

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

CORAM: MADHABI PURI BUCH, WHOLE TIME MEMBER

ORDER

Under Sections 11, 11(4), 11(5) and 11B of the Securities and Exchange Board of India
Act, 1992,

In the matter of Sarang Chemicals Limited

In re: PFUTP Regulations

In respect of:

S. No.	Name of the Entity	PAN
1	Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited)	AABCA8006G
2	Mr. Ashwinbhai Prabhudas Ruparel	ADYPR3689M
3	Mr. Baldevsinh Vijaysinh Zala	AABPZ9137C
4	Mr. Manish Kanakshi Ashar	AEGPA1359E
5	Ms. Sonal Kanaksingh Ashar	ACZPA1429Q
6	Mr. Bhavik Amrutlal Vaza	AGJPV8045R
7	Mr. Haresh Lalitbhai Tejani	ACKPT7735R
8	Mr. Paresh Chamanlal Doshi	AFXPD2041L
9	Mr. Pradeep Syamsunder Swain	CHMPS7035J
10	Mr. Shailesh Mulraj Ved	ABQPV7436E
11	Ms. Bhavana Manish Asher	AFSPA5020P
12	Mr. Hemanshu P. Mehta	AHIPM9056D
13	Mr. Jagdish Gordhandas Ved	ABEPV3294J

Background

1. Sarang Chemicals Limited (hereinafter referred to as “Sarang/the company”) was incorporated as a private limited company on May 24, 1989 which was converted to a public limited company in 1995. Sarang is registered with Registrar of Companies, Ahmedabad with CIN L24110GJ1989PLC012272. Its registered office is at C/4/806,

Anushruti Towers, Near Thaltej Jain Derasar Thaltej Cross Roads, S.G. Road, Ahmedabad- 380054.

SEBI'S EXAMINATION & SCN

2. Securities and Exchange Board of India ("SEBI") had conducted an investigation into the trading activities of certain entities in the scrip of Sarang, whereby it was observed that approximately eight crores shares were traded in the scrip of Sarang during the period of January 3, 2011 to June 8, 2011 (hereinafter referred to as the "**investigation period**"). Pursuant to the investigation SEBI issued Show Cause Notice ("**SCN**") dated May 19, 2016 to 13 entities, viz., (1)Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited), (2) Mr. Ashwinbhai Prabhudas Ruparel, (3) Mr. Baldevsinh Vijaysinh Zala, (4) Mr. Manish Kanakshi Ashar, (5) Ms. Sonal Kanaksingh Ashar, (6)Mr. Bhavik Amrutlal Vaza, (7) Mr. Haresh Lalitbhai Tejani, (8) Mr. Paresh Chamanlal Doshi, (9) Mr. Pradeep Syamsunder Swain, (10) Mr. Shailesh Mulraj Ved, (11) Ms. Bhavana Manish Asher, (12) Mr. Hemanshu P. Mehta, and (13) Mr. Jagdish Gordhandas Ved Limited (hereinafter referred to as the "**Noticees**") alleging that a group of ~~24~~ entities including the Noticees traded among themselves which created artificial volume and misleading appearance in trading in the scrip and resulted in the increase of price of the scrip from Rs. 0.31 to Rs.0.90 and the 13 Noticees off-loaded shares at increased prices and made an unlawful gain of Rs. 1.60 crores.

2.1 It is alleged that the Noticees 1 to 5 viz., (1)Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited), (2) Mr. Ashwinbhai Prabhudas Ruparel, (3) Mr. Baldevsinh Vijaysinh Zala, (4) Mr. Manish Kanakshi Ashar, (5) Ms. Sonal Kanaksingh Ashar, were instrumental in creation of artificial volume and misleading appearance of trading and manipulated the price of the scrip and off-loaded the shares at increased price and thereby violated regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**");

2.2 Noticees 6 to 10 viz., (6)Mr. Bhavik Amrutlal Vaza, (7) Mr. Haresh Lalitbhai Tejani, (8) Mr. Paresh Chamanlal Doshi, (9) Mr. Pradeep Syamsunder Swain, (10) Mr.

Shailesh Mulraj Ved, were allegedly instrumental in price manipulation and off-loaded the shares at increased price and thereby violated regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations;

2.3 Noticees 11 to 13 viz., (11) Ms. Bhavana Manish Asher, (12) Mr. Hemanshu P. Mehta, and (13) Mr. Jagdish Gordhandas Ved Limited had off loaded the shares at increased price and thereby had allegedly made unlawful gains along with other Noticees (1-10) and violated regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) of PFUTP Regulations.

3. In view of the above, Noticees were advised to show cause as to why suitable directions under section 11B of the Securities and Exchange Board of India Act, 1992, (hereinafter referred to as “**SEBI Act**”) should not be issued against them to disgorge an amount equivalent to the wrongful gain made by indulging in transactions in contravention of provisions of PFUTP Regulations.

Service of Show Cause Notice:

4. The said SCN dated May 19, 2016, was delivered to the Noticees by way of Speed Post. The Noticees vide separate letters dated June 8, 2016, June 9, 2016, June 11, 2016, had sought for time to file their respective replies. Vide letters dated April 5, 2017, the Noticees were issued reminders to file their replies.
5. Vide letters dated May 23, 2017, the Noticees were intimated that an opportunity of personal hearing was granted to them on June 15, 2017. The said letters were delivered to the Noticees by way of Affixture, Speed Post and Hand Delivery.

Hearing:

6. Mr. Anil Gandhi and Mr. Paresh Chamanlal Doshi, as their authorized representative, appeared on behalf of Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited) and made oral submissions denying the allegations leveled against the

said Noticees. The Noticees, through their authorized representative, were granted time till June 29, 2017 to file their written submissions in the matter.

7.1 Mr. Raghunath Pillai, appeared on behalf of Mr. Jagdish Gordhandas Ved as the authorized representative. However, no oral submissions were made and the Noticee requested for time to file a written submission in the matter. The Noticee, through its authorized representative, was granted time till June 29, 2017 to file his written submissions in the matter.

7.2. Mr. Shailesh Kumar, Advocate, appeared on behalf of Mr. Ashwinbhai Prabhudas Ruparel, Mr. Baldevsinh Vijaysinh Zala, Mr. Manish Kanakshi Ashar, Ms. Sonal Kanaksingh Ashar, Mr. Bhavik Amrutlal Vaza, Mr. Hareesh Lalitbhai Tejani, Mr. Pradeep Syamsunder Swain, Mr. Shailesh Mulraj Ved, Ms. Bhavana Manish Asher and Mr. Hemanshu P. Mehta and sought an adjournment of the personal hearing. No oral submissions were made on behalf of the said Noticees. The Noticees, through their authorized representative, were granted time till July 3, 2017 to file their written submissions in the matter.

All the Noticees were advised to submit a statement of the acquisition price of the shares of Sarang Chemicals Limited sold during the period of January 3, 2011 to June 8, 2011 along with the written submissions.

Written Submissions:

7. Amrut Securities Limited filed a written submission on June 21, 2017, wherein the following submissions *inter alia*, were made:
 - i. In 2009 by virtue of an announcement published on the website of the Stock Exchange, Noticee came to know about Sarang Chemicals Limited and its expansion plan and decided to purchase its shares. The Noticee purchased 24,21,460 shares directly from the market during the period May 2009 to January 2010.
 - ii. Noticee submitted that it was holding the said shares continuously and wanted to test the marketability of the same. Hence, the Noticee sold 77,655 shares on 19/08/2009 @ 86 Paisa per share, 740 shares on 03/09/2009 @ Rs. 1 per share, and 2 shares on 04/03/2010 @ 55 paisa per share. The remaining shares were held in the expectation of some decent profit.

- iii. In the year 2011 pursuant to the news that Sarang had acquired land for the purpose of setting up of a factory, the Noticee further purchased 60,06,937 shares of Sarang, from May 21, 2010 to March 16, 2011. The scrip of Sarang was traded in the “Trade to Trade” segment in the Bombay Stock Exchange (BSE), from 2009 to 2013.
- iv. However, as no progress was made in setting up of the factory, negative news started spreading in the market with respect to Sarang. As a result, the price of the shares started falling. In 2013, trading in the scrip of Sarang was suspended by BSE.
- v. Noticee submitted that in 2014, it received Rs. 4,00,050/- from Mr. Amar Piyush Shah, Rs. 23,00,000/- from Mr. Hitesh Mehta and Rs. 23,00,000/- from Mr. Sudhir C Mehta as Share Application Money for the purchase of shares of the Noticee company. However, the Noticee could not allot its own shares, and offered the shares of Sarang as security till the time that it could allot its own shares to the aforesaid entities.
- vi. The Noticee denied the alleged connection with the group of entities. It further submitted that the company was incorporated in 1995 and has invested in 20 other listed companies apart from Sarang.
- vii. The table provided in the Show Cause Notice is incomplete as the figures appearing in the table are only till March 14, 2011. Therefore, it is submitted by the Noticee that the findings were wrongfully made, based on incomplete information.
- viii. It is submitted that while the Noticee is shown to have sold 1,43,675 shares at the rate of 58 paisa in the Show Cause Notice, the Noticee contends that the net price was 57 paisa and the sale purchase price was 58 paisa. The Noticee submitted that it sold these shares on March 23, 2011 in the market to test the marketability of the shares without earning anything. It was further submitted that the Noticee sold only 1.64% of the total shares held by the Noticee as on March 23, 2011.
- ix. It is submitted that the Noticee originally acquired the shares in 2009 at a higher price and the price got reduced in 2011 during the investigation period. Accordingly the Noticee acquired additional shares in 2011 to average out and get a better price. Even otherwise, the said shares were held by the Noticee for a few more years after the investigation period. Therefore, it is submitted by the Noticee, that it had invested in Sarang to get benefit over a longer period without any mala fide intention.

8. Vide written submissions dated June 29, 2017, filed by Mr. Paresh Chamanlal Doshi, the following submissions were made:
- i. The Noticee had held the shares of Sarang in physical form which was dematerialized on May 22, 2009.
 - ii. Pursuant to the news that Sarang was in the process of setting up a new plant, the Noticee traded in the scrip of Sarang.
 - iii. The entire amount of consideration from the sale of the shares of the scrip has again been re-invested in other scrips through BSE.
 - iv. The Noticee has denied the alleged connection with the group entities.
9. Vide written submissions dated June 21, 2017, filed by Mr. Jagdish Gordhandas Ved, the following submissions were made:
- i. The Noticee submitted that it invested in the shares of Sarang as a client and paid brokerage as per the terms and conditions of the stock exchange.
 - ii. In the year 2011 news came in the market that Sarang is in the process of setting up a plant, and believing the news and seeing the market trend, the Noticee purchased 76,000 shares of Sarang @ 53 paisa on March 18, 2011, 3,000,00 shares @ 55 paisa on March 21, 2011 and 1,101 shares at the rate of 57 paisa on March 22, 2011. The Noticee submitted that it sold entire 3,77,101 shares of Sarang, at the rate of 64 paisa on March 28, 2011 and made a net profit of Rs. 31,470/-.
 - iii. The Noticee denied the alleged connection with the group entities. It further submitted that it has invested in Sarang based on the information available and without any malafide intention.
10. Vide written submissions dated July 3, 2017, filed by authorised representative of Mr. Ashwinbhai Prabhudas Ruparel, Mr. Baldevsinh Vijaysinh Zala, Mr. Manish Kanakshi Ashar, Ms. Sonal Kanaksingh Ashar, Mr. Bhavik Amrutlal Vaza, Mr. Haresh Lalitbhai Tejani, Mr. Pradeep Syamsunder Swain, Mr. Shailesh Mulraj Ved, Ms. Bhavana Manish Asher and Mr. Hemanshu P. Mehta, the following submissions were made *inter alia*:

- i. Mr. Shailesh Mulraj Ved had bought 80,00,000 shares of Sarang at an average price of Rs. 0.60 in physical form in May 2009. The Noticee submitted that he sold all shares at the rate of Rs. 0.61 per share and not Rs. 0.62 per share as has been mentioned in the Show Cause Notice. Therefore, it is submitted by the Noticee that he made a profit of Rs. 0.01 per share only.
- ii. Mr. Hemanshu P. Mehta had bought 70,00,000 shares of Sarang at an average price of Rs. 0.70 in physical form in May 2009. The Noticee submitted that he sold all shares at the rate of Rs. 0.65 per share and has incurred a loss of Rs. 0.05 per share.
- iii. Ms. Bhavna Manish Ashar had bought 80,00,000 shares of Sarang at an average price of Rs. 0.70 in physical form in May 2009. The Noticee submitted that he sold all shares at the rate of Rs. 0.73 per share and not Rs. 0.74 per share as has been mentioned in the Show Cause Notice. Therefore, it is submitted by the Noticee that he made a profit of Rs. 0.03 per share only.
- iv. Mr. Pradeep Syamsunder Swain had bought 80,00,000 shares of Sarang at an average price of Rs. 0.76 in physical form in May 2009. In 2011, the Noticee bought 9600 additional shares. The Noticee submitted that he sold all shares at the rate of Rs. 0.67 per share and has incurred a loss of Rs. 0.09 per share.
- v. Mr. Haresh Lalitbhai Tejani had bought 80,00,000 shares of Sarang at an average price of Rs. 0.71 in physical form in May 2009. In 2011, the Noticee bought 1200 additional shares. Noticee submitted that he sold all the shares at Rs. 0.67 per share and has incurred a loss of Rs. 0.04 per share.
- vi. Mr. Bhavik Amrutlal Vaza had bought 70,00,000 shares of Sarang at an average price of Rs. 0.61 in physical form in May 2009. In 2011, the Noticee bought 1506 additional shares. The Noticee submitted that he sold 70,00,000 shares at the rate of Rs. 0.73 per share and has incurred a loss of Rs. 0.12 per share. The Noticee is still holding 1506 shares.

- vii. Ms. Sonal Kanakshi Ashar had bought 42,00,000 shares of Sarang at an average price of Rs. 0.60 in physical form in May 2009. The Noticee submitted that she sold all shares at the rate of Rs. 0.45 per share and not Rs. 0.49 per share as has been mentioned in the Show Cause Notice. Therefore, it is submitted by the Noticee that she has incurred losses to the tune of 25% of her total investments.
- viii. Mr. Manish Kanakshi Ashar had bought 42,00,000 shares of Sarang at an average price of Rs. 0.60 in physical form in May 2009. The Noticee submitted that he sold all shares at the rate of Rs. 0.67 per share. Therefore, it is submitted by the Noticee that he made a profit of Rs. 0.07 per share only.
- ix. Mr. Baldevsinh Vijaysinh Zala had bought 70,00,000 shares of Sarang at an average price of Rs. 0.80 in April 2009. In 2011, the Noticee bought an additional 14,70,251 shares. The Noticee submitted that he sold all shares at the rate of Rs. 0.63 per share and has incurred a loss of Rs. 0.17 per share.
- x. Mr. Ashwinbhai Prabhudas Ruparel had bought 48,46,410 shares of Sarang at an average price of Rs. 0.46 per share during January 2011 to May 2011. Noticee submitted that he sold 4,01,645 shares at Rs. 0.63 per share. Noticee submitted that he is still holding 44,44,765 shares. The Noticee submitted that the number of shares sold by him is only 8 to 9% of the total number of shares held by him.
- xi. All the aforesaid Noticees have denied the alleged connection with the group entities.

11. Thereafter, vide hearing notice dated August 06, 2018, the Noticees were granted another opportunity of hearing on August 29, 2018, wherein Mr. J.J.Bhatt, Mr. Shailesh Kumar and Mr. Nikhil S. Udeshi, Advocates (“ARs”) along with Mr. Shailesh Mulraj Ved appeared before me and made submissions.

Mr. Shailash Mulraj Ved,(Noticee No. 10) submitted the following in person:

- i. The Noticee denied the knowledge of trading as alleged in the SCN.
- ii. He denied the purchase of 80,00,000 shares of Sarang Chemicals Limited
- iii. He was doing job as an office boy in Atlanta Share Broking managed by Mr. Anil Gandhi who is my relative.
- iv. He has opened a demat account since he was working in broking firm and the same was operated by Mr. Anil Gandhi. He is not aware of trading happened in that account.
- v. He has submitted that he is not aware of earlier submissions made on behalf of him in this matter.
- vi. He has signed certain documents when told to do so in the office but he was not aware about the document in which he signed.

Mr. J.J. Bhatt, Advocate appeared on behalf of the Noticees viz., Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited) and Mr. Baldevsinh Vijaysinh Zala and made the following submissions:

- i. The SCN did not consider the fact that the scrip was in T group and its implications.
- ii. The implication of being in T group is the following
 - the price is controlled by BSE, here in this matter price band is 5%
 - 100% margin,
 - Shares bought and sold should result in 100% delivery
- iii. In view of the above trading restrictions, speculation or manipulation in such scrips cannot take place and hence cannot result in unlawful gains.
- iv. Amrut Securities LTP contribution is negative.
- v. The volume created by the trading of Amrut Securities is sell volume of approximately 1,40,000 and its volume created by genuine trades.
- vi. The actual price at which shares were purchased by the Noticee may be considered.
- vii. Disgorgement is penalty and cannot be levied after delay of 5/6 years.
 - Mr. Shailesh Kumar, Advocate made submissions on behalf of Noticees viz., Mrs. Bhavana Manish Asher, Mr. Hemanshu P Mehta, Mr. Pradeep Syamsunder Swain, Mr. Manish Kanakshi Ashar, Ms. Sonal Kanakshi Ashar, Mr. Bhavik

Amrut Vaza, Mr. Haresh Laljibhai Tejani and Mr. Ashwinbhai Prabhudas Ruparel. As regards the trades of the Noticees, AR reiterated the submissions made vide their replies. Further, the AR submitted that the actual price at which shares were purchased may be considered. It is also submitted that there is no connection between the said Noticees and the Company.

- Mr. Nikhil S. Udeshi, Advocate also made submissions in line with their replies on behalf of Noticees viz., Mr. Paresh Chamanlal Doshi, Mr. Jagdish Gordhandas Ved.
- ARs sought time to file detailed additional written submissions and the same was granted till September 20, 2018.

Additional Written Submissions of the Noticees:

12. Vide letter dated September 17, 2018, Amrut Securities Ltd filed detailed written submissions. Similarly, vide separate letters dated September 21, 2018 Mr. Shailesh Kumar, Advocate filed additional written submissions on behalf of his clients/noticees viz., Mr. Ashwinbhai Prabhudas Ruparel, Mrs. Bhavana Manish Asher, Mr. Hemanshu P Mehta, Mr. Pradeep Syamsunder Swain, Mr. Manish Kanakshi Ashar, Ms. Sonal Kanakshi Ashar, Mr. Bhavik Amrut Vaza, Mr. Haresh Laljibhai Tejani and. Further, Mr. J.J.Bhatt, Advocate filed additional written submission on behalf of Mr. Baldevsinh Vijaysinh Zala. Mr. Nikhil S. Udeshi, Advocate vide letter dated September 28, 2018 filed additional written submissions on behalf of his clients/noticees viz., Mr. Paresh C. Doshi and Mr. Jagdish G. Ved. Upon perusal of the additional written submissions filed by the Noticees, it is noted that the Noticees raised the following preliminary objections/submissions in common.

Preliminary observations:

- I. *The investigation period considered is from 03.01.2011 to 08.06.2011. The SCN is issued after about 5 years from the dates of settled trades and obligations between us and our brokers. There is therefore a great delay in issuing the SCN which is not explained. The aforesaid delay has caused great prejudice to us. It is not even explained.*
- II. *It is submitted that the power to issue directions under section 11B is a drastic power*

having serious civil consequences and ramifications on the repute and livelihood of those against whom it is directed. Said power is not available for routine and retrospective application and cannot be used for penal action. It is exceptional, extraordinary and discretionary power and SEBI has to justify the need for invocation of the said power clearly after over 7 years from the alleged cause of action and completed/settled/concluded transactions in 2011 in SCL scrip on BSE Ltd.

- III. *Further, the order itself must set out the circumstances requiring such drastic use of power belatedly. It is also required to state clearly as to how in the absence of the proposed action, the integrity of the securities market would not be maintained. No prima facie case has also been made out to warrant the issuance of a direction of serious consequences against us which is out and out penal in nature and not regulatory qua us. This is because trading in the said scrip was having upfront surveillance measures, monitored on a daily basis and was 100 % deliveries based. Therefore there was no element of illegality in the trading and that could attract 'disgorgement'.*
- IV. *Nothing has been brought on record to justify the proposed direction of disgorgement. It is our humble submission that the exercise of such an arbitrary power is unwarranted and unjustified in the facts and circumstances of the instant case. Not even a prima facie case has been made out to warrant the issuance of any suitable direction (which is not specified) as stated or otherwise or direction of disgorgement as indicated or otherwise.*
- V. *Without prejudice to the above and in the alternative it is submitted that in the facts and circumstances of the case, Section 11B of SEBI Act has no relevance and this provision is inapplicable. SEBI's resorting to Section 11B and proposing to issue direction(s) against us are improper, invalid, untenable, retrograde and illegal. The purported calculation of gain suffers from following defects -*
- Instead of actual purchase price, price difference from opening price (i.e. notional or hypothetical) is applied to work out alleged gain ;*
 - Our 100 % delivery based trading could not be said to have resulted into any manipulation - price or volume as alleged.*
 - No intimation, communication, alert or caution of any type was issued to us or*

to other (purported) group parties on a contemporaneous basis -This was because trading and upfront restrictions on price, deliveries {100 %} and margin (100 %) and BSE, first level regulator, did not consider the then deliveries based trading as manipulative ;

- It is a well known fact (and can be verified from BSE) that putting a scrip in 'T' group, reduces liquidity- only interested parties take part in such scrip's trading as the buyer has to pay 100% payment and take deliveries -there is no speculative element in such 'T' group scrip and therefore they go out of favour of traders
- Assuming but without admitting, there was trading among group parties (as stated in the SCN) it did not automatically mean and did not amount to creation of artificial volume and misleading appearance in trading in SCL scrip as deliveries were actual, beneficial ownership passed and consideration paid I received - through market mechanism.
- While market volume, volume among (purported) group etc. volume figure have been mentioned in the SCN, the volume of alleged artificial volume is not furnished. In the absence of this critical information, no basis for the charge exists.
- Hence the allegation lacks factual substance.

VI. BSE's BOLT trading platform is an on-line, real time computerized, price and time priority matching trading system for orders keyed-in in different scrips through a large number of terminals spread throughout the country. The trading module is therefore anonymous and therefore did not know the names of counter brokers and their ultimate clients at the relevant time.

VII. Our trading was separate, independent and stand alone.

VIII. Not a single share sold is shown for trading among group - trading pattern, quantum, number of days traded, features, volume etc. of each party of group is different.

IX. Whatever quantity of shares was sold cannot be regarded as 'off loaded'- in fact we first bought shares on the market and then sold miniscule quantity as shown above.

X. We were not part of the group. Alleged 'connection' cannot make the trades illegal in the facts of our case, making them eligible for 'disgorgement' as the nature of

connection has no relevance, significance or substance to make our trades illegal and entitling them for 'disgorgement'.

- XI. We had no prior meeting of minds with anyone, nor any contemporaneous knowledge about orders / trades of other parties.*
- XII. Trading among group' as stated by BSE in its report is misconstrued. There was no several (and continuous, consistent, throughout} buy and sale and vice versa between (purported) connected parties. Assuming but without admitting some 'connection' was between parties, only one leg of transaction happened between them 'X' sold, 'Y' bought - beneficial ownership passed. There being no further trading (reversal or circular) between them, the effect being change of beneficial ownership only once.*
- XIII. We understand that in terms of surveillance module of SEBI, the details and data gathered/captured of every order/trade are under 91 heads / columns. SEBI has not furnished details under 91 heads of trades considered objectionable in the order. On account of not making available full, complete and total details of order / trade data, no critical, meaningful and insightful analysis thereof can be done. This is against rules of natural justice.*
- XIV. We do not admit that gains, if any, were unlawful. The computation of gains is wrong - purchase price should have been taken on actual basis. It appears that SEBI has considered partial picture of the matter. We may add that Group's volume, pattern cannot be thrust upon us.*
- XV. Concept of Disgorgement – Hon'ble SAT's Order dated 30.12.2009, Appeal No. 20 of 2009:*

"We had an occasion to deal with the concept of disgorgement in Karvy Stock Broking Ltd. V. Securities and Exchange Board of India Appeal No. 6 of 2007 decided on 2.5.2008 and this is what we observed in that case:

'Black's Law Dictionary defines disgorgement as "The act of giving up something (such as profits illegally obtained) on demand or by legal compulsion." In commercial terms, disgorgement is the forced giving up of profits obtained by illegal or unethical acts. It is a repayment of ill-gotten gains that is imposed on wrongdoers by the courts. Disgorgement is a monetary equitable remedy that is designed to prevent a wrongdoer from unjustly enriching himself as a result of his illegal conduct. It is not a

punishment nor is it concerned with the damage sustained by the victims of the unlawful conduct. Disgorgement of ill-gotten gains may be ordered against the one who has violated the securities laws regulations but it is not every violator who could be asked to disgorge. Only such wrongdoers who have made gains as a result of their illegal act(s) could be asked to do so. Since the chief purpose of ordering disgorgement is to make sure that the wrongdoers do not profit from their wrongdoing, it would follow that the disgorgement amount should not exceed the total profits realized as the result of the unlawful activity. In a disgorgement action, the burden of showing that the amount sought to be disgorged reasonably approximates the amount of unjust enrichment is on the Board."

XVI. *We clarify that we have not made any ill-gotten gain. Our conduct was not illegal. No incriminating material/act/thing against us /qua us has been stated.*

13. Apart from the common submissions mentioned in the preceding paragraphs, Noticees made additional submissions with respect to their individual role/trades/connection/off-loading etc.:

Additional Submissions of Amrut Securities Ltd:

In addition to the earlier submissions dated June 21, 2017, the Noticee vide additional written submissions dated September 17, 2018, apart from the common preliminary observations, *inter alia* stated the following:

- i. They were an investment Company before & during the investigation period & till 2014. Later on our company's name & object was changed as Amrut Dredging & Shipping Limited and now in the Shipping Business.
- ii. The Noticee denied alleged gain and claimed that though an amount of Rs.38,7921- was mentioned as gain in SCN, as per actual buy rate it was loss.
- iii. They denied violation of any PFUTP provisions in the matter of trading in Sarang scrip or that we are liable to pay Rs. 38,792/- or any amount.
- iv. The Noticee stated that the counter parties - Sonal, Manish or Dharmesh - did not play any role in their trading nor Amrut Securities Ltd played any role in their trading.
- v. Connection as shown in SCN and our comments:

Our Name	Connection on the basis of trading (100% deliveries)	
Amrut Securities Limited	Sonal K.Asher	Common telephone number of Aum and Sonal Asher. Paresh Doshi, director of Amrut Securities introduced her in KYC date 09.12.2010.
	Manish M. Raja	No connecting point or any material connection with us is shown. (It is noted from the chart that Mr. Paresh Doshi, director of Amrut Securities introduced Manish Raja)
	Dharmesh N. Solanki	Paresh Doshi, director of Amrut Securities introduced Dharmesh in KYC dated 08.12.2010.

- vi. As regards connection mentioned in the SCN, it is stated that there is no bar for a director to introduce known parties to a broker. Mr. Paresh Doshi has not played any role in the trading. Mr. Dilip was the controlling mind for our trading in the said scrip. 'Connection' can become illegitimate if it can be directly reflected in the trades and it results into any dubious, surreptitious or fraudulent outcome. It must be shown that mischievous prior meeting of minds (before trade execution) was the outcome. It must be shown that mischievous prior meeting of minds (before trade execution) was the outcome of 'connection' and have sinister design/purpose. Hence, connection per se does not make the trade (or gain thereof) eligible for disgorgement.
- vii. Further, in respect of 'Connection' shown with Akash in the chart, the Noticee stated that money transactions took place in 2010, much prior to investigation period and hence had nothing to do with our trading in the said scrip. Mr. Manoj Gandhi, director, (resigned from Amrut Securities Ltd on 29.02.2016, prior to issue of SCN) was not in charge of affairs of our company. He being a common director by itself does not make our deliveries based transactions illegal and gain becoming eligible for disgorgement.

- viii. The Noticee also stated that LTP contribution on account of its trade is negative and it did not contribute to any price rise.

Additional Submissions of Mr. Baldevsinh Vijaysinh Zala:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 25, 2018, apart from the common preliminary observations, stated that there is no connection of the Noticee with Ayodhyapati and Ashwinbhai. They did not play any role in his trading.

Additional Submissions of Mr. Manish Kanakshi Ashar:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 21, 2018, apart from the common preliminary observations, stated that he is a common person who is in service and also makes investments in share market. Though SEBI alleges that he made a gain of Rs. 13,14,230/- as per its chart, however as per the factual position he has incurred minimum profit as he had purchased the shares @ 60 paise per share and later on sold the shares @ 67 Paise per share. Further, the LTP contribution on account of trades is negative - his trades have not contributed to any price rise. He had no prior meeting of minds with anyone, nor any contemporaneous knowledge about orders / trades of other parties.

Additional Submissions of Ms. Sonal Kanakshi Ashar:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 21, 2018, apart from the common preliminary observations, stated that he is a businesswoman who also makes investments in share market. Though SEBI alleges that she made a gain of Rs. 2,08,948/- as per its chart, however as per the factual position she has incurred severe loss as she had purchased the shares @ 60 paise per share and sold them @ 45 paise per share. Further, the LTP contribution on account of trades is negative - her trades have not contributed to any price rise.

Additional Submissions of Mr. Bhavik Amrut Vaza:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 21, 2018, apart from the common preliminary

observations, stated that he is a common person who is in service and also makes investments in share market. Though SEBI alleges that he made a gain of Rs. 15,61,922/- as per its chart, however as per the factual position he has incurred minimum profit and he is still holding about 1506 of the shares purchased by him. Further, the LTP contribution on account of trades is negative - his trades have not contributed to any price rise.

Additional Submissions of Mr. Haresh Laljibhai Tejani:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 21, 2018, apart from the common preliminary observations, stated that he is a businessman and makes investments in share market. Though SEBI alleges that he made a gain of Rs. 1544322/- as per its chart, however as per the factual position he has incurred severe loss as he had purchased the shares @ 71 paise per share and sold them @ 67 paise per share. SEBI has failed in providing the particulars based on which SEBI has arrived on the calculation as mentioned in the report. Further, the LTP contribution on account of trades is negative - his trades have not contributed to any price rise.

Additional Submissions of Mr. Ashwinbhai Prabhudas Ruparel:

In addition to the earlier submissions dated July 3, 2017, the Noticee vide additional written submissions dated September 21, 2018, apart from the common preliminary observations, stated that he is a business man and makes investments in share market. Though, SEBI alleges that he made a gain of Rs. 1,20,750/- as per its chart, as per the factual position he has incurred severe loss he is still holding about 92% of the shares purchased by him. Further, his LTP contribution on account of trades is negative - his trades have not contributed to any price rise. He has denied any connection with alleged group.

Additional Submissions of Mr. Paresh C. Doshi

In addition to the earlier submissions dated June 29, 2017, the Noticee vide additional written Submissions dated September 28, 2018, apart from the common preliminary

observations, stated that he had purchased 70 Lakhs shares of Sarang Chemicals Ltd. at the rate of 60 paisa in the year 2009-2010. The Noticee sold his entire shares in patch No .2 in the year 2011 @ average rate of 60 paisa. The said statement by the recognized Stock Broker of BSE (Investor Report) clearly indicate the bonafide sale transaction done by the Noticee on various price levels of the share @ 47 paisa on 16-03- 2011 and the last sale on 20- 04-2011 @ 78 paisa (60 paisa average sale).

Mr. Jagdish G. Ved through his Authorised representative filed Additional written Submissions dated September 28, 2018 wherein apart from the common preliminary observations, he has reiterated his earlier submissions made vide letter dated June 21, 2017.

Mr. Pradeep Syamsunder Swain through his Authorised representative filed Additional written Submissions dated September 21, 2018 wherein apart from the common preliminary observations, he has reiterated his earlier submissions made vide letter dated July 3, 2017.

Mr. Hemanshu P Mehta through his Authorised representative filed Additional written Submissions dated September 21, 2018 wherein apart from the common preliminary observations, he has reiterated his earlier submissions made vide letter dated July 3, 2017.

Mrs. Bhavana Manish Asher through her Authorised representative filed Additional written Submissions dated September 21, 2018 wherein apart from the common preliminary observations, he has reiterated his earlier submissions made vide letter dated July 3, 2017.

14. I have considered the allegations, and materials on record. On perusal of the material on record, the following issues arise for consideration. Each question is dealt with separately under different headings:

- i. ***Whether the Noticees created artificial volume and manipulated the price and off-loaded the shares of Sarang at an increased price and made unlawful gains of Rs. 1.60 crores, in violation of the provisions of PFUTP Regulations.***
- ii. ***If so, whether the said profits are liable to be disgorged from the Noticees under section 11B of the SEBI Act.***

15. Before dealing with the merits of the case, I would like to deal with the common preliminary contentions of the Noticees which are elaborated in the preceding paragraphs.

- i. The Noticees have contended that there was inordinate delay in completing the proceedings against the Noticees by SEBI. In this regard, it is noted that an investigation had been initiated by SEBI upon noticing significant trading in the scrip of Sarang during the period January to June, 2011. I have also noted that the time taken in completing the investigation was due to various procedures to be followed in the case such as: SEBI had to conduct elaborate investigation in co-ordination with concerned stock exchange in respect of a large number of entities involved, complexity of connections, etc. Thereafter, Show Cause Notice was issued to the Noticees informing them about the detailed charges/allegations in respect of the Noticee. Upon receipt of SCN, the Noticees sought extension of time to file replies to the SCN. Since, no replies were received from the Noticees, reminders were issued to the Noticees. However, none of the Noticees filed any reply. Subsequently, an opportunity of hearing was also granted to the Noticees and pursuant to the hearing, the Noticees filed written submissions. I note that the time was taken on account of adherence to procedure and subsequent clarifications.
- ii. As regards Noticees contention with respect to Sections 11 and Section 11B of SEBI Act and justification for invocation of the same, I note that SEBI has been duly empowered under Sections 11(1) and 11 (4) read with Section 11B of the SEBI Act, to take action against entities alleged to have indulged in market manipulation the Noticees in this case. I note that Section 11(4) of the SEBI Act clearly empowers SEBI to pass restraint orders in fit cases. Equally, Section 11B empowers SEBI to pass orders for disgorgement of ill-gotten gains which is considered as a measure for equitable remedy and not a penal action.
- iii. I note that Noticees contended that SEBI has not furnished full, complete and total details of order / trade data. However, I note that pursuant to the hearing, the Noticees were given all the relied upon documents and filed detailed additional written submissions.

16. Before dealing with the main issues, the relevant legal provisions, the contravention of which have been alleged in the instant case are reproduced hereunder for reference:-

“3. Prohibition of certain dealings in securities

No person shall directly or indirectly—

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

4. Prohibition of manipulative, fraudulent and unfair trade practices

- (1) Without prejudice to the provisions of regulation 3, no person shall indulge in a fraudulent or an unfair trade practice in securities.*
- (2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely :—*
 - (a) indulging in an act which creates false or misleading appearance of trading in the securities market;*
 - (b) dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;*
 - ...*
 - (e) any act or omission amounting to manipulation of the price of a security;” entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*
 - (g) entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;*

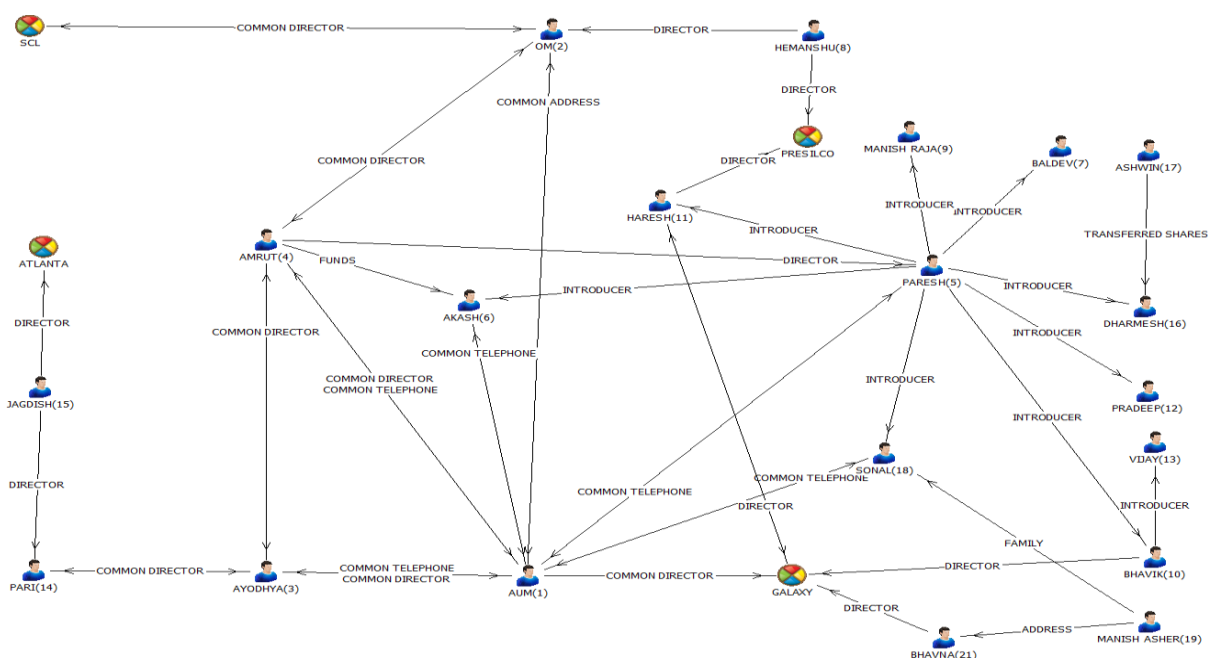
Issue No.1: Whether the Noticees created artificial volume and manipulated the price and off-loaded the shares of Sarang at an increased price and made unlawful gains of Rs. 1.60 crores, in violation of the provisions of PFUTP Regulations:

17. I have perused the charges alleged against the Noticees vide the SCN dated May 19, 2016, oral and written submissions of the Noticees along with the documents contained therein and observe the following:

CONNECTION:

17.1 I note there were 21 group entities who were connected to each other through common address/telephone number/ common directors/off-market transfers of shares/family relationships/introducers. I also note that the group entities are also connected to Sarang through common directors. It is also noted that the Brokers and Sub-Brokers are also connected to the group.

17.2 A pictorial representation of the connection is as under:



17.3. From the above chart, I note the following connection between the Noticees who were instrumental in creation of artificial volume, manipulation of price and off-loaded shares at increased price and thereby made unlawful gains:

- i. Amrut Securities Limited (Noticee No.1): The Noticee No.1 is connected to Sarang through Common directors of Group entities (i.e. Ayodhyapati Investment Pvt Ltd. and Om Education (It) Pvt Ltd. {BSE Report-One of the director of said company is Manoj Gandhi who is also director of Ayodhyapati Investment Pvt. Ltd.(group entity)}).

- ii. Mr. Ashwinbhai Ruparel (Noticee No.2): Mr. Ashwinbhai Ruparel transferred shares in off market to Mr. Dharmesh Solanki on March 14, 2011 who was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.) both share common contact no 9375736363.
- iii. Mr. Baldevsinh Vijaysinh Zala (Noticee No.3): Mr. Baldevsinh Vijaysinh Zala was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.) and shares common telephone number with Ayodhyapati Investment Pvt Ltd (group entity). {BSE Report- Mr. Baldevsinh Vijaysinh Zala Mr. Anil Gandhi, director of Ayodhyapati Investment Pvt Ltd (group entity) has common address viz., 10, station plot, Gondal 360311 Gujrat}.
- iv. Mr. Manish Asher (Noticee No.4) : Mr. Manish Asher is sibling of Ms. Sonal Kanaksingh Ashar who is a common director of Aum Technocast Pvt Ltd. (group entity) and also shares common telephone number with Aum Technocast Pvt Ltd. {BSE Report- father's name of Ms. Sonal Kanaksingh Ashar and Manish Ashar is Kanakshi Dayalal Asher (Family relationship)}.
- v. Ms. Sonal Kanaksingh Ashar (Noticee No.5): Ms.Sonal Kanaksingh Ashar was introduced by Mr. Paresh Doshi (Noticee No.8 and Director of Amrut Securities Ltd.). Ms. Sonal Kanaksingh Ashar is a common director of Aum Technocast Pvt Ltd. (group entity) and she also shares common telephone number with Aum Technocast Pvt Ltd.

17.4 From the above chart, I note the following connection between the Noticees who were instrumental in price manipulation and off-loaded shares at increased price and thereby made unlawful gains:

- i. Mr.Bhavik Amrutlal Vaza (Noticee No.6): Introducer is Mr.Paresh Doshi (one of the directors of Amrut Securited Ltd). He is also director of the Broker- Galaxy Broking Ltd.
- ii. Mr.Haresh Tejani (Noticee No.7): Introducer is Mr.Paresh Doshi (one of the directors of Amrut Securities Ltd). He is also director of the Broker- Galaxy Broking Ltd.

- iii. Mr.Paresh Chamanlal Doshi (Noticee No.8): One of the directors of Amrut Securities Ltd.
- iv. Mr.Pradeep Syamsunder Swain (Noticee No.9): Introducer is Mr.Paresh Doshi (one of the directors of Amrut Securities Ltd)
- v. Mr.Shailesh Ved (Noticee No.10): Introducer to Mr.Manish Asher (Noticee No.4)

17.5 From the above chart, I note the following connection between the Noticees who Off-loaded shares at increased price and thereby made unlawful gains:

- i. Ms. Bhavna Asher (Noticee No. 11): Mr. Manish Asher and Ms. Bhavna Asher has common address viz. 193, V.P.Road, Lalji Dayal Bldg, 1st Floor, R.No. 19, Mumbai-400004. During the personal hearing the AR submitted that they are Husband and wife. Ms. Bhavna Asher was a director of Galaxy Broking Limited.
- ii. Mr. Hemanshu Mehta (Noticee No. 11): Director of Om Education (IT) Pvt. Ltd (group entity)
- iii. Mr. Jagdish Gordhandas Ved- Mr.Jagdish Gordhandas Ved is one of the directors of Pari Stock Trading Pvt Ltd which is connected to Ayodhyapati Investment Pvt Ltd (group entity) through common director Mr. Manoj Joshi. It is noted that Mr. Jagdish Gordhandas Ved is also a director of Atlanta Share Shoppee Ltd-Broker.

17.6 I note that the Noticees have denied being part of any group. However, I note that they have not contested the factual connection explained herein above.

CREATION OF ARTIFICIAL VOLUME:

18. I note that the SCN alleges that the group entities including Noticees traded among themselves which resulted in creation of artificial volume and a misleading appearance in the trading of the scrip. As regards the said allegation, I note the following:

18.1 During January 03, 2011 to March 14, 2011 (“**Patch 1**”), a large volume of shares of Sarang was traded among a group of eleven connected entities including Noticees Nos.1 to 5 viz., (1)Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited), (2) Mr. Ashwinbhai Prabhudas Ruparel, (3) Mr. Baldevsinh

Vijaysinh Zala, (4) Mr. Manish Kanakshi Ashar, (5) Ms. Sonal Kanaksingh Ashar. Subsequently, a large volume of shares were sold by them during the period March 15, 2011 to June 08, 2011 (“**Patch 2**”). The details of trade by the group of eleven including Noticees 1-5 is as under:

Table 1

Period	Market Vol.	Group Vol.	Group vol. % to Mkt.	Group Buy volume	Group buy % to Mkt.	Group Sell volume	Group sell % to Mkt.	Trading among the group	Trading among the group % to Mkt.
Patch -1	2,66,62,070	2,46,25,630	92.36	2,37,56,895	89.10	2,41,09,847	90.43	2,32,41,112	87.17
Patch-2	5,73,55,051	4,93,61,363	86.06	39,40,965	6.87	4,82,98,446	97.85	28,78,048	5.02

18.2 The day-wise volume contribution by group of 11 connected entities is illustrated in the following table:

Table 2

Date	Market Vol.	Group buy vol	Group buy % to Day Mkt. Vol.	Group Sell Vol.	Group Sell % to Day Mkt. Vol.	Net(Buy -Sell)	Trading among the group (TAG)	TA G % to Day Mkt. Vol.
03-Jan-11	26,748	0	0.00	0	0.00	0	0	0.00
04-Jan-11	34,632	0	0.00	0	0.00	0	0	0.00
05-Jan-11	276	0	0.00	0	0.00	0	0	0.00
06-Jan-11	6,37,828	6,05,620	94.95	6,00,000	94.07	5,620	6,00,000	94.0
07-Jan-11	8,00,893	6,89,994	86.15	6,80,000	84.91	9,994	6,80,000	84.9
10-Jan-11	81,500	0	0.00	0	0.00	0	0	0.00
11-Jan-11	3,067	0	0.00	0	0.00	0	0	0.00
12-Jan-11	2	0	0.00	0	0.00	0	0	0.00
13-Jan-11	7,500	0	0.00	0	0.00	0	0	0.00
14-Jan-11	16,000	0	0.00	0	0.00	0	0	0.00
17-Jan-11	60,002	0	0.00	0	0.00	0	0	0.00
18-Jan-11	55,566	0	0.00	0	0.00	0	0	0.00
19-Jan-11	82,500	0	0.00	0	0.00	0	0	0.00
20-Jan-11	92,057	0	0.00	0	0.00	0	0	0.00
21-Jan-11	63,755	0	0.00	0	0.00	0	0	0.00
24-Jan-11	37,600	0	0.00	0	0.00	0	0	0.00
25-Jan-11	78,087	0	0.00	0	0.00	0	0	0.00
27-Jan-11	8,45,204	7,99,000	94.53	8,00,000	94.65	-1,000	7,99,000	94.5
28-Jan-11	24,507	12,807	52.26	0	0.00	12,807	0	0.00
31-Jan-11	8,99,078	8,01,000	89.09	8,00,000	88.98	1,000	8,00,000	88.9
01-Feb-	8,72,815	8,00,000	91.66	8,00,000	91.66	0	8,00,000	91.6
02-Feb-	3,25,137	2,87,311	88.37	2,87,311	88.37	0	2,87,309	88.3
03-Feb-	63,449	0	0.00	0	0.00	0	0	0.00
04-Feb-	9,15,702	8,00,000	87.36	8,00,000	87.36	0	7,95,500	86.8
07-Feb-	9,47,494	8,39,500	88.60	8,50,000	89.71	-10,500	8,24,500	87.0
08-Feb-	1,01,405	0	0.00	0	0.00	0	0	0.00
09-Feb-	9,56,316	7,15,036	74.77	8,00,000	83.65	-84,964	6,84,498	71.5
10-Feb-	18,08,696	16,95,000	93.71	16,70,957	92.38	24,043	16,70,857	92.3
11-Feb-	3,42,553	3,33,243	97.28	2,54,043	74.16	79,200	2,54,033	74.1

Date	Market Vol.	Group buy vol	Group buy % to Day Mkt. Vol.	Group Sell Vol.	Group Sell % to Day Mkt. Vol.	Net(Buy -Sell)	Trading among the group (TAG)	TA G % to Day Mkt. Vol.
14-Feb-	9,44,646	8,45,000	89.45	8,45,000	89.45	0	8,45,000	89.4
15-Feb-	16,89,500	16,41,000	97.13	16,40,000	97.07	1,000	16,34,400	96.7
16-Feb-	8,64,100	8,50,000	98.37	8,52,845	98.70	-2,845	8,44,789	97.7
17-Feb-	2,76,200	2,01,500	72.95	2,70,000	97.76	-68,500	2,01,500	72.9
18-Feb-	500	0	0.00	0	0.00	0	0	0.00
21-Feb-	6,79,111	6,15,000	90.56	6,43,600	94.77	-28,600	5,94,500	87.5
22-Feb-	13,79,795	12,86,795	93.26	13,42,000	97.26	-55,205	12,86,795	93.2
23-Feb-	10,46,200	10,43,699	99.76	10,43,000	99.69	699	10,42,979	99.6
24-Feb-	11,72,519	10,07,518	85.93	11,66,519	99.49	-	10,07,518	85.9
25-Feb-	9,68,595	8,39,000	86.62	8,39,000	86.62	0	8,31,963	85.8
28-Feb-	16,82,829	16,77,429	99.68	16,15,642	96.01	61,787	16,10,242	95.6
01-Mar-	8,76,680	8,26,680	94.30	8,53,495	97.36	-26,815	8,03,495	91.6
03-Mar-	13,58,512	12,96,012	95.40	12,86,430	94.69	9,582	12,23,930	90.0
04-Mar-	8,58,035	7,58,035	88.35	8,53,535	99.48	-95,500	7,53,535	87.8
07-Mar-	4,85,000	3,63,799	75.01	4,25,000	87.63	-61,201	3,03,799	62.6
08-Mar-	8,29,117	8,09,117	97.59	8,24,000	99.38	-14,883	8,04,000	96.9
09-Mar-	4,96,440	4,86,240	97.95	4,95,500	99.81	-9,260	4,85,500	97.8
10-Mar-	48,970	34,970	71.41	34,970	71.41	0	34,970	71.4
11-Mar-	21,906	1,000	4.56	0	0.00	1,000	0	0.00
14-Mar-	8,03,046	7,95,590	99.07	7,37,000	91.78	58,590	7,36,500	91.7
Total	2,66,62,07	2,37,56,89	89.10	2,41,09,84	90.43	-	2,32,41,112	87.1

18.3 From the perusal of Day-wise volume of trades in the scrip of Sarang during January 03, 2011 to March 14, 2011, I note that on January 3, January 4, and January 5, 2011 shares in the scrip of Sarang were traded in low volume i.e., 26,748 shares, 34,632 shares and 276 shares, respectively (an average of 20,552 shares).

18.4 However, there was a steep increase in the volume of shares traded on January 6, 2011, when the market volume had increased to 6,37,828 shares i.e., 30.03 times increase. On the said date the group trade volume was 6,00,000 shares which was 94.07% of the market volume. Similarly, on January 7, 2011, the group sell volume was 6,80,000 shares which was 84.91% of the total market volume of 8,00,893.

18.5 I note that from January 10, 2011 till January 25, 2011, when the group trading volume was zero, the total market trading volume in the scrip of Sarang fell to an average of 48,136 shares, with the lowest trade volume being recorded on January 12, 2011 of 2 shares, and the highest trade volume on January 20, 2011 of 92,057 shares.

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

- The steep increase in the volume of shares on January 06, 2011 was due to the trades among the Group of eleven entities viz., Mr. Ashwinbhai Prabhudas Ruparel (Noticee No.2) and Mr. Baldevsinh Vijaysinh Zala (Noticee No.3). I note that Mr. Ashwinbhai Prabhudas Ruparel (Noticee No.2), had sold 6,00,000 shares to Mr. Baldevsinh Vijaysinh Zala (Noticee No.3) which was 94% of the market volume.
- I note that the broker Atlanta Shopee Ltd. (connected to the Group and Noticee No.13) had placed the sell order on behalf of its client Mr. Baldevsinh Vijaysinh Zala for 6 lakhs shares at Rs.0.33 at 12:38:38, the entire sell quantity was bought by Mr. Ashwinbhai Prabhudas Ruparel through 48 buy orders between 15:16:50 and 15:19:31 through the sub-broker Presilco Impex Ltd., (connected to the Group and Noticee No. 12 who is director of Presilco), affiliated with Stock broker SKSE Securities Ltd.

18.7 Considering the above analysis and discussions, I note that during the period from January 03, 2011 to March 11, 2011, the group of eleven entities including Noticees 1-5 had contributed 87.17% of market volume (i.e., 2,66,62,070 shares) by trading among themselves (i.e., 2,32,41,112 shares). I also note that the shares were traded in less volume when the group entities did not trade in the market. However, the group entities, by trading among themselves, created huge artificial volume in the market on most of the days.

PRICE MANIPULATION:

19. I note that during the period of investigation, BSE Sensex opened at 20621.61 (03.01.2011) and closed at 18394.29 (08.06.2011) registering a decrease of 2227.32(10.80%). During the same period, price of the scrip of Sarang at the BSE moved from Rs.0.31 to Rs.0.90 and closed at Rs.0.74 marking an increase of Rs.0.43 (138.71%). Details of price / volume details before, after and during the investigation period is as under:

Table 3

Period	Dates		Opening Price in Rs. /volume on first day of the period	Closing price in Rs. / volume on last day of the period	Low price in Rs. /volume during the period	High Price in Rs. / volume during the period	Avg. no. of (shares) traded daily during the period
Before IP	(01/10/2010- 31/12/2010)	Price	0.37	0.30	0.28	0.42	33,184
		Vol	1,575	17,212	1	2,82,000	
During IP	(03/01/2011 – 08/06/2011)	Price	0.31	0.74	0.30	0.90	7,77,936
		Vol	26,748	61,358	2	79,17,327	
After IP	(09/06/2011 – 30/09/2011)	Price	0.77	0.48	0.48	0.92	2,70,407
		Vol	35,670	17,017	906	23,91,396	

20. From the above tables, I note that as a consequence of trading amongst the group of eleven entities including the Noticees 1 to 5 which created huge volume in the scrip, the price of the scrip increased from Rs.0.31 (as on January 3, 2011) to Rs. 0.90 (as on April 27, 2011).

21. I note that 16 entities of the group including Noticees 1-10 had traded among themselves and contributed positive impact on the price of scrip of Rs.1.86 (i.e. 22.36 % of market positive impact when compared to LTP). The summary of the positive LTP contribution of the 16 connected entities while trading among themselves, is given in table below:

CLIENTNAME	CP_CLIENTNAME	LTP	% to Mkt Pos.
AKASH HARISHBHAI DESAI	BALDEVSINH VIJAYSINH ZALA	0.07	0.84
AKASH HARISHBHAI DESAI	BHAVIK AMRUTLAL VAZA	0.60	7.21
AKASH HARISHBHAI DESAI	HARESH LALITBHAI TEJANI	0.13	1.56
AKASH HARISHBHAI DESAI	MANISH KANAKSHI ASHAR	0.06	0.72
AKASH HARISHBHAI DESAI	PARESH CHAMANLAL DOSHI	0.02	0.24
AKASH HARISHBHAI DESAI	PRADEEP SYAMSUNDER SWAIN	0.06	0.72
AKASH HARISHBHAI DESAI	SHAILESH MULRAJ VED	0.02	0.24
AMRUT SECURITIES LTD.	MANISH MANSHUKHBHAI RAJA	0.02	0.24
AMRUT SECURITIES LTD.	SONAL KANAKSINGH ASHAR	0.11	1.32
ASHWINBHAI PRABHUDAS RUPAREL	BALDEVSINH VIJAYSINH ZALA	0.36	4.33
ASHWINBHAI PRABHUDAS RUPAREL	HARESH LALITBHAI TEJANI	0.01	0.12
ASHWINBHAI PRABHUDAS RUPAREL	MANISH MANSHUKHBHAI RAJA	0.01	0.12
ASHWINBHAI PRABHUDAS RUPAREL	OM EDUCATION (IT) PVT LTD	0.04	0.48

ASHWINBHAI PRABHUDAS RUPAREL	PARESH CHAMANLAL DOSHI	0.06	0.72
ASHWINBHAI PRABHUDAS RUPAREL	SHAILESH MULRAJ VED	0.07	0.84
ASHWINBHAI PRABHUDAS RUPAREL	SONAL KANAKSINGH ASHAR	0.01	0.12
AUM TECHNOCAST PVT LTD.	DHARMESH NARENDRAKUMAR SOLANKI	0.07	0.84
AYODHYAPATI INVESTMENT PVT	MANISH KANAKSHI ASHAR	0.03	0.36
AYODHYAPATI INVESTMENT PVT	MANISH MANSHUKHBHAI RAJA	0.11	1.32
Grand Total		1.86	22.36

22. I also note that group of 16 entities including Noticees 1-10 (which consisted of entities/Noticees who had created huge volume in the scrip) contributed to the said price rise. I note from the above table that individually the LTP contribution of the Noticees appear to be small. However, considering the fact that Noticees were connected as a group and traded among themselves in the scrip of Sarag which created artificial volume in the scrip and the Noticees as a group contributed significantly to the positive LTP which resulted in manipulation of the price of the scrip.

Offloading of shares at high prices and unlawful gains:

23. I note that prior to the creation of artificial volume, i.e., on January 3, 2011, the opening price of the scrip was Rs. 0.31. While the group entities were trading among themselves and creating artificial volume, i.e. upto March 14, 2011, the price of the scrip saw a steady rise and the closing price of the scrip on March 14, 2011 was Rs. 0.44. I note that on account of the trading among the group entities including the Noticees which resulted in the creation of artificial volume in the scrip, the price of the scrip went as high as Rs. 0.90 on April 27, 2011 and generated interest in the innocent investors and during March 15, 2011 and June 8, 2011, the Noticees 1 to 13 offloaded their shares at various increased prices and made unlawful gains. Details of the number of shares traded by the Noticees and the average sell prices are given below:

Table 4

S.N.	Name of the entity	TRADED QTY	Avg. Sell Rate	Price diff. from opening	Gain
1.	SHAILESH MULRAJ VED	72,38,448	0.62	0.31	2,243,919
2.	PRADEEP SYAMSUNDER SWAIN	68,78,110	0.65	0.34	2,338,557
3.	PARESH CHAMANLAL DOSHI	68,16,236	0.61	0.30	2,044,871
4.	BALDEVSINH VIJAYSINH ZALA	61,65,359	0.68	0.37	2,281,183
5.	HARESH LALITBHAI TEJANI	39,59,800	0.70	0.39	1,544,322
6.	BHAVIK AMRUTLAL VAZA	38,09,565	0.72	0.41	1,561,922

S.N.	Name of the entity	TRADED QTY	Avg. Sell Rate	Price diff. from opening	Gain
7.	BHAVANA MANISH ASHER	34,82,519	0.74	0.43	1,497,483
8.	MANISH KANAKSHI ASHAR	32,05,439	0.72	0.41	1,314,230
9.	HEMANSHU P MEHTA	18,38,325	0.72	0.41	753,713
10.	SONAL KANAKSINGH ASHAR	11,60,821	0.49	0.18	208,948
11.	JAGDISH GORDHANDAS VED	3,77,101	0.65	0.34	128,214
12.	ASHWINBHAI PRABHUDAS	3,45,000	0.66	0.35	120,750
13.	AMRUT SECURITIES LTD.	1,43,675	0.58	0.27	38,792
	Grand Total	4,54,20,398	0.67		1,60,76,904

24. At this stage, I refer to the SCN dated May 19, 2016 wherein for the purpose of determining the unlawful gains made, the opening price at the beginning of the investigation period is considered as the price at which holdings of the Noticees would be worth had there not been any artificial rise in prices. Therefore, the opening price of the first day of the period of investigation is a reasonable basis for calculating profit made/loss avoided, taking that price of the scrip on the first day of investigation period as the price at which the Noticees were holding the shares.
25. As has been noted in the preceding paragraphs, the price of the scrip had been increasing due to the creation of artificial volume of trade by the entities. I note that Amrut Securities Limited, Mr. Shailesh Mulraj Ved, Ms. Bhavana Manish Asher and Ms. Sonal Kamakshi Ashar have claimed that they sold shares at lesser price than the price mentioned in the SCN. Further, I note from the material available on record that the Noticees have sold shares at various prices and the SCN has taken into account the weighted average sell price of the shares for the purpose of calculation of unlawful gains. In the absence of any contradictory documentary evidence on the fact of the sale price, I find no merit in the submission of the Noticees.
26. I note that the Noticees contended that they acquired the shares of Sarag in May 2009 at a higher price than the price at which they sold and claimed that they suffered losses in the said trading. In this regard, I note that though the Noticees claimed to have paid higher acquisition price for the shares, but by trading as a group the Noticees and other entities created artificial volume upto 87% of the market volume and increased the price from Rs. 0.31 to Rs. 0.90 and for this reason, the historical price of acquisition cannot be considered as detailed above. Thus I find that the argument of the Noticees that they have

suffered losses could not be accepted. Instead, I find that the Noticees have made unlawful gains as outlined in paragraph 23 above.

Contentions of the Noticees and findings:

27. I note that Mr. Shailesh Mulraj Ved, appeared for the hearing and denied knowledge of trading as alleged in the SCN. He claimed that he was an employee of Atlanta share Broking run by his relative Mr. Anil Gandhi. However, he has admitted that he had signed certain documents and also opened a demat account in his name which was operated by Mr. Anil Gandhi. Though he claimed no knowledge about trading in his account, I note that he has admittedly allowed Mr. Anil Gandhi to operate his account and thus he is liable for the same. I note that during the period of investigation, the traded quantity of Mr. Shailesh Mulraj Ved accounted for sale of 72,38,448 shares at an average price of Rs. 0.62 and he made an unlawful gains of Rs. 2,243,919/- for which I hold him liable.

28. I note that the Noticees have not denied trading in the shares of Sarang. The Noticees have claimed that *“in the year 2009 by virtue of an announcement published on the website of stock exchange, we came to know about the company and its expansion plan. Upon more enquiry we came to know that this company is doing good growth and has good plan for massive expansion by setting up Plants”*. From the perusal of the BSE website, I note that during the period April to May 2009 there were announcements with respect to change of directors and change of registered office of the Company. Further, there were certain announcements by the Company for increasing authorised share capital by way of issuance of securities convertible into equity shares through GDR/ADR/FCCB etc., in June 2009 which was subsequent to the purchase of shares by the Noticees. Thus in the absence of any evidence to the contrary, I do not find any merit in the said contention of the Noticees.

29. I note that the Noticees contended that they were not part of any group. The Noticees also sought a finding as to *“how an alleged “connection” (if any) had an effect in the trading in Sarang scrip. How alleged 'connection' has caused any aberration or mischief in the*

trading done in the scrip by the noticees and what was the role, involvement and participation of the noticees in the alleged mischief and 'artificial volume'". Amrut Securities Ltd contended that "counter parties - Sonal, Manish or Dharmesh (group entities) did not play any role in their trading nor Amrut Securities Ltd played any role in their trading. As regards connection mentioned in the SCN, it is stated that there is no bar for a director to introduce known parties to a broker. Mr. Paresh Doshi has not played any role in the trading. Mr. Dilip was the controlling mind for our trading in the said scrip. 'Connection' can become illegitimate if it can be directly reflected in the trades and it results into any dubious, surreptitious or fraudulent outcome. It must be shown that mischievous prior meeting of minds (before trade execution) was the outcome of 'connection' and have sinister design/purpose. Hence, connection per se does not make the trade (or gain thereof) eligible for disgorgement". The Noticee -Amrut Securities Ltd has also placed reliance on the Judgment of Hon'ble Securities Appellate Tribunal in the matter of Mr. Ashlesh Shah Vs. SEBI (Appeal No. 265/2017 decided on April 18, 2018).

30. In this regard, I note that the Noticees have not contested the factual position of the connection detailed in preceding paragraphs, instead they have contested the impact of the said connection on their trading in the scrip and alleged manipulation.

In this context, I note that in the matter of SEBI Vs. Rakhi Trading Private Limited (Civil Appeal Nos 3174-3177 of 2011), the Hon'ble Supreme Court observed that "...Proof of manipulation might depend upon inferences drawn from factual details. Such inferences could be gathered from pattern of trading data and the nature of the transactions etc. 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...

In the quasi-judicial proceeding before SEBI, the standard of proof is preponderance of probability. In the said matter, reliance was also placed on Kishore R. Ajmera case, wherein this Court held as under:- "26. It is a fundamental principle of law that proof of an allegation levelled against a person may be in the form of direct substantive evidence or, as in many cases, such proof may have to be inferred by a logical process of

reasoning from the totality of the attending facts and circumstances surrounding the allegations/charges made and levelled. While direct evidence is a more certain basis to come to a conclusion, yet, in the absence thereof the Courts cannot be helpless. It is the judicial duty to take note of the immediate and proximate facts and circumstances surrounding the events on which the charges/allegations are founded and to reach what would appear to the Court to be a reasonable conclusion therefrom. The test would always be that what inferential process that a reasonable/prudent man would adopt to arrive at a conclusion." Hon'ble Securities Appellate Tribunal (SAT) has observed in the matter of Ketan Parekh v. SEBI:"...Whether a transaction has been executed with the intention to manipulate the market or defeat its mechanism will depend upon the intention of the parties which could be inferred from the attending circumstances because direct evidence in such cases may not be available...."

31. Though the Noticees contended that there is no meeting of minds or pattern involved in their trades, I note from the daily trading volume of the scrip in Table 1 above, that whenever the group entities entered the market and traded amongst themselves there was huge volume in the scrip which gave a momentum to the scrip and generated interest among other innocent investors. When the other innocent investors came into the scrip, the Noticees had off-loaded the shares to the market at increased price. Considering this fact, I am of the view that this group behaviour as elaborated above coupled with the connections of the Noticees is sufficient preponderance of probabilities to prove the meeting of minds to create a scheme to defraud the innocent investor. Hence, I am not inclined to accept contention of the Noticees and find that Judgment of Hon'ble Securities Appellate Tribunal in the matter of Mr. Ashlesh Shah Vs. SEBI is not applicable to the instant matter as the main basis of charge against Mr. Ashlesh Shah is, *inter alia*, that the impugned nature of fund movements involving Mr. Ashlesh Shah could not be established.

32. The Noticees have contended that the scrip of Sarang was in "T" Group and that this reduces liquidity- only interested parties take part in such scrip's trading as the buyer has to pay 100% payment and take deliveries -there is no speculative element in such 'T' group scrip. I have perused the BSE Notice dated January 31, 2011 in terms of which the

scrip of Sarang was included in “T” Group. The “T” Group represents securities which are settled on a trade-to-trade basis. When a scrip is placed in “T” Group, netting off is not allowed and trading restrictions are placed on the scrip as a surveillance measure. Due to this, usually, in a scrip placed in “T” Group, traded volume is indeed relatively lower. Admittedly, placing of a scrip in “T” Group is in order make manipulation difficult. On a stand-alone basis of trading by individuals, manipulation in “T” Group may indeed be difficult. However, in the instant case, it is not an allegation of manipulation done by stand-alone entities, rather it is on account of their connections as a group, and by virtue of the fact that they traded *inter se* to the extent of 87 % of the market volume that the volumes become artificial and prices become manipulated despite the scrip being in “T” Group. It may be noted when a group of connected entities trade in “T” Group, in essence, the money and the shares belong to the same group. Though there is compulsory delivery of shares and no netting of payment obligations, the shares and funds simply rotate within the group.

33. I note that most of the Noticees contended that their LTP contribution on account of their trade is negative and it did not contribute to any price rise. In this regard, I note that the Noticees connected as a group traded among themselves in the scrip of Sarag and created artificial volume in the scrip and thereby manipulated the price, hence I am not inclined to consider the LTP contribution of the Noticees individually. Further, I note that prior to the creation of artificial volume by group entities, the price of the scrip was Rs.0.31 as on January 03, 2011. During the period when the price and volume were manipulated by the group entities, the price of the scrip increased to Rs.0.90 (27.04.2011). It was observed that the group entities had traded among themselves and generated interest among the innocent investors. When the other investors were trading, these group entities had off-loaded the shares to the market at increased price.

Conclusion:

34. I also note that the modus operandi adopted by the Noticees as mentioned above combined with the connections between the group entities who traded among themselves created artificial volume in the market and thereby generated interest among other innocent investors and thereby manipulated the price of scrip of Sarang. In the light of the

foregoing, I find that the Noticees 1 to 5 viz., (1) Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited), (2) Mr. Ashwinbhai Prabhudas Ruparel, (3) Mr. Baldevsinh Vijaysinh Zala, (4) Mr. Manish Kanakshi Ashar, (5) Ms. Sonal Kanaksingh Ashar, were instrumental in creation of artificial volume and misleading appearance of trading in the Scrip. Since, their trading amongst themselves in huge volumes resulted in increase of price of the scrip, I find that they were also instrumental in the manipulation of the price of the scrip. Hence, I hold them liable for the violations of Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a), (b), (e) and (g) of the PFUTP Regulations.

35. Further, I find that the Noticees 6 to 10 viz., (6) Mr. Bhavik Amrutlal Vaza, (7) Mr. Haresh Lalitbhai Tejani, (8) Mr. Paresh Chamanlal Doshi, (9) Mr. Pradeep Syamsunder Swain, (10) Mr. Shailesh Mulraj Ved, were instrumental in price manipulation and therefore I hold them liable for the violation of regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) and (e) of PFUTP Regulations.

36. I also note that by taking advantage of the price rise in the scrip of Sarang, I note that the Noticees 11 to 13 had offloaded the shares of Sarang and made unlawful gains. Hence, I hold them liable for the violations of Regulations 3(a), (b), (c), (d) and 4(1), 4(2) (a) of PFUTP Regulations.

37. I, therefore, find that the Noticees 1 to 13 viz., (1)Amrut Securities Limited (now known as Amrut Dredging and Shipping Limited), (2) Mr. Ashwinbhai Prabhudas Ruparel, (3) Mr. Baldevsinh Vijaysinh Zala, (4) Mr. Manish Kanakshi Ashar, (5) Ms. Sonal Kanaksingh Ashar, (6) Mr. Bhavik Amrutlal Vaza, (7) Mr. Haresh Lalitbhai Tejani, (8) Mr. Paresh Chamanlal Doshi, (9) Mr. Pradeep Syamsunder Swain, (10) Mr. Shailesh Mulraj Ved, (11) Ms. Bhavana Manish Asher, (12) Mr. Hemanshu P. Mehta, and (13) Mr. Jagdish Gordhandas Ved Limited, who were connected with each other, have offloaded shares of Sarang, by taking advantage of the artificial volume creation and price rise of the scrip during the investigation period, thereby made unlawful gain of Rs.1,60,76,904/- in violation of provisions of PFUTP Regulations.

Issue No.2: If so, whether the said profits are liable to be disgorged from the Noticees under section 11B of the SEBI Act:

38. I note that the Noticees contended that disgorgement is a penalty. I do not agree to the said contention. I am of the view that disgorgement is a measure for equitable remedy so as not to allow any person any undue advantage. In this context, I place reliance on the decision of the Hon'ble SAT in the matter of Dhaval Mehta Vs. SEBI (Appeal No. 155 of 2008 decided on September 08, 2009) wherein it was observed *“Disgorgement is a measure for equitable remedy so as not to allow any person any undue advantage. I am of the view that a reasonable approximation of the unlawful gains made or the losses avoided would suffice the purpose of equitable remedy”*. Section 11B of the SEBI Act provides SEBI with the power to issue directions in the interest of investors or for the orderly development of the securities market. I have perused the Explanation provision of Section 11B of the SEBI Act, which states that

“the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.”

39. I note that the Noticees made unlawful gains to the tune of Rs. 1,60,76,904/- by way of taking undue advantage of the artificial volume creation and rise in price of the scrip of Sarang. In view of the above, I find that the said unlawful gains are liable to be disgorged from the Noticees, under section 11B of the SEBI Act.

40. I note that the objective of disgorgement under law is to prevent unjust enrichment of a person as a result of his fraudulent transactions. The following observations of Hon'ble SAT in the matter of *Karvy Stock Broking Ltd. v. SEBI* (Order dated May 2, 2008) are noteworthy in this context:

“Disgorgement is a monetary equitable remedy that is designed to prevent a wrongdoer from unjustly enriching himself as a result of his illegal conduct. It is not a punishment nor is it concerned with the damages sustained by the victims of the unlawful conduct. Disgorgement of ill-gotten gains may be ordered against one who has violated the securities laws/regulations but it is not every violator who could be asked to disgorge.”

41. Section 11(5) of the SEBI Act states that “the amount disgorged, pursuant to a direction issued under section 11B shall be credited to the Investor Protection and Education Fund established by the Board and such amount shall be utilized by the Board in accordance with the regulations made under this Act.”

42. I also find it a fit case to levy interest on the respective ill-gotten gains. In this regard, it is important to mention that the issue regarding levy of interest on the ill-gotten gain has been settled by the Hon’ble Supreme Court of India in the matter of Dushyant Dalal and another v. SEBI (order dated October 4, 2017). The following observations of the Hon’ble Court on the point are noteworthy:

“16. We are of the view that an examination of the Interest Act, 1978 would clearly establish that interest can be granted in equity for causes of action from the date on which such cause of action arose till the date of institution of proceedings.

...

28. We agree with the aforesaid statement of the law. It is clear, therefore, that the Interest Act of 1978 would enable Tribunals such as the SAT to award interest from the date on which the cause of action arose till the date of commencement of proceedings for recovery of such interest in equity.”

43. In view of the discussion above, appropriate action in accordance with law needs to be initiated against the Noticees.

44. In view of the aforesaid observations and findings, I, in exercise of the powers conferred under section 19 read with sections 11 and 11B of the Securities and Exchange Board of India Act, 1992, hereby issue the following directions:

- i. The Noticees shall disgorge the unlawful gains as calculated in table 4 mentioned at paragraph 23 of this Order i.e. Rs. 1,60,76,904/- along with simple interest @ 12% per annum calculated from the respective dates of their transactions till the respective dates of payment.
- ii. The Noticees shall pay the aforesaid amount within 45 days from the date of this Order either by way of demand draft drawn in favour of “Securities and Exchange Board of India”, payable at Mumbai or by e-payment * to SEBI’s account as detailed below:

Name of the Bank	Branch Name	RTGS Code	Beneficiary Name	Beneficiary Account No.
Bank of India	Bandra Kurla Branch	BKID 0000122	Securities and Exchange Board of India	012210210000008

**Noticees who are making e- payment are advised to forward the details and confirmation of the payments so made to the Enforcement Department of SEBI for their records as per the format provided in Annexure A of Press Release No. 131/2016 dated August 09, 2016 and the same is reproduced as follows:*

1. Case Name:	
2. Name of the payee:	
3. Date of payment:	
4. Amount paid:	
5. Transaction No:	
6. Bank Details in which payment is made:	
7. Payment is made for: (like penalties/disgorgement/recovery/settlement amount and legal charges along with order details:	

- iii. The Banks, with whom the Noticees’ have accounts, are directed that no debit shall be made, except for demand draft and e-payment in favour of “Securities and Exchange Board of India” as mentioned above, until written instructions from SEBI.
- iv. The Depositories, with whom the Noticees’ have demat accounts, are directed that no debit shall be made, without permission of SEBI, in respect of the demat accounts held, by the Noticees except for the purposes of compliance of this order. However, credits, if any, into the accounts of the Noticees may be allowed.

- v. The Noticees are also directed not to dispose of or alienate any of their assets/ properties/ securities, till such time the direction of this order is complied with.
- vi. If the Noticees fail to pay the wrongful gains along with interest as directed herein within the stipulated time, they shall be restrained from accessing the securities market and shall also be prohibited from buying, selling or otherwise dealing in the securities market, until the discharge the liability of disgorgement to the satisfaction of SEBI with future interest at the rate of 12% per annum, without prejudice to any other action including action for recovery of such amounts from the Noticees that may be initiated by SEBI under section 28A of the SEBI Act

45. The above directions shall come into force with immediate effect.

46. Copy of this Order shall be forwarded to the recognised stock exchanges, registrar and transfer agents and depositories for information and necessary action.

DATE: December 31, 2018

PLACE: Mumbai

**MADHABI PURI BUCH
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**