees and the front entities.

¹³ Mobile number is excised for confidentiality.

43.5. Bank Account Analysis

- 43.5.1. During the investigation, the bank account statements of these front entities were analysed. It is noted that these entities were receiving funds through cash deposits/ IMPS transfers in their bank accounts from Noticees. I note that the said amount was transferred by these front entities to the respective stock brokers on the same day or the next day. Thereafter, these entities traded in scrips, including that of KIL during the IP. Strangely, all these entities had the bare minimum balance in their accounts prior to receipt of funds.
- 43.5.2. In this regard, from the bank account statement of one of the front entities, Mr. Dinesh Avadheshsingh Thakur (Union Bank of India bearing account no. 7XXXXXXX74¹⁴), I note that the said account was opened on June 28, 2019, while Mr. Dinesh Avadheshsingh Thakur had started trading in the scrip of KIL on July 25, 2019, i.e. within a month after opening the aforesaid bank account. It was, further, noted that there were four instances of deposits through IMPS (amounting to Rs. 90,000/-) from Noticee No. 1 and on the very next day of each deposit, the funds were transferred to the stockbroker. Further, a series of cash deposits were in the bank account of Mr. Dinesh Avadheshsingh Thakur and in each case, the amount deposited was transferred to the stock brokers. It is important to mention that Mr. Dinesh Avadheshsingh Thakur had a bare minimum balance in his account before the receipt of funds.
- 43.5.3. Thus, the frequency of money transfers coupled with the end use of these funds clearly shows the devious intention of the Noticees through the front entities to manipulate the volume in the scrip of KIL.

43.6. Statement of Mr. Dinesh Avadeshsingh Thakur

- 43.6.1. During the investigation, the statement of the front entity, Mr. Dinesh Avadeshsingh Thakur, was recorded on March 17, 2023. In this regard,

¹⁴ Bank account no. is excised for confidentiality.

considering the request of the Noticees, cross examination of Mr. Dinesh Avadeshsingh Thakur was held on September 26, 2024.

- 43.6.2. From the statement of Mr. Dinesh Avadeshsingh Thakur, I find that Noticee No. 3 had played a key role in the opening the trading account of Mr. Dinesh Avadeshsingh Thakur (Answer to Question No. 6 of the Examination dated March 17, 2023). While Noticee No. 1 played a vital role in operating the account of Mr. Dinesh Avadeshsingh Thakur (hereinafter referred to as '**Mr. Dinesh**') (Answer to Question Nos. 15, 17, 18, 19 and 23 of the Examination dated March 17, 2023).
- 43.6.3. I note that the Noticees had contended that Mr. Dinesh had made allegations against Noticees on the basis of instructions and advice from one Mr. Govindbhai Prajapati. In this regard, I note that the Noticees have, *inter alia*, contended that Mr. Dinesh was a coached witness, as in response to question no. 6 of the cross examination, he had said that "*he was directed and instructed by Mr. Govind bhai to give such statement*".
- 43.6.4. In this regard, I note that Mr. Dinesh had admitted that he had omitted the alleged role of Mr. Govindbhai Prajapati in his statement dated March 17, 2023. Further, I note that in response to Question No. 6 of the cross examination, Mr. Dinesh had stated that "*Mr. Govindbhai Prajapati forced me to give such statement to SEBI*".
- 43.6.5. However, these admissions by Mr. Dinesh, however, are not enough to completely discredit his statement. I note that the response of Mr. Dinesh regarding "*Mr. Govindbhai Prajapati forced me to give such statement*" was specifically in response to the question "*Who told you to state in your statement before SEBI that Deepak Saini introduced you to Natubhai?*".
- 43.6.6. Even assuming for the sake of argument that there is a difference in the two statements of Mr. Dinesh as he evidently does not disclose in his statement that the alleged role of Mr. Govindbhai Prajapati, this may discredit Mr. Dinesh only so far as the beginning of the entire episode; how he got in touch with Noticee No. 3 and how the alleged money for lending the trading account was provided to him. It is noted that the fact that Mr. Dinesh filled the form for trading and demat account and handed over the

same to Noticee No. 3 has remained undisputed (Answer to Question No. 3 of the Cross Examination dated September 26, 2024). I note that the statement of Mr. Dinesh, further, finds support from the other material evidence, viz., bank account details, CDR data, etc., as discussed above. Therefore, it remains unrefuted that the Noticee No. 3 played a vital role in the entire modus operandi.

- 43.6.7. Noticee No. 3 has contended that during the cross examination it has been admitted by Mr. Dinesh Avadheshsingh Thakur that he has never received the money from Noticee No. 3. In this regard, I note that Mr. Dinesh has, *inter alia*, stated as follow during his cross examination:

“Q. No. 4 Did Mr. Natvarbhai Vegda alias Natubhai give you Rs. 2000/- per month?

Ans. No. I refer to Q/A. 10 of my statement dated 17th March 2023. I had borrowed Rs. 10,000/- from Mr. Govindbhai Prajapati around 2018. Mr. Govindbhai Prajapati used to regularly lend monies to multiple people as a local moneylender. I was unable to repay the said sum of Rs. 10,000/- to Mr. Govindbhai Prajapati and he therefore started visiting my residence and started threatening me for the recovery. He started visiting my residence almost every week. He inquired if I could repay the loans by any jewellery, but I informed him that since I had incurred losses in my mobile shop business, all jewellery was used to cover those losses. He then told me that as a mode of repaying him, I should open a demat and trading account and he would adjust the outstanding loan and interest by using the trading and demat account for a period of 10 months.”

- 43.6.8. I note that while considering any statement, it has to be read as a whole, and one cannot selectively accept or reject parts of it. Here, I note that no doubt Mr. Dinesh, in Question No. 4 of the cross examination, has answered in negative with regard to receipt of Rs. 2000/- per month from Noticee No. 3. However, on perusal of the explanation given by Mr. Dinesh in response to said question, it clearly transpires that the amount received from the lending of demat and trading accounts was used to repay his

alleged outstanding loan. I, further, note that the fact that the trading and demat accounts of Mr. Dinesh were opened by Noticee No. 3 has not been disputed. Thus, when the aforesaid facts are considered holistically along with bank account transactions, the picture that emerges is that Noticee No. 3 was actively involved in the entire modus operandi. Accordingly, the mere fact that Noticee No. 3 did not give the amount directly does not in any manner take away the fact that Noticees were involved in operating the trading and demat account of Mr. Dinesh.

43.6.9. Further, Noticees have submitted that the statement of Mr. Dinesh that "*Ajay Pujara and Vijay Pujara operating his account*" is based on hearsay and is false. In this regard, I note that the said statement of Mr. Dinesh refers to a fact that he had heard from Noticee No. 3. In this regard, from vaguely contending that the said statement of Mr. Dinesh is based on hearsay and false, no material has been adduced by the Noticees to rebut the said statement of Mr. Dinesh. In this regard, I note that when the said statement of Mr. Dinesh is considered in light of common MAC IDs, fund transfers, common mobile numbers and other relevant factors as discussed in previous paragraphs, it becomes evident that Noticees are actively involved in the generation of artificial volume by the front entities. Therefore, this contention of the Noticees cannot be accepted.

43.6.10. In this context, I find that the statement of Mr. Dinesh has eloquently brought to the fore the modus operandi of the Noticees in the present case.

44. In this context, when we consider the fact that Noticees frequently deposited monies in the accounts of front entities, the common MAC ID of Noticee No. 1 with front entities, the common mobile number of Noticee No. 3 with front entities, opening of demat and trading accounts by Noticees, the statement of Mr. Dinesh along with the analysis of bank accounts and trading patterns of the front entities, it would irresistibly lead to an inference that Noticees were operating the trading account of the front entities during the IP.

Observations on the submissions of Noticees

45. I note that Noticees have, *inter alia*, submitted various grounds as their defense which are discussed under different headings for the ease of discussion:

46. SCN is vague

46.1. In its reply, Noticees have, *inter alia*, contended as under:

“...it can be seen from the SCN that there is no specific averment, allegation or statement against me as to the nature of fraud which has been alleged or in fact there has been no allegation that which provisions of law or regulations does the trade violate in the manner that has been alleged ...”

46.2. In this context, I note that the SCN has specifically mentioned the alleged violations leveled against the Noticees. Further, the SCN has also explicitly mentioned the provisions of law which were allegedly violated by the Noticees. Along with the aforesaid show cause notice, the material relied upon including the trade logs of front entities, UCC details, bank account statement, connection logs, statements relied on had also been forwarded to the Noticees. Further, multiple opportunities were granted to the Noticees to give their explanation in respect of the charges leveled against them. In view of the above, the contention that the show cause notice was vague and did not reflect the specific charges is not tenable and accordingly the same is rejected.

47. Non Joinder

47.1. In this regard, I note that the Noticees have, *inter alia*, contended that:

“I failed to understand why these 20 suspected entities and Manoj Somani and group are not made parties in the present proceeding, where they are the ones who were engaged in the trading activities and benefited from the same.

For the argument, without prejudice, it is humbly submitted that even if your goodself assumes that the accounts were operated by me then also the Notice has to be issued against these suspected entities. Without making these entities a party to the present case, and proceeding further will cause prejudice against me as well as it is violation of my fundamental rights. On this ground alone, the Notice as well as the charge levelled against me should be dropped.”

47.2. In this regard, I note from the material available on record that the suspected entities are not a party in the present proceedings. It is pertinent to mention that the purpose of the present proceeding is to only adjudge the allegations brought against Noticees. Non-impleading or not initiation of proceedings qua other entities, even if true, cannot be taken as a ground to seek an exoneration from the allegations made in the present proceeding.

47.3. I place reliance on the findings made by Hon'ble SAT in the matter of **Systematix Shares & Stocks (India) Limited v. SEBI**¹⁵ wherein it was, *inter alia*, held as under:

“...It is true that the Board has taken action selectively against a few entities involved in the alleged wrong doing. According to the appellant the Board should have proceeded against all wrong doers and the action against the appellant and a few entities alone is also discriminatory. We cannot subscribe to this view since the Board has set its own benchmark in selecting cases for action and, in any case, the appellant cannot plead himself innocent or his trades as lawful.”

47.4. In view of the above and for the reasons recorded above, I find no merit in the above submission of the Noticees that they deserve exoneration on the ground that front entities have not been arraigned in the present proceedings.

48. Beyond Reasonable Proof

48.1. Noticees have further contended that a serious charge of fraud and manipulation cannot be levelled merely on the possibility. In support of its contention, Noticees have referred to the judgment of Hon'ble Supreme Court

¹⁵Appeal No. 21 of 2012 dated April 23, 2012.

in Varanasaya Sanskrit Vishwa Vidyalaya & Anr. v. Dr. Rajkishore Tripathi and Anr., Union of India v. Chaturbhai M. Patel, Price Waterhouse & Co v. SEBI, Networth Stock Broking Ltd v. SEBI, Sterlite Industries v. SEBI and Parsoli Corporation v. SEBI.

48.2. In this regard, I find that the standard of proof in such or similar cases is preponderance of probability, as laid down by Hon'ble Supreme Court in the context of PFUTP Regulations in the judgment of **SEBI v. Kanaiyalal Baldevbhai Patel and Ors**¹⁶. The relevant of the said judgment is, *inter alia*, reproduced as under:

"...14. To attract the rigor of Regulations 3 and 4 of the 2003 Regulations, mens rea is not an indispensable requirement and the correct test is one of preponderance of probabilities. Merely because the operation of the aforesaid two provisions of the 2003 Regulations invite penal consequences on the defaulters, proof beyond reasonable doubt as held by this Court in Securities and Exchange Board of India Vs. Kishore R. Ajmera(supra) is not an indispensable requirement. The inferential conclusion from the proved and admitted facts, so long the same are reasonable and can be legitimately arrived at on a consideration of the totality of the materials, would be permissible and legally justified. ..."

48.3. I have considered the submissions of the Noticees and the various judgments relied upon by the Noticees to substantiate his arguments that there is not enough evidence to hold him in violation of manipulating the scrip of KIL. In this regard, I find that sufficient evidence has been put forward, as discussed in the above paragraphs, for each of the Noticees and how they have, as a group, resorted to volume manipulation in the scrip of KIL through the front entities. Therefore, I find that the reliance placed by the Noticees on the aforesaid Orders of the Hon'ble Supreme Court and Hon'ble SAT is misplaced.

48.4. Accordingly, this contention of the Noticees cannot be accepted.

49. No connection with the Suspected Entities

49.1. Noticees have, *inter alia*, contended that:

"I have no relation/connection with the entities/persons mentioned in the Notice or with any of the counterparties."

¹⁶ (2016) 6 SCC 368.

It is further humbly submitted that the Notice has also failed to bring out any connection between me and the other persons/entities mentioned in the Notice (other than Noticees) including of the counterparties.”

- 49.2. In support of its contention, the Noticees have cited the order of Hon'ble SAT in the matter of M/s Nishith M. Shah HUF v. SEBI.
- 49.3. In this regard, I note that the discussions and reasoning, as provided in paragraphs 43 and 44, clearly brings to fore the nexus/ collusion between the suspected entities and the Noticees. Insofar as the said judgment is concerned, I observe that the same is factually distinguishable from the facts of the present case as the instant matter pertains to volume manipulation where there lies a clear connection between the Noticees and the suspected entities.
- 49.4. Therefore, I find that the contention that the Noticees were not connected to the other suspected entities is patently misconceived. Accordingly, this contention of the Noticees cannot be accepted.
50. Therefore, from the previous paragraphs, I note that no justifiable reasoning has been brought on record by Noticees.
51. Accordingly, it is established that Noticees have used and operated the trading accounts of the said 20 front entities during IP to create artificial volume in the scrip of KIL. The Noticees, by generating artificial volume, have created a false and misleading appearance of trading in the scrip of KIL during the IP. Therefore, the Noticees have violated Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations.

II. Does the violation, if any, on the part of Noticees attract a monetary penalty under Section 15HA of the SEBI Act?

III. If so, what would be the monetary penalty that can be imposed upon Noticees taking into consideration the factors stipulated in Section 15J of the SEBI Act?

52. From the previous paragraphs, it has been established that Noticees have violated Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a), 4(2)(n) of PFUTP Regulations.

53. The Noticees have, *inter alia*, contended that:

“...it is not mandatory for the Adjudicating Officer to impose a penalty every time he come to conclusion that any person /entity has failed to comply with the specified requirement under the Act and/or the Regulations. Even though Section 15HA of the SEBI Act contains the words "shall be liable to a penalty" there is no strict or mandatory obligation on the part of the defaulter to suffer such penalty. ...”

In this regard, Noticees have relied on the decisions of Hon'ble Supreme Court of India in the matter Superintendent and Remembrance Legal Affairs to Government of West Bengal v. Abani Maity and of Hon'ble High Court of Bombay in the matter of SEBI v. Cobot International Capital Corporation Limited.

54. I have perused the said orders of the Hon'ble Supreme Court and the Hon'ble Bombay High Court referred to by the Noticees. In this context, I note that in the matter of **SEBI v. Sandip Ray**¹⁷, Hon'ble Supreme Court, *inter alia*, held as under:

“Learned counsel for appellant further submits that even review application filed to make a correction in the order and to justify that the order reducing the penalty below Rs. 1,00,000/-is not permissible under Section 15HB of the SEBI Act, 1992. After we have heard learned counsel for the appellant, it clearly manifests that the Tribunal has not taken into consideration the effect and mandate of Section 15HB of the SEBI Act, 1992. Taking into consideration the facts and circumstances of this case, there appears no justification in calling upon the respondent and we modify the order impugned dated 29.07.2022 and the penalty of Rs.75,000/-as inflicted upon noticee no.5 (Mr. Sandip Ray) and noticee no.6 (Mr. Rajkumar Sharma), as referred to in

¹⁷ Civil Appeal No. 791 of 2023.

para no. 13 of the order impugned, is modified and substituted to Rs.1,00,000/-in terms of Section 15HB of SEBI Act, 1992 and with this modification the present appeals stand disposed of.”

55. Therefore, I find that the reliance placed by the Noticees on the aforesaid Orders of the Hon'ble Supreme Court is misplaced. Thus, I find no merit in this contention of the Noticees. Accordingly, Noticees are liable for payment of a monetary penalty in terms of Section 15HA of the SEBI Act.

56. The text of the abovesaid Section 15HA of the SEBI Act is reproduced below:

SEBI Act

“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 which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of such practices, whichever is higher.”

57. While determining the quantum of penalty under Section 15HA of the SEBI Act, the following factors stipulated in Section 15J of the SEBI Act have to be given due regard:

SEBI Act

“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.”*

Factors Considered While Imposing Penalty

58. The available records neither specify disproportionate gains/unfair advantage made by Noticees nor the loss, if any, suffered by the investors due to such violations. As regard the repetitive nature of the default, I take note of the fact that SEBI has imposed monetary penalties on Noticees earlier for violations of similar nature.
59. I note that the said 20 front entities created artificial volumes and false liquidity in the scrip of KIL during the IP. In this regard, as noted in preceding paragraphs, I find that Noticees were, in fact, deeply involved in manipulating the volume of KIL's scrip by creating artificial volumes by indulging in reversal trades, synchronized trades and executing circular trades through the trading accounts of these 20 front entities. In this regard, I take note of the decision of the Hon'ble SAT in the matter of **M/s. Triveni Management Consultancy Services Ltd v. SEBI**¹⁸ wherein it was held as under:
- "... I note that creation of such artificial liquidity tends to mislead the investors while making an investment decision. In fact, liquidity/volumes in a particular scrip raise the issue of 'demand' in the securities market. The greater the liquidity, the higher is the investors' attraction towards investing in that scrip. Hence, anyone could have been carried away by the unusual fluctuations in the volumes and been induced into investing in the said scrip. Besides, this kind of activity seriously affects the normal price discovery mechanism of the securities market. Further, as demonstrated in the aforesaid paragraphs, suitably penalized for said acts of omissions and commissions...."*
60. At this juncture, I refer to the judgment of the Hon'ble Supreme Court in the case of **N. Narayan v. SEBI**¹⁹, where it was, *inter alia*, held as under:
- "...market abuse" has now become a common practice in the India' security market and, if not properly curbed, the same would result in defeating the very*

¹⁸ Appeal No. 33 of 2013 dated November 13, 2013.

¹⁹ AIR 2013 SC 3191.

object and purpose of SEBI Act which is intended to protect the interests of investors in securities and to promote the development of securities market. ...”

61. Therefore, such deliberate acts of market manipulation, therefore, cannot be dealt with lightly. The penalty should also act as a deterrent so that such manipulation acts are not repeated. In this regard, I have taken note of the role played by each of the Noticees in the entire modus operandi.
62. The aforementioned factors have been taken into consideration while adjudging the penalty.

F. ORDER

63. Having considered all the facts and circumstances of the case, the material available on record, the factors mentioned in preceding paragraphs and in the exercise of powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, I, hereby, impose the following penalty on Noticees:

Table 21

Noticee Name	Violations	Penalty Provision	Penalty (in Rs.)
Mr. Vijay Pujara	Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations.	Section 15HA of the SEBI Act	Rs. 10,00,000/- (Rupees Ten Lakhs) only
Mr. Ajay Pujara	Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations.	Section 15HA of the SEBI Act	Rs. 6,00,000/- (Rupees Six Lakhs) only
Mr. Natvarbhai Vegda	Sections 12A(a), (b), (c) of the SEBI Act, 1992 read with Regulations 3(a), (b), (c), (d), 4(1), 4(2)(a) and 4(2)(n) of PFUTP Regulations.	Section 15HA of the SEBI Act	Rs. 5,00,000/- (Rupees Five Lakhs) only

64. I am of the view that the said penalty is commensurate with the lapses/omissions on the part of Noticees.

65. Noticees shall remit/pay the said amount of penalty within 45 days of receipt of this order through the online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT > Orders > Orders of AO > PAY NOW.
66. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to Noticees and also to the Securities and Exchange Board of India.

Date: February 28, 2025

Place: Mumbai

N HARIHARAN

**CHIEF GENERAL MANAGER AND
ADJUDICATING OFFICER**